



NICOLE R. GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Douglas County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Douglas County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2014, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Nichols, Stopp & VanHoy, LLC, Certified Public Accountants, is attached.

Nicole R. Galloway, CPA
State Auditor

September 2015
Report No. 2015-084

**The County of Douglas
Ava, Missouri
Independent Auditor's Report and Financial Statements
For the years ended December 31, 2014 & 2013**



**The County of Douglas
Ava, Missouri
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INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of Douglas County, Missouri

We have audited the accompanying financial statements of Douglas County, Missouri, as of and for the years ended December 31, 2014 and 2013, which collectively comprise the County's basic financial statements and the related notes to the financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Douglas County, Missouri, using accounting practices prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

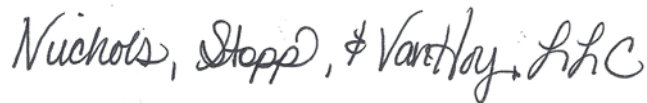
In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Douglas County, Missouri, as of December 31, 2014 and 2013, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Douglas County, Missouri, as of December 31, 2014 and 2013, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2015, on our consideration of Douglas County, Missouri’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Douglas County, Missouri’s internal control over financial reporting and compliance.



Creve Coeur, Missouri
August 12, 2015

The County of Douglas
Ava, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2014

<u>Fund</u>	Cash and Equivalents January 1, 2014	Receipts 2014	Disbursements 2014	Cash and Equivalents December 31, 2014
General Revenue	\$ 205,502	\$ 1,757,825	\$ 1,653,873	\$ 309,454
Special Road and Bridge	158,717	1,134,895	1,135,296	158,316
Assessment	15,916	150,513	151,302	15,127
Sheriff's Training	5,737	3,326	3,630	5,433
Sheriff's Civil Service Fee	2,134	5,990	4,296	3,828
Law Enforcement	4,715	8,131	-	12,846
Sheriff's Revolving	3,004	13,647	12,083	4,568
Inmate Security	7,577	5,336	3,887	9,026
Prosecuting Attorney Training	321	534	700	155
Prosecuting Attorney Bad Check	1,802	12,584	11,855	2,531
Prosecuting Attorney Delinquent Tax	162	360	517	5
Election Services	6,690	3,270	665	9,295
Collector's Tax Maintenance	12,229	14,386	23,331	3,284
Recorder's User Fee	424	7,315	6,388	1,351
Victims of Domestic Violence	487	1,090	1,475	102
Election Improvement	24,400	2,000	-	26,400
Emergency Management	7,070	8,913	12,147	3,836
Local Emergency Planning Commission	3,306	2,051	1,018	4,339
Hemp	1,000	-	-	1,000
Addressing Location Project	-	15,741	14,800	941
Senate Bill 40 Board	94,458	113,549	112,970	95,037
Total	<u>\$ 555,651</u>	<u>\$ 3,261,456</u>	<u>\$ 3,150,233</u>	<u>\$ 666,874</u>

See Notes to the Financial Statements

The County of Douglas
Ava, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2013

<u>Fund</u>	Cash and Equivalents January 1, 2013	Receipts 2013	Disbursements 2013	Cash and Equivalents December 31, 2013
General Revenue	\$ 116,315	\$ 1,646,134	\$ 1,556,947	\$ 205,502
Special Road and Bridge	264,422	1,061,244	1,166,949	158,717
Assessment	19,868	143,679	147,631	15,916
Sheriff's Training	4,736	3,116	2,115	5,737
Sheriff's Civil Service Fee	2,023	5,905	5,794	2,134
Law Enforcement	31	4,684	-	4,715
Sheriff's Revolving	16,248	18,664	31,908	3,004
Inmate Security	4,708	2,869	-	7,577
Prosecuting Attorney Training	248	523	450	321
Prosecuting Attorney Bad Check	2,801	11,990	12,989	1,802
Prosecuting Attorney Delinquent Tax	83	898	819	162
Election Services	4,693	6,026	4,029	6,690
Collector's Tax Maintenance	12,444	13,289	13,504	12,229
Recorder's User Fee	5,225	8,668	13,469	424
Victims of Domestic Violence	689	1,298	1,500	487
Election Improvement	12,000	12,400	-	24,400
Emergency Management	5,111	8,409	6,450	7,070
Local Emergency Planning Commission	2,261	2,063	1,018	3,306
Hemp	1,000	-	-	1,000
Addressing Location Project	-	-	-	-
Senate Bill 40 Board	75,663	112,885	94,090	94,458
Total	<u>\$ 550,569</u>	<u>\$ 3,064,744</u>	<u>\$ 3,059,662</u>	<u>\$ 555,651</u>

See Notes to the Financial Statements

The County of Douglas
Ava, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2014 & 2013

	General Revenue Fund			
	2014		2013	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ 185,000	\$ 205,847	\$ 179,000	\$ 184,943
Sales Taxes	925,000	957,544	830,000	871,482
Intergovernmental	315,478	331,485	270,883	286,102
Charges for Services	169,838	171,988	168,500	180,267
Interest	3,500	4,344	2,000	3,814
Other Receipts	25,650	59,892	34,802	74,799
Transfers In	70,082	26,725	69,807	44,727
Total Receipts	<u>\$ 1,694,548</u>	<u>\$ 1,757,825</u>	<u>\$ 1,554,992</u>	<u>\$ 1,646,134</u>
<u>Disbursements</u>				
General County Government:				
County Commission	\$ 84,800	\$ 83,885	\$ 84,800	\$ 84,256
County Clerk	66,910	66,766	66,195	66,102
Elections	81,825	80,298	29,732	29,381
Buildings and Grounds	69,760	50,028	58,595	51,242
Employee Fringe Benefits	243,252	206,658	232,552	204,720
County Treasurer	43,800	43,761	43,800	43,440
County Collector	80,310	80,235	78,112	78,973
Recorder of Deeds	44,796	43,963	53,152	52,462
Circuit Clerk	10,300	9,890	9,250	9,080
Court Administration	12,550	9,084	13,944	12,191
Public Administrator	44,980	45,265	44,700	44,940
Public Safety:				
Sheriff	407,472	413,345	372,135	384,226
Jail	101,859	90,924	116,946	119,261
Prosecuting Attorney	142,487	142,502	133,047	133,189
Juvenile Officer	38,958	30,375	38,980	30,499
County Coroner	13,640	13,451	13,640	13,501
Other:				
Victim Advocate	16,747	16,746	18,471	18,162
44th Judicial Drug Court	29,627	29,274	29,627	29,301
Child Support	53,314	53,314	53,314	53,019
Other Disbursements	95,928	107,491	73,590	66,984
Transfers Out	43,920	36,618	38,738	32,018
Emergency Fund	50,836	-	46,650	-
Total Disbursements	<u>\$ 1,778,071</u>	<u>\$ 1,653,873</u>	<u>\$ 1,649,970</u>	<u>\$ 1,556,947</u>
Receipts Over (Under)				
Disbursements	\$ (83,523)	\$ 103,952	\$ (94,978)	\$ 89,187
Cash and Equivalents, Jan 1	<u>205,502</u>	<u>205,502</u>	<u>116,315</u>	<u>116,315</u>
Cash and Equivalents, Dec 31	<u><u>\$ 121,979</u></u>	<u><u>\$ 309,454</u></u>	<u><u>\$ 21,337</u></u>	<u><u>\$ 205,502</u></u>

See Notes to the Financial Statements

The County of Douglas
Ava, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2014 & 2013

	Special Road and Bridge Fund			
	2014		2013	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ 297,000	\$ 299,009	\$ 297,500	\$ 297,543
Sales Taxes	-	-	-	-
Intergovernmental	1,568,860	806,731	1,029,060	746,642
Charges for Services	1,825	640	850	2,416
Interest	3,850	3,201	4,500	4,463
Other Receipts	6,000	25,314	7,891	10,180
Transfers In	-	-	-	-
Total Receipts	<u>\$ 1,877,535</u>	<u>\$ 1,134,895</u>	<u>\$ 1,339,801</u>	<u>\$ 1,061,244</u>
<u>Disbursements</u>				
Salaries	\$ 486,704	\$ 451,350	\$ 461,672	\$ 425,766
Employee Fringe Benefits	161,608	149,293	171,144	154,165
Supplies	178,400	182,095	151,100	194,225
Insurance	22,800	26,433	17,800	24,183
Road and Bridge Materials	55,350	72,313	82,250	61,656
Equipment Repairs	80,000	93,584	100,000	130,729
Rentals	-	-	-	-
Equipment Purchases	62,603	54,203	123,217	117,920
Construction, Repair & Maintenance	900,000	83,635	350,000	36,675
Other Expenditures	16,400	15,890	20,900	15,630
Transfers Out	6,000	6,500	6,000	6,000
Total Disbursements	<u>\$ 1,969,865</u>	<u>\$ 1,135,296</u>	<u>\$ 1,484,083</u>	<u>\$ 1,166,949</u>
Receipts Over (Under)				
Disbursements	\$ (92,330)	\$ (401)	\$ (144,282)	\$ (105,705)
Cash and Equivalents, Jan 1	<u>158,717</u>	<u>158,717</u>	<u>264,422</u>	<u>264,422</u>
Cash and Equivalents, Dec 31	<u><u>\$ 66,387</u></u>	<u><u>\$ 158,316</u></u>	<u><u>\$ 120,140</u></u>	<u><u>\$ 158,717</u></u>

See Notes to the Financial Statements

The County of Douglas
Ava, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2014 & 2013

	Assessment Fund				Sheriff's Training Fund			
	2014		2013		2014		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	104,562	108,091	101,962	105,120	950	978	950	950
Charges for Services	4,000	4,778	3,000	7,856	1,900	2,093	1,750	2,086
Interest	500	405	500	547	90	75	60	80
Other Receipts	3,000	7,239	-	156	-	180	-	-
Transfers In	30,000	30,000	30,000	30,000	-	-	-	-
Total Receipts	<u>\$ 142,062</u>	<u>\$ 150,513</u>	<u>\$ 135,462</u>	<u>\$ 143,679</u>	<u>\$ 2,940</u>	<u>\$ 3,326</u>	<u>\$ 2,760</u>	<u>\$ 3,116</u>
<u>Disbursements</u>								
Salaries	\$ 55,000	\$ 52,916	\$ 55,667	\$ 53,374	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	12,000	11,430	7,400	11,910	-	-	-	-
Materials and Supplies	26,615	26,038	29,879	21,201	-	-	-	-
Services	51,366	51,809	50,635	51,272	4,300	3,430	2,185	2,115
Other Expenditures	10,000	8,952	11,749	9,634	200	200	200	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	157	-	240	-	-	-	-
Total Disbursements	<u>\$ 154,981</u>	<u>\$ 151,302</u>	<u>\$ 155,330</u>	<u>\$ 147,631</u>	<u>\$ 4,500</u>	<u>\$ 3,630</u>	<u>\$ 2,385</u>	<u>\$ 2,115</u>
Receipts Over (Under)								
Disbursements	\$ (12,919)	\$ (789)	\$ (19,868)	\$ (3,952)	\$ (1,560)	\$ (304)	\$ 375	\$ 1,001
Cash and Equivalents, Jan 1	<u>15,916</u>	<u>15,916</u>	<u>19,868</u>	<u>19,868</u>	<u>5,737</u>	<u>5,737</u>	<u>4,736</u>	<u>4,736</u>
Cash and Equivalents, Dec 31	<u>\$ 2,997</u>	<u>\$ 15,127</u>	<u>\$ -</u>	<u>\$ 15,916</u>	<u>\$ 4,177</u>	<u>\$ 5,433</u>	<u>\$ 5,111</u>	<u>\$ 5,737</u>

See Notes to the Financial Statements

The County of Douglas
Ava, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2014 & 2013

	Sheriff's Civil Service Fee Fund			
	2014		2013	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	6,500	5,951	8,200	5,880
Interest	20	39	50	25
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 6,520</u>	<u>\$ 5,990</u>	<u>\$ 8,250</u>	<u>\$ 5,905</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	5,100	2,258	5,700	3,236
Services	-	100	1,400	731
Other Expenditures	1,750	1,938	2,600	1,827
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 6,850</u>	<u>\$ 4,296</u>	<u>\$ 9,700</u>	<u>\$ 5,794</u>
Receipts Over (Under)				
Disbursements	\$ (330)	\$ 1,694	\$ (1,450)	\$ 111
Cash and Equivalents, Jan 1	<u>2,134</u>	<u>2,134</u>	<u>2,023</u>	<u>2,023</u>
Cash and Equivalents, Dec 31	<u><u>\$ 1,804</u></u>	<u><u>\$ 3,828</u></u>	<u><u>\$ 573</u></u>	<u><u>\$ 2,134</u></u>

See Notes to the Financial Statements

The County of Douglas
Ava, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2014 & 2013

	Law Enforcement Fund				Sheriff's Revolving Fund			
	2014		2013		2014		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	15,876	8,036	10,000	4,674	18,000	13,577	14,000	18,422
Interest	20	95	40	10	200	70	300	242
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 15,896</u>	<u>\$ 8,131</u>	<u>\$ 10,040</u>	<u>\$ 4,684</u>	<u>\$ 18,200</u>	<u>\$ 13,647</u>	<u>\$ 14,300</u>	<u>\$ 18,664</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	1,000	-	1,900	740
Services	-	-	-	-	-	-	600	-
Other Expenditures	-	-	10,000	-	5,000	285	6,339	7,764
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	15,876	-	-	-	10,800	11,798	19,760	23,404
Total Disbursements	<u>\$ 15,876</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 16,800</u>	<u>\$ 12,083</u>	<u>\$ 28,599</u>	<u>\$ 31,908</u>
Receipts Over (Under)								
Disbursements	\$ 20	\$ 8,131	\$ 40	\$ 4,684	\$ 1,400	\$ 1,564	\$ (14,299)	\$ (13,244)
Cash and Equivalents, Jan 1	<u>4,715</u>	<u>4,715</u>	<u>31</u>	<u>31</u>	<u>3,004</u>	<u>3,004</u>	<u>16,248</u>	<u>16,248</u>
Cash and Equivalents, Dec 31	<u>\$ 4,735</u>	<u>\$ 12,846</u>	<u>\$ 71</u>	<u>\$ 4,715</u>	<u>\$ 4,404</u>	<u>\$ 4,568</u>	<u>\$ 1,949</u>	<u>\$ 3,004</u>

See Notes to the Financial Statements

The County of Douglas
Ava, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2014 & 2013

	Inmate Security Fund				Prosecuting Attorney Training Fund			
	2014		2013		2014		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	2,950	5,234	1,650	2,777	525	530	500	520
Interest	100	102	50	92	3	4	4	3
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 3,050</u>	<u>\$ 5,336</u>	<u>\$ 1,700</u>	<u>\$ 2,869</u>	<u>\$ 528</u>	<u>\$ 534</u>	<u>\$ 504</u>	<u>\$ 523</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	4,000	3,887	-	-	-	-	-	-
Services	-	-	-	-	600	700	550	450
Other Expenditures	-	-	-	-	150	-	100	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 4,000</u>	<u>\$ 3,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 700</u>	<u>\$ 650</u>	<u>\$ 450</u>
Receipts Over (Under)								
Disbursements	\$ (950)	\$ 1,449	\$ 1,700	\$ 2,869	\$ (222)	\$ (166)	\$ (146)	\$ 73
Cash and Equivalents, Jan 1	<u>7,577</u>	<u>7,577</u>	<u>4,708</u>	<u>4,708</u>	<u>321</u>	<u>321</u>	<u>248</u>	<u>248</u>
Cash and Equivalents, Dec 31	<u><u>\$ 6,627</u></u>	<u><u>\$ 9,026</u></u>	<u><u>\$ 6,408</u></u>	<u><u>\$ 7,577</u></u>	<u><u>\$ 99</u></u>	<u><u>\$ 155</u></u>	<u><u>\$ 102</u></u>	<u><u>\$ 321</u></u>

See Notes to the Financial Statements

The County of Douglas
Ava, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2014 & 2013

	Prosecuting Attorney Bad Check Fund				Prosecuting Attorney Delinquent Tax Fund			
	2014		2013		2014		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	900	315	1,200	895
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	12,100	12,529	13,500	11,427	-	-	-	-
Interest	60	55	120	63	4	1	6	3
Other Receipts	500	-	-	500	-	-	-	-
Transfers In	-	-	-	-	-	44	-	-
Total Receipts	<u>\$ 12,660</u>	<u>\$ 12,584</u>	<u>\$ 13,620</u>	<u>\$ 11,990</u>	<u>\$ 904</u>	<u>\$ 360</u>	<u>\$ 1,206</u>	<u>\$ 898</u>
Disbursements								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	1,600	1,463	5,100	1,745	46	-	-	46
Services	840	1,000	500	633	850	317	200	773
Other Expenditures	3,400	1,355	2,200	3,244	-	200	800	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	7,992	8,037	7,367	7,367	-	-	-	-
Total Disbursements	<u>\$ 13,832</u>	<u>\$ 11,855</u>	<u>\$ 15,167</u>	<u>\$ 12,989</u>	<u>\$ 896</u>	<u>\$ 517</u>	<u>\$ 1,000</u>	<u>\$ 819</u>
Receipts Over (Under)								
Disbursements	\$ (1,172)	\$ 729	\$ (1,547)	\$ (999)	\$ 8	\$ (157)	\$ 206	\$ 79
Cash and Equivalents, Jan 1	<u>1,802</u>	<u>1,802</u>	<u>2,801</u>	<u>2,801</u>	<u>162</u>	<u>162</u>	<u>83</u>	<u>83</u>
Cash and Equivalents, Dec 31	<u>\$ 630</u>	<u>\$ 2,531</u>	<u>\$ 1,254</u>	<u>\$ 1,802</u>	<u>\$ 170</u>	<u>\$ 5</u>	<u>\$ 289</u>	<u>\$ 162</u>

See Notes to the Financial Statements

The County of Douglas
Ava, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2014 & 2013

	Election Services Fund				Collector's Tax Maintenance Fund			
	2014		2013		2014		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	500	1,091	2,107	2,107	-	-	-	-
Charges for Services	1,850	468	1,792	1,792	14,500	14,217	12,000	13,032
Interest	100	93	60	109	200	169	200	257
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	2,200	1,618	2,018	2,018	-	-	-	-
Total Receipts	<u>\$ 4,650</u>	<u>\$ 3,270</u>	<u>\$ 5,977</u>	<u>\$ 6,026</u>	<u>\$ 14,700</u>	<u>\$ 14,386</u>	<u>\$ 12,200</u>	<u>\$ 13,289</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	3,500	241	4,100	3,683	16,534	16,340	8,700	7,805
Services	550	424	250	346	-	-	-	-
Other Expenditures	-	-	-	-	800	-	400	249
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	6,000	6,991	4,000	5,450
Total Disbursements	<u>\$ 4,050</u>	<u>\$ 665</u>	<u>\$ 4,350</u>	<u>\$ 4,029</u>	<u>\$ 23,334</u>	<u>\$ 23,331</u>	<u>\$ 13,100</u>	<u>\$ 13,504</u>
Receipts Over (Under)								
Disbursements	\$ 600	\$ 2,605	\$ 1,627	\$ 1,997	\$ (8,634)	\$ (8,945)	\$ (900)	\$ (215)
Cash and Equivalents, Jan 1	<u>6,690</u>	<u>6,690</u>	<u>4,693</u>	<u>4,693</u>	<u>12,229</u>	<u>12,229</u>	<u>12,444</u>	<u>12,444</u>
Cash and Equivalents, Dec 31	<u>\$ 7,290</u>	<u>\$ 9,295</u>	<u>\$ 6,320</u>	<u>\$ 6,690</u>	<u>\$ 3,595</u>	<u>\$ 3,284</u>	<u>\$ 11,544</u>	<u>\$ 12,229</u>

See Notes to the Financial Statements

The County of Douglas
Ava, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2014 & 2013

	Recorder's User Fee Fund				Victims of Domestic Violence Fund			
	2014		2013		2014		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	8,000	7,308	10,000	8,607	1,200	1,080	1,100	1,280
Interest	60	7	60	61	17	10	15	18
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 8,060</u>	<u>\$ 7,315</u>	<u>\$ 10,060</u>	<u>\$ 8,668</u>	<u>\$ 1,217</u>	<u>\$ 1,090</u>	<u>\$ 1,115</u>	<u>\$ 1,298</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	1,100	802	350	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Other Expenditures	5,200	4,800	5,250	5,203	1,500	1,475	1,500	1,500
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	786	786	9,052	8,266	-	-	-	-
Total Disbursements	<u>\$ 7,086</u>	<u>\$ 6,388</u>	<u>\$ 14,652</u>	<u>\$ 13,469</u>	<u>\$ 1,500</u>	<u>\$ 1,475</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>
Receipts Over (Under)								
Disbursements	\$ 974	\$ 927	\$ (4,592)	\$ (4,801)	\$ (283)	\$ (385)	\$ (385)	\$ (202)
Cash and Equivalents, Jan 1	<u>424</u>	<u>424</u>	<u>5,225</u>	<u>5,225</u>	<u>487</u>	<u>487</u>	<u>689</u>	<u>689</u>
Cash and Equivalents, Dec 31	<u><u>\$ 1,398</u></u>	<u><u>\$ 1,351</u></u>	<u><u>\$ 633</u></u>	<u><u>\$ 424</u></u>	<u><u>\$ 204</u></u>	<u><u>\$ 102</u></u>	<u><u>\$ 304</u></u>	<u><u>\$ 487</u></u>

See Notes to the Financial Statements

The County of Douglas
Ava, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2014 & 2013

	Election Improvement Fund				Emergency Management Fund			
	2014		2013		2014		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	2,400	2,400	2,400	2,400
Charges for Services	1,600	2,000	-	12,400	-	-	-	-
Interest	-	-	-	-	-	13	-	-
Other Receipts	-	-	-	-	1,000	-	300	9
Transfers In	-	-	-	-	6,000	6,500	6,000	6,000
Total Receipts	<u>\$ 1,600</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 12,400</u>	<u>\$ 9,400</u>	<u>\$ 8,913</u>	<u>\$ 8,700</u>	<u>\$ 8,409</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	6,150	205	1,650	471
Services	-	-	-	-	5,600	5,026	5,600	4,815
Other Expenditures	-	-	-	-	2,100	6,916	2,790	1,164
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,850</u>	<u>\$ 12,147</u>	<u>\$ 10,040</u>	<u>\$ 6,450</u>
Receipts Over (Under)								
Disbursements	\$ 1,600	\$ 2,000	\$ -	\$ 12,400	\$ (4,450)	\$ (3,234)	\$ (1,340)	\$ 1,959
Cash and Equivalents, Jan 1	<u>24,400</u>	<u>24,400</u>	<u>12,000</u>	<u>12,000</u>	<u>7,070</u>	<u>7,070</u>	<u>5,111</u>	<u>5,111</u>
Cash and Equivalents, Dec 31	<u><u>\$ 26,000</u></u>	<u><u>\$ 26,400</u></u>	<u><u>\$ 12,000</u></u>	<u><u>\$ 24,400</u></u>	<u><u>\$ 2,620</u></u>	<u><u>\$ 3,836</u></u>	<u><u>\$ 3,771</u></u>	<u><u>\$ 7,070</u></u>

See Notes to the Financial Statements

The County of Douglas
Ava, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2014 & 2013

	Local Emergency Planning Commission Fund				Hemp Fund			
	2014		2013		2014		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,500	2,051	2,000	2,063	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,500</u>	<u>\$ 2,051</u>	<u>\$ 2,000</u>	<u>\$ 2,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	1,250	1,018	1,100	1,018	-	-	-	-
Services	1,000	-	1,000	-	1,000	-	-	-
Other Expenditures	-	-	100	-	-	-	1,000	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 2,250</u>	<u>\$ 1,018</u>	<u>\$ 2,200</u>	<u>\$ 1,018</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>
Receipts Over (Under)								
Disbursements	\$ (750)	\$ 1,033	\$ (200)	\$ 1,045	\$ (1,000)	\$ -	\$ (1,000)	\$ -
Cash and Equivalents, Jan 1	<u>3,306</u>	<u>3,306</u>	<u>2,261</u>	<u>2,261</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Cash and Equivalents, Dec 31	<u><u>\$ 2,556</u></u>	<u><u>\$ 4,339</u></u>	<u><u>\$ 2,061</u></u>	<u><u>\$ 3,306</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,000</u></u>

See Notes to the Financial Statements

The County of Douglas
Ava, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2014 & 2013

	Addressing Location Project Fund				Senate Bill 40 Board Fund			
	2014		2013		2014		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 111,000	\$ 112,873	\$ 109,000	\$ 112,238
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	14,000	2,000	-	-	51	27	51	52
Charges for Services	-	941	-	-	-	-	-	-
Interest	-	-	-	-	650	649	600	595
Other Receipts	-	6,800	-	-	-	-	-	-
Transfers In	6,000	6,000	-	-	-	-	-	-
Total Receipts	<u>\$ 20,000</u>	<u>\$ 15,741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,701</u>	<u>\$ 113,549</u>	<u>\$ 109,651</u>	<u>\$ 112,885</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	12,625	9,400	-	-	-	-	-	-
Services	5,400	5,400	-	-	132,500	112,970	131,000	94,090
Other Expenditures	400	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 18,425</u>	<u>\$ 14,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,500</u>	<u>\$ 112,970</u>	<u>\$ 131,000</u>	<u>\$ 94,090</u>
Receipts Over (Under)								
Disbursements	\$ 1,575	\$ 941	\$ -	\$ -	\$ (20,799)	\$ 579	\$ (21,349)	\$ 18,795
Cash and Equivalents, Jan 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,458</u>	<u>94,458</u>	<u>75,663</u>	<u>75,663</u>
Cash and Equivalents, Dec 31	<u><u>\$ 1,575</u></u>	<u><u>\$ 941</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 73,659</u></u>	<u><u>\$ 95,037</u></u>	<u><u>\$ 54,314</u></u>	<u><u>\$ 94,458</u></u>

See Notes to the Financial Statements

The County of Douglas
Ava, Missouri
Notes to the Financial Statements
For the years ended December 31, 2014 & 2013

Note 1 - Summary of Significant Accounting Policies

Organized in 1857, the county of Douglas was named after U.S. Senator Stephen A. Douglas. It is a third-class county, and the county seat is Ava. Douglas County's government is composed of a three-member county commission and the following separately elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk, Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Douglas County, Missouri and the Douglas County Senate Bill 40 Board.

Douglas County's operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Douglas County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise Douglas County's legal entity. The Douglas County Senate Bill 40 Board is controlled by a separate board and is also included under the control of Douglas County.

Certain elected County officials, such as the County Collector, Treasurer, and Sheriff, collect and hold monies in a trustee capacity as an agent of an individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements and are unaudited.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Douglas County, Missouri, and the comparisons of such information with the corresponding budgeted information for all funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the County's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

The County of Douglas
Ava, Missouri
Notes to the Financial Statements
For the years ended December 31, 2014 & 2013

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

If Douglas County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo, Douglas County adopts a budget for each governmental fund.

On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

Budgets are prepared and adopted on the cash basis of accounting.

During our audit, we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The following funds had actual expenditures that exceeded the budgeted expenditures in 2013: Sheriff's Revolving Fund and Collector's Tax Maintenance Fund.

The County of Douglas
Ava, Missouri
Notes to the Financial Statements
For the years ended December 31, 2014 & 2013

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuation of the tangible taxable property, included within Douglas County's boundaries for the calendar year 2014 and 2013, respectively, for the purposes of County taxation was as follows:

	<u>2014</u>	<u>2013</u>
Real Estate	\$ 88,219,573	\$ 89,042,770
Personal Property	41,601,005	38,235,502
Railroad and Utilities	<u>4,249,112</u>	<u>4,330,542</u>
	<u><u>\$ 134,069,690</u></u>	<u><u>\$ 131,608,814</u></u>

The tax levy per \$100 assessed valuation of tangible taxable property for the calendar year 2014 and 2013, respectively, for the purpose of County taxation, was as follows:

	<u>2014</u>	<u>2013</u>
General Revenue	\$ 0.1400	\$ 0.1550
Special Road and Bridge	0.2211	0.2206
Senate Bill 40 Board	0.0843	0.0841

The County also receives sales tax collected by the State and remitted based on the County's sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in Douglas County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

The County of Douglas
Ava, Missouri
Notes to the Financial Statements
For the years ended December 31, 2014 & 2013

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

Note 2 - Deposits and Investments

Douglas County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. As of December 31, 2014, 100% of Douglas County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

The bank balances and carrying values of deposits and investments shown below are included in the financial statements at December 31, 2014, as follows:

	<u>Bank Balances</u>	<u>Carrying Value</u>
Deposits	\$ 932,157	\$ 666,874
Investments	-	-
Restricted Cash	-	-
	<u> </u>	<u> </u>
Total Deposits and Investments as of December 31, 2014	<u>\$ 932,157</u>	<u>\$ 666,874</u>

The bank balances and carrying values of deposits and investments shown below are included in the financial statements at December 31, 2013, as follows:

	<u>Bank Balances</u>	<u>Carrying Value</u>
Deposits	\$ 760,092	\$ 555,651
Investments	-	-
Restricted Cash	-	-
	<u> </u>	<u> </u>
Total Deposits and Investments as of December 31, 2013	<u>\$ 760,092</u>	<u>\$ 555,651</u>

Note: Bank balances are inclusive of all funds of Douglas County, and as such, include balances of unaudited funds which are not included in the scope of this report.

The County of Douglas
Ava, Missouri
Notes to the Financial Statements
For the years ended December 31, 2014 & 2013

Note 2 - Deposits and Investments (continued)

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Douglas County's investment policy does not include custodial credit risk requirements. Douglas County's deposits were not exposed to custodial credit risk for the years ended December 31, 2014 and 2013.

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to Douglas County or its agent but not in the government's name. Douglas County does not have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of Douglas County or of a type that are not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Douglas County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by Douglas County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U. S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). Douglas County has no policy in place to minimize the risk of loss resulting from over concentration of assets of a specific maturity, specific issuer or specific class of securities. Douglas County's deposits were not exposed to concentration of investment credit risk for the years ended December 31, 2014 and 2013.

Note 3 - Interfund Transfers

Transfers between funds for the years ended December 31, 2014 and 2013 are as follows:

<u>Fund</u>	2014		2013	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue	\$ 26,725	\$ 36,618	\$ 44,727	\$ 32,018
Special Road and Bridge	-	6,500	-	6,000
Assessment	30,000	157	30,000	240
Sheriff's Revolving	-	11,798	-	23,404
Prosecuting Attorney Bad Check	-	8,037	-	7,367
Prosecuting Attorney Delinquent Tax	44	-	-	-
Election Services	1,618	-	2,018	-
Collector's Tax Maintenance	-	6,991	-	5,450
Recorder's User Fee	-	786	-	8,266

The County of Douglas
Ava, Missouri
Notes to the Financial Statements
For the years ended December 31, 2014 & 2013

Note 3 - Interfund Transfers (continued)

Emergency Management	6,500	-	6,000	-
Addressing Location Project	6,000	-	-	-
Total	<u>\$ 70,887</u>	<u>\$ 70,887</u>	<u>\$ 82,745</u>	<u>\$ 82,745</u>

Note 4 - Long-Term Debt

In April 2008, the County entered into a cancelable lease purchase agreement to finance the purchase of a John Deere wheel loader at a cost of \$93,872. The agreement required annual payments of \$20,824, which included interest at 3.5% until 2013.

In April 2008, the County entered into a cancelable lease purchase agreement to finance the purchase of a John Deere motor grader at a cost of \$142,861. The agreement required annual payments of \$31,692, which included interest at 3.5% until 2013.

In December 2009, the County entered into a cancelable lease purchase agreement to finance the purchase of a John Deere motor grader at a cost of \$159,600. The agreement requires five annual payments of \$17,864, which includes interest at 3.5% until 2015, plus one additional payment of \$95,000 in 2015.

In November 2009, the County entered into a cancelable lease purchase agreement to finance the purchase of four vehicles for the Sheriff's office at a cost of \$60,911. The agreement required annual payments of \$17,094, which included interest at 4.8% until 2013.

In May 2013, the County entered into a cancelable lease purchase agreement to finance the purchase of four vehicles for the Sheriff's office at a cost of \$32,760. The agreement requires annual payments of \$8,955, which includes interest at 3.7% until 2017.

In August 2013, the County entered into a cancelable lease purchase agreement to finance the purchase of a John Deere tractor with mower at a cost of \$82,010. The agreement requires annual payments of \$17,839, which includes interest at 4.3% until 2018.

In October 2013, the County entered into a cancelable lease purchase agreement to finance the purchase of a John Deere motor grader at a net cost of \$173,890 after trade-in allowance. The agreement requires five annual payments of \$16,900, which includes interest at 3.3% until 2018, plus one additional payment of \$115,000 in 2018.

	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014	Interest Paid
John Deere Motor Grader	\$ 126,217	\$ -	\$ (13,956)	\$ 112,261	\$ 3,908
Sheriff Patrol Cars	32,760	-	(7,753)	25,007	1,202
John Deere Tractor/Mower	64,171	-	(14,317)	49,854	3,522
John Deere Motor Grader	173,890	-	(10,626)	163,264	6,274
Total	<u>\$ 397,038</u>	<u>\$ -</u>	<u>\$ (46,652)</u>	<u>\$ 350,386</u>	<u>\$ 14,906</u>

The County of Douglas
Ava, Missouri
Notes to the Financial Statements
For the years ended December 31, 2014 & 2013

Note 4 - Long-Term Debt (continued)

Future minimum long-term debt payments for the year ended December 31, 2014 is as follows:

Year Ending December 31	Principal	Interest	Total
2015	\$ 148,225	\$ 8,332	\$ 156,557
2016	37,351	6,343	43,694
2017	37,752	5,944	43,696
2018	127,058	4,843	131,901
	<u>\$ 350,386</u>	<u>\$ 25,462</u>	<u>\$ 375,848</u>

	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013	Interest Paid
John Deere Wheel Loader	\$ 20,643	\$ -	\$ (20,643)	\$ -	\$ 181
John Deere Motor Grader	31,416	-	(31,416)	-	276
John Deere Motor Grader	139,695	-	(13,478)	126,217	4,386
Sheriff Patrol Cars	16,313	-	(16,313)	-	781
Sheriff Patrol Cars	-	32,760	-	32,760	-
John Deere Tractor/Mower	-	82,010	(17,839)	64,171	-
John Deere Motor Grader	-	173,890	-	173,890	-
Total	<u>\$ 208,067</u>	<u>\$ 288,660</u>	<u>\$ (99,689)</u>	<u>\$ 397,038</u>	<u>\$ 5,624</u>

Future minimum long-term debt payments for the year ended December 31, 2013 is as follows:

Year Ending December 31	Principal	Interest	Total
2014	46,652	14,906	61,558
2015	148,225	8,332	156,557
2016	37,351	6,343	43,694
2017	37,752	5,944	43,696
2018	127,058	4,843	131,901
	<u>\$ 397,038</u>	<u>\$ 40,368</u>	<u>\$ 437,406</u>

The County of Douglas
Ava, Missouri
Notes to the Financial Statements
For the years ended December 31, 2014 & 2013

Note 5 - County Employees' Retirement Fund (CERF)

Plan Description

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees. The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than (1,000) one thousand hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government.

It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Section 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994. The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar amount, targeted replacement ratio formula, and the prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active eligible member upon his or her death. Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed. Any member with less than eight years creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions. The County Employees' Retirement Fund issues audited financial statements.

Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-877-632-2373.

Funding Policy

In accordance with Missouri state statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 are required to contribute 2% of their annual salary, while employees hired after February 2002 are required to contribute 6% of their annual salary in order to participate in CERF. During 2014 and 2013, the County collected and remitted to CERF, employee contributions of \$30,797 and \$26,990, respectively, for the years then ended.

The County of Douglas
Ava, Missouri
Notes to the Financial Statements
For the years ended December 31, 2014 & 2013

Note 6 - Prosecuting Attorney Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, Douglas County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys' and Circuit Attorneys' Retirement System. Once remitted, the State of Missouri is responsible for administration of this plan. Douglas County has contributed \$7,752 and \$7,752, respectively, for the years ended December 31, 2014 and 2013.

Note 7 - Other Retirement Plan

Douglas County has voluntary 457 and 401(a) plans administered by Empower Retirement (formerly Great-West Retirement Services) which is paid by a deduction from employees' salary. These contributions qualify under the Internal Revenue Code and are tax exempt. Employee contributions collected and remitted by the County for the years ended December 31, 2014 and 2013 for the 457 plan were \$17,677 and \$17,388, respectively. Employee contributions collected and remitted by the County for the years ended December 31, 2014 and 2013 for the 401(a) plan were \$23,048 and \$21,668, respectively.

Note 8 - Post-Employment Benefits

Douglas County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by Douglas County.

Note 9 - Claims, Commitments and Contingencies

Litigation

The County is subject to various claims and legal proceeding covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Compensated Absences

The County provides employees with up to 120 hours (15 days) of paid vacation based upon the number of years of continuous service. Vacation days do not carry forward if they are unused. Upon termination, an employee is reimbursed for any unused vacation days. Employees accrue 4 hours of sick time per month. The County allows employees to carry forward a maximum of 240 hours (30 days). Accumulated sick leave is paid out at 50% upon termination of employment. These have not been subjected to auditing procedures.

Federal and State Assisted Programs

The County receives proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned. Such audits could result in refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

The County of Douglas
Ava, Missouri
Notes to the Financial Statements
For the years ended December 31, 2014 & 2013

Note 10 - Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.700 RSMo). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make specific assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Injured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$500,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

Note 11 - Subsequent Events

The County has evaluated events subsequent to December 31, 2014 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through August 12, 2015, the date the financial statements were available to be issued.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the County Commission and
Officeholders of Douglas County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Douglas County, Missouri, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Douglas County, Missouri's basic financial statements and have issued our report thereon dated August 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Douglas County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Douglas County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Douglas County, Missouri's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 14/13-002 and 14/13-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Douglas County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

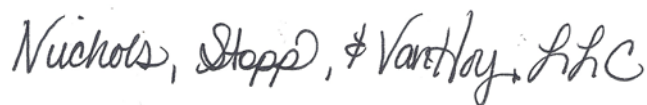
opinion. The results of our tests disclosed an instance of noncompliance and other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 14/13-001.

Douglas County, Missouri's Response to Findings

Douglas County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Douglas County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Creve Coeur, Missouri
August 12, 2015

**The County of Douglas
Ava, Missouri
Schedule of Findings and Responses
For the years ended December 31, 2014 & 2013**

Financial Statement Findings

14/13-001 **Condition:** During our audit, we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The following funds had actual expenditures that exceeded the budgeted expenditures in 2013: Sheriff's Revolving Fund and Collector's Tax Maintenance Fund.

Criteria: Missouri statutes requires Counties to prepare an annual budget and expenditures are not to exceed the budget.

Effect: Due to exceeding budget in certain funds, the County is in violation of Missouri Revised Statutes.

Cause: Lack of oversight.

Recommendation: We recommend the County periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: The County Clerk will perform a detailed review of budgetary schedules and actual expenditures in order to ensure budgetary compliance, and amendments to the budget will be prepared and approved by the County Commission, if necessary. The phone number for the Clerk's office is (417) 683-4714.

14/13-002 **Condition:** Documentation of the County's internal controls has not been prepared.

Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122 *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Effect: Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Management has not prepared documentation of internal controls.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: The County Clerk is in the process of preparing the needed documentation to document their internal control structure in conformity with the COSO framework. The Clerk expects to complete this by the next audit period. The Clerk's office can be reached at (417) 683-4714.

The County of Douglas
Ava, Missouri
Schedule of Findings and Responses
For the years ended December 31, 2014 & 2013

Section 2 - Financial Statement Findings (continued)

14/13-003 **Condition:** During our audit, we noted there is no formal fraud risk assessment in place.

Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Effect: Lack of an appropriate fraud risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identifying risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.

Management's Response: The County Clerk will develop and perform the risk assessment. This will be included in the documentation of internal control in conformity with the COSO framework. The Clerk expects to complete this by the next audit period. The Clerk's office can be reached at (417) 683-4714.

The County of Douglas
Ava, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Douglas County, Missouri, on the applicable findings in the prior audit report issued for the year ended December 31, 2011.

Prior Year Financial Statement Findings

11-1 Segregation of Duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties.

Status: This is no longer considered a deficiency.

11-2 Centralized Accounting Function

Condition: The County's accounting system currently consists of two distinct systems of recording receipts and disbursements. The receipts and disbursements for some funds are recorded by the County Clerk and the receipts and disbursements for other funds are recorded by the County Treasurer in a separate accounting system. In addition, for some special revenue funds, extensive manual ledgers are maintained to track receipts and disbursements. The manual ledgers are necessary because all transactions for these funds are recorded in the same account in the accounting software, resulting in only the cash balances by fund being tracked in the accounting software.

Criteria: The County should have a centralized accounting system capable of integrating cash receipts and disbursements with the general ledger.

Effect: Due to the absence of a centralized accounting system, receipts and disbursements are not maintained together for funds throughout the year. In order to prepare financial statements, management must rely on manual ledgers due to the lack of adequate reports available from the County's financial accounting software.

Recommendation: The County implement a centralized accounting system.

Response: The County understands the necessity of converting to a centralized accounting system and will examine the feasibility of the conversion.

Status: This is no longer considered a deficiency.