

NEWTON COUNTY, MISSOURI
BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2013

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CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

Newton County Commission
Newton County
Neosho, Missouri

Report on Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Newton County, Missouri, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed 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 the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions 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 of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 County'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 of the effectiveness of the County's internal control.

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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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information, as of December 31, 2013, and the respective changes in modified cash basis financial position and cash flows, where applicable, for the year then ended in accordance with the basis of accounting described in Note A.

Basis of Accounting

As described in Note A, the County prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The management's discussion and analysis and budgetary comparison information on pages 8-15 and 36-45, which are the responsibility of management, are presented for purposes of additional analysis and are not required parts of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Newton County, Missouri's basic financial statements. The Combining Nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Newton County Commission
Newton County
Neosho, Missouri

The Combining Nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain addition procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2014, on our consideration of Newton County'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 Newton County's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
June 23, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NEWTON COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

Our discussion and analysis of the financial performance of Newton County, Missouri, provides an overview of the County's financial activities for the year ended December 31, 2013, within the limitations of the County's modified cash basis of accounting. Please read it in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- The overall net position of the County increased by \$690,972.
- The fund balance for the General Fund increased by \$30,799.
- The fund balance for the Road and Bridge Fund increased by \$218,446.
- On a government-wide basis, the cost of the County's governmental activities was \$13,118,039 compared to \$12,778,732 in 2012.
- The overall net position of the County has continued to improve slightly; due in large part to an increase in road sales tax funds. Road sales tax funds held at year end equaled \$739,284; these funds will be used on the roads in 2014 and future years.
- Government wide disbursements increased by \$339,307. This is a direct reflection of the road sales tax dollars supplementing our funds to increase road repairs.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34 as applicable to the County's modified cash basis of accounting. These financial statements only include the funds of Newton County, Missouri.

Report Components

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances.

Fund Financial Statements: Fund financial statements focus on the individual parts of the County government. Fund financial statements also report the County's operations in more detail than government-wide statements by providing information about the County's major funds. These statements tell how these services were financed in the short-term, as well as what remains for future spending.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Other Information: The Management's Discussion and Analysis and the budgetary comparison schedules provide financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Other Financial Information: This part of the annual report includes optional financial information, which includes the combining statements for the County's nonmajor funds. This other financial information is provided to address certain needs of various users of the County's annual report.

Basis of Accounting

The County has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. 'Basis of accounting' is a reference to *when* financial events are recorded, such as the timing for recognizing receipts, disbursements, and their related assets and liabilities. Under the County's modified cash basis of accounting, receipts and disbursements, and the related assets, are recorded when they result from cash transactions. The modification to the cash basis relates to the presentation of investments.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable billed or services provided but not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Government-wide Statement of Net Position and the Statement of Activities

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all of the County's assets resulting from the use of the modified cash basis of accounting.

The statements report the County's net position and changes in them. Over time, increases and decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. However, the reader will need to consider other non-financial factors, such as changes in the County's tax base and the condition of the County's facilities, to assess the overall health of the County.

NEWTON COUNTY, MISSOURI
MANAGEMENT’S DISCUSSION AND ANALYSIS
December 31, 2013

The Statement of Activities is presented by its governmental functions which include general government, judicial, public safety, health and welfare, fair, and highway and roads. The Statement of Activities shows the net cost of these functions before considering the general receipts of the County.

Fund Financial Statements

The fund financial statements provide detailed information about the County’s funds. These funds are required to be established by state law and by bond covenants. These fund financial statements help the reader to determine whether there are more or fewer financial resources that can be spent in the near future for County programs.

- Governmental Funds – Most of the County’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the County’s general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs.
- Proprietary Funds – When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in proprietary funds. The Internal Service Funds are used to account for charges made to other units of government for employee retirement and deferred compensation benefits.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position – Modified Cash Basis

	December 31, 2013	December 31, 2012
ASSETS		
Cash and investments - unrestricted	\$ 3,043,845	\$ 2,981,216
Cash and investments - restricted	2,027,648	1,399,305
TOTAL ASSETS	<u>\$ 5,071,493</u>	<u>\$ 4,380,521</u>
NET POSITION		
Restricted	\$ 2,027,648	\$ 1,399,305
Unrestricted	3,043,845	2,981,216
TOTAL NET POSITION	<u>\$ 5,071,493</u>	<u>\$ 4,380,521</u>

NEWTON COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

Changes in Net Position – Modified Cash Basis

	Year Ended December 31, 2013	Year Ended December 31, 2012
RECEIPTS		
<u>Program Receipts</u>		
Charges for services	\$ 2,685,033	\$ 2,787,386
Operating grants and contributions	291,404	326,183
Capital grants and contributions	179,094	432,767
<u>General Receipts</u>		
Ad valorem taxes	1,191,999	1,175,482
Sales taxes	7,571,495	6,876,952
Motor vehicle sales and gas taxes	1,139,456	1,124,628
Telephone tax	516,087	534,841
Other taxes	102,441	91,379
Interest	37,261	58,367
Other receipts	72,973	77,511
Sale of property	21,768	29,124
TOTAL RECEIPTS	13,809,011	13,514,620
DISBURSEMENTS		
General government	3,106,237	3,515,528
Judicial	1,452,553	1,589,029
Public safety	4,895,808	4,712,470
Health and welfare	621,200	620,350
Fair	84,660	74,520
Highway and roads	2,957,581	2,266,835
TOTAL DISBURSEMENTS	13,118,039	12,778,732
INCREASE IN NET POSITION	\$ 690,972	\$ 735,888

Overall receipts of the County increased by \$294,391 over the prior year. Taxes as a whole increased \$718,196. Taxes comprise 76% of total receipts, charges for services comprise 19% of receipts, and the balance is comprised of grants, interest, sale of property, and other receipts.

Disbursements for general government decreased 3%. Public safety comprises 8% of total disbursements, general government comprises 23%, highway and roads 23%, judicial 11%, with the fair, and health and welfare making up the balance of disbursements.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

- The General Fund balance increased by \$30,799 for the year ended December 31, 2013.
- The Road and Bridge Fund balance increased by \$218,446 for the year ended December 31, 2013.
- The E-911 Fund balance decreased by \$31,046 for the year ended December 31, 2013.
- The Assessment Fund increased \$97,861, which raised the fund balance to \$1,246,649 as of December 31, 2013.
- The Recorder's User Fund balance increased \$6,366 for the year ended December 31, 2013.
- The Mental Health Fund balance increased by \$14,084 for the year ended December 31, 2013.
- The Road Sales Tax Fund, balance increased by \$359,479, which raised the fund balance to \$739,284 as of December 31, 2013.
- E-911 fund balances fluctuate depending on the timing of the general fund transfer and the timing of disbursements. Until another revenue source is found for this function of government General Revenue will be required continue to support this function with an annual transfer of funds.
- The Assessment Fund continues to grow. The Assessor had granted the County Commission a waiver from making a statutory transfer to the Assessment Fund for the prior two years. This waiver was not extended to the Commission in 2013. The required contribution was \$ 82,300. This transfer was the majority of the increase in the fund balance.
- The Mental Health Fund provides services through Ozark Center and Lafayette House for the citizens of Newton County. The receipts in this fund are from a property tax levy. Newton County has contracts with both service providers and the funds are distributed to each after a monthly invoice detailing services provided is approved and received from the Mental Health Board of Directors.
- The Road Sales Tax Fund continues to show the effects of the road sales tax. Many road districts are accumulating funds to complete major projects within their districts. An Annual Intergovernmental Agreement is entered into each year by the County Commission and the Special Road Districts. This sales tax money is distributed under the supervision of the County Engineer and the County Commission.

NEWTON COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

Statutory Funds

(Funds established by State statute; controlled and disbursed by the Officeholder)

<u>Department</u>	<u>Balance 12/31/2012</u>	<u>Balance 12/31/2013</u>	<u>% Change +/-</u>
Recorder's Fund	\$ 342,351	\$ 348,717	1.86%
Collector Tax Maintenance Fund	\$ 167,651	\$ 170,921	1.95%
Law Library Fund	\$ 47,943	\$ 33,978	-29.13%
Election Fund	\$ 31,468	\$ 48,675	54.68%
Election Improvement Fund	\$ 3,705	\$ 3,703	-0.05%
Sheriff Civil Charges Fund	\$ 30,093	\$ 23,469	-22.01%
Sheriff's Revolving Fund	\$ 27,130	\$ 40,488	49.24%
Sheriff's Criminal Activity Forfeiture Fund	\$ 18,037	\$ 17,150	-4.92%
Law Enforcement Training Fund	\$ 8,162	\$ 7,357	-9.86%
Inmate Security Fund	\$ 3,328	\$ 7,440	100.00%
Prosecuting Attorney Administrative Fund	\$ 19,608	\$ 9,836	-49.84%
Prosecuting Attorney Training Fund	\$ 18,219	\$ 20,676	13.49%
Prosecuting Attorney Delinquent Tax Fund	\$ 16,962	\$ 30,149	77.74%

County Funds

(Funds established by the County Commission; controlled and disbursed for a specific service)

<u>Department</u>	<u>Balance 12/31/2012</u>	<u>Balance 12/31/2013</u>	<u>% Change +/-</u>
Assessment Fund	\$ 1,148,788	\$ 1,246,649	8.52%
Road Sales Tax Fund	\$ 379,805	\$ 739,284	100.00%
Road & Bridge Fund	\$ 186,713	\$ 405,159	117.00%
Bridge Demolition Fund	\$ 80,637	\$ 81,146	0.63%
Mental Health Fund	\$ 26,867	\$ 40,951	52.42%
Newton County Fair Fund	\$ 26,419	\$ 16,307	-38.28%
Local Emergency Planning Council Fund	\$ 11,111	\$ 16,032	44.29%
K9/DARE Program Fund	\$ 8,065	\$ 7,494	-7.08%
Domestic Violence Fund	\$ 4,739	\$ 3,886	-18.00%

FINANCIAL ANALYSIS BUDGET VERSUS ACTUAL RESULTS – GENERAL FUND

	Budget		Actual
	Original	Final	
RECEIPTS			
Taxes	\$ 5,791,500	\$ 5,791,500	\$ 5,936,276
Commissions	662,500	662,500	696,482
Intergovernmental revenues	736,591	736,591	279,685
Fees and charges	883,700	883,700	778,897
Other	75,600	75,600	54,901
TOTAL RECEIPTS	\$ 8,149,891	\$ 8,149,891	\$ 7,746,241
DISBURSEMENTS			
General government	\$ 3,242,427	\$ 3,242,427	\$ 2,321,188
Judicial	1,610,255	1,610,255	1,387,919
Public safety	4,193,543	4,193,543	3,821,718
Health and welfare	18,000	18,000	10,323
TOTAL DISBURSEMENTS	\$ 9,064,225	\$ 9,064,225	\$ 7,541,148

Budget efficiency is obvious and showed marked improvement when observing the differences between original budgets and what the County actually received and expended in 2013. Each officeholder works to be prudent with the funds available to them each year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Road Sales Tax was the source of almost \$1.7 Million in receipts in 2013. Road districts within the county spent \$1.2 million on road projects; and \$739,123 was held at year end to use in 2014. At the end of 2013, approximately 65 miles have been improved with sales tax funds. This sales tax has a six-year sunset, at which time it will be the decision of the County Commission to ask voters to continue the sales tax to make further improvements.

The plateau of sales tax collections continued throughout 2013 with the annual sales taxes collected falling just \$34,000. There are some indicators that show that sales tax collections may begin to grow in 2015.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Healthcare law changes and uncertainties continue to pose a concern for Newton County. The County looked at several providers during the 2013 budget process. The Commission voted to offer each employee the choice of three plans that provided the same benefits but different deductibles. The Commission had previously set a cap of premium the county would cover for each employee of \$405. During negotiation for health care coverage in the 2013 budget process the Commission was able to get a set limit on the amount of premium increase for 2015. If coverage continues with the current company, Coventry, the amount of premium increase is limited to 15%.

During 2013, the County purchased a new radio system for the Sheriff's Department. This purchase was done thru a municipal lease that will allow the County to make a payment for the next five years toward this system.

The County is continually looking for opportunities to expand facilities and utilize each facility to its most efficient function. Many offices in the County are cramped and spread out over multiple floors in the same building. The Commission is hoping to complete the purchase of an additional facility on the square adjacent to the Courthouse in 2014. This building contains 16,800 square foot and will be used in conjunction with the historic courthouse facility. An architectural and construction team will be chosen to begin the process of long range planning for county facilities.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

For more information, you may contact the Presiding Commissioner at (417) 451-8223, the County Clerk at (417) 451-8221, or the County Auditor at (417) 451-8379, or by mail: 101 South Wood Street, Neosho, Missouri 64850.

NEWTON COUNTY, MISSOURI
 STATEMENT OF NET POSITION – MODIFIED CASH BASIS
 December 31, 2013

	<u>Total Governmental Activities</u>
ASSETS	
Cash and investments - unrestricted	\$ 3,043,845
Cash and investments - restricted	<u>2,027,648</u>
TOTAL ASSETS	<u><u>\$ 5,071,493</u></u>
NET POSITION	
Restricted	\$ 2,027,648
Unrestricted	<u>3,043,845</u>
TOTAL NET POSITION	<u><u>\$ 5,071,493</u></u>

See accompanying notes.

NEWTON COUNTY, MISSOURI
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
Year Ended December 31, 2013

Functions/Programs	Disbursements	Program Receipts			Net
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	(Disbursements), Receipts and Changes in Net Position
					Total Governmental Activities
Governmental Activities					
General government	\$ (3,106,237)	\$ 1,700,830	\$ 14,516	\$ 37,349	\$ (1,353,542)
Judicial	(1,452,553)	201,645	124,708	-	(1,126,200)
Public safety	(4,895,808)	775,070	152,180	3,947	(3,964,611)
Health and welfare	(621,200)	7,488	-	-	(613,712)
Fair	(84,660)	-	-	-	(84,660)
Highway and roads	(2,957,581)	-	-	137,798	(2,819,783)
TOTAL GOVERNMENTAL ACTIVITIES	\$ (13,118,039)	\$ 2,685,033	\$ 291,404	\$ 179,094	(9,962,508)
		General Receipts:			
					1,191,999
					7,571,495
					1,139,456
					516,087
					102,441
					37,261
					72,973
					21,768
				Total General Receipts	10,653,480
				Increase in Net Position	690,972
				Net Position, Beginning of year	4,380,521
				Net Position, End of year	\$ 5,071,493

See accompanying notes.

NEWTON COUNTY, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS
December 31, 2013

	General Fund	Road and Bridge Fund	E-911 Fund	Assessment Fund	Recorder's Fund	Mental Health Fund	Road Sales Tax Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS									
Cash and investments-unrestricted	\$ 1,729,352	\$ -	\$ 19,024	\$ 1,246,649	\$ -	\$ -	\$ -	\$ 45,175	\$ 3,040,200
Cash and investments-restricted	-	405,159	-	-	348,717	40,951	739,284	493,537	2,027,648
TOTAL ASSETS	\$ 1,729,352	\$ 405,159	\$ 19,024	\$ 1,246,649	\$ 348,717	\$ 40,951	\$ 739,284	\$ 538,712	\$ 5,067,848
FUND BALANCES									
Fund Balances									
Restricted for:									
General government	\$ -	\$ -	\$ -	\$ -	\$ 348,717	\$ -	\$ -	\$ 300,747	\$ 649,464
Judicial	-	-	-	-	-	-	-	60,661	60,661
Public safety	-	-	-	-	-	-	-	111,936	111,936
Health and welfare	-	-	-	-	-	40,951	-	3,886	44,837
Fair	-	-	-	-	-	-	-	16,307	16,307
Highways and roads	-	405,159	-	-	-	-	739,284	-	1,144,443
Assigned to:									
E-911	-	-	19,024	-	-	-	-	-	19,024
Assessment	-	-	-	1,246,649	-	-	-	-	1,246,649
Election	-	-	-	-	-	-	-	3,703	3,703
Law library	-	-	-	-	-	-	-	33,978	33,978
Public safety	-	-	-	-	-	-	-	7,494	7,494
Unassigned to:	1,729,352	-	-	-	-	-	-	-	1,729,352
TOTAL FUND BALANCES	\$ 1,729,352	\$ 405,159	\$ 19,024	\$ 1,246,649	\$ 348,717	\$ 40,951	\$ 739,284	\$ 538,712	\$ 5,067,848

Fund Balance Governmental Funds	\$ 5,067,848
Some of the amounts reported for Governmental activities in the Statement of Net Position are different because Internal Service Fund assets are included with Governmental activities.	3,645
Net Position of Governmental Activities	<u>\$ 5,071,493</u>

See accompanying notes.

NEWTON COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS
 Year Ended December 31, 2013

	General Fund	Road and Bridge Fund	E-911 Fund	Assessment Fund	Recorder's Fund	Mental Health Fund	Road Sales Tax Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
RECEIPTS									
Taxes	\$ 5,936,276	\$ 1,694,570	\$ 516,087	\$ -	\$ -	\$ 614,457	\$ 1,685,988	\$ 74,100	\$ 10,521,478
Collector's commission	696,482	-	-	-	-	-	-	-	696,482
Intergovernmental receipts	279,685	137,798	-	-	-	-	-	98,086	515,569
Fees and charges	778,897	-	295,230	601,260	42,815	-	-	262,370	1,980,572
Other	54,901	12,756	1,037	8,592	2,141	2,152	4,394	8,937	94,910
TOTAL RECEIPTS	7,746,241	1,845,124	812,354	609,852	44,956	616,609	1,690,382	443,493	13,809,011
DISBURSEMENTS									
Current									
General government	2,321,188	-	-	600,390	38,590	-	-	121,977	3,082,145
Judicial	1,387,919	-	-	-	-	-	-	64,634	1,452,553
Public safety	3,821,718	-	949,801	-	-	-	-	127,934	4,899,453
Health and welfare	10,323	-	-	-	-	602,525	-	8,352	621,200
Fair	-	-	-	-	-	-	-	84,660	84,660
Highway and roads	-	2,149,522	-	-	-	-	808,059	-	2,957,581
TOTAL DISBURSEMENTS	7,541,148	2,149,522	949,801	600,390	38,590	602,525	808,059	407,557	13,097,592
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	205,093	(304,398)	(137,447)	9,462	6,366	14,084	882,323	35,936	711,419
OTHER FINANCING SOURCES (USES)									
Operating transfers in (out)	(174,294)	522,844	106,401	88,399	-	-	(522,844)	(20,506)	-
TOTAL OTHER FINANCING SOURCES (USES)	(174,294)	522,844	106,401	88,399	-	-	(522,844)	(20,506)	-
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	30,799	218,446	(31,046)	97,861	6,366	14,084	359,479	15,430	711,419
FUND BALANCE, January 1	1,698,553	186,713	50,070	1,148,788	342,351	26,867	379,805	523,282	4,356,429
FUND BALANCE, December 31	\$ 1,729,352	\$ 405,159	\$ 19,024	\$ 1,246,649	\$ 348,717	\$ 40,951	\$ 739,284	\$ 538,712	\$ 5,067,848
Excess of Receipts and Other Sources Over Disbursements and Other (Uses)									\$ 711,419
Some of the amounts reported for Governmental activities in the Statement of Activities are different because the Internal Service Fund receipts and disbursements are included with Governmental activities.									(20,447)
Increase in Net Position									\$ 690,972

See accompanying notes.

NEWTON COUNTY, MISSOURI
 STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS – MODIFIED CASH BASIS
 December 31, 2013

	County Employee Retirement Fund	Deferred Compensation Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ -	\$ 3,645
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 3,645</u>
Net Position		
Unrestricted	\$ -	\$ 3,645
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 3,645</u>

See accompanying notes.

NEWTON COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION – INTERNAL
 SERVICE FUNDS – MODIFIED CASH BASIS
 Year Ended December 31, 2013

	County Employee Retirement Fund	Deferred Compensation Fund
	<u> </u>	<u> </u>
OPERATING RECEIPTS		
Charges for services	\$ 480,377	\$ 44,640
TOTAL OPERATING RECEIPTS	<u>480,377</u>	<u>44,640</u>
OPERATING DISBURSEMENTS		
Insurance claims and disbursements	500,769	-
Salary withholding disbursements	-	44,715
TOTAL OPERATING DISBURSEMENTS	<u>500,769</u>	<u>44,715</u>
OPERATING (LOSS)	(20,392)	(75)
NONOPERATING RECEIPTS		
Interest receipts	20	-
TOTAL NONOPERATING RECEIPTS	<u>20</u>	<u>-</u>
NET (LOSS)	(20,372)	(75)
NET POSITION, January 1	<u>20,372</u>	<u>3,720</u>
NET POSITION, December 31	<u>\$ -</u>	<u>\$ 3,645</u>

See accompanying notes.

NEWTON COUNTY, MISSOURI
 STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS – MODIFIED CASH BASIS
 Year Ended December 31, 2013

	County Employee Retirement Fund	Deferred Compensation Fund
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 480,377	\$ 44,640
Cash paid to suppliers	(500,769)	(44,715)
	<u> </u>	<u> </u>
NET CASH (USED) BY OPERATING ACTIVITIES	(20,392)	(75)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	20	-
	<u> </u>	<u> </u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	20	-
	<u> </u>	<u> </u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,372)	(75)
CASH AND CASH EQUIVALENTS, Beginning of year	20,372	3,720
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ -</u>	<u>\$ 3,645</u>
	<u> </u>	<u> </u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:		
Operating (loss)	\$ (20,392)	\$ (75)
	<u> </u>	<u> </u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (20,392)</u>	<u>\$ (75)</u>
	<u> </u>	<u> </u>

See accompanying notes.

NEWTON COUNTY, MISSOURI
STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS – MODIFIED CASH BASIS
December 31, 2013

	Jail Commissary Fund	Circuit Clerk Fund	Collector of Revenue Fund	Land Tax Overplus Fund	Election Authority Fund	Payroll Withholding Fund
ASSETS						
Cash and investments	\$ 14,154	\$ 411,663	\$ 29,325,072	\$ 18,725	\$ 61	\$ 8
TOTAL ASSETS	<u>\$ 14,154</u>	<u>\$ 411,663</u>	<u>\$ 29,325,072</u>	<u>\$ 18,725</u>	<u>\$ 61</u>	<u>\$ 8</u>
LIABILITIES						
Due to others	\$ 14,154	\$ 411,663	\$ 87,859	\$ -	\$ 61	\$ -
Due to other funds	-	-	-	-	-	8
Due to other governments	-	-	29,237,213	18,725	-	-
TOTAL LIABILITIES	<u>\$ 14,154</u>	<u>\$ 411,663</u>	<u>\$ 29,325,072</u>	<u>\$ 18,725</u>	<u>\$ 61</u>	<u>\$ 8</u>

See accompanying notes.

NEWTON COUNTY, MISSOURI
 STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS – MODIFIED CASH BASIS (CONTINUED)
 December 31, 2013

	Unclaimed Fee Fund	Prosecuting Attorney Fund	Fines and Forfeitures Fund	Recorder's Office Fund	Sheriff Fund	Sheriff's Seized Evidence Fund	Total
ASSETS							
Cash and investments	\$ 4,657	\$ (4)	\$ 252,324	\$ 26,649	\$ 3,041	\$ 66,432	\$ 30,122,782
TOTAL ASSETS	<u>\$ 4,657</u>	<u>\$ (4)</u>	<u>\$ 252,324</u>	<u>\$ 26,649</u>	<u>\$ 3,041</u>	<u>\$ 66,432</u>	<u>\$ 30,122,782</u>
LIABILITIES							
Due to others	\$ 4,657	\$ (4)	-	-	\$ 3,041	\$ 66,432	\$ 587,863
Due to other funds	-	-	-	-	-	-	8
Due to other governments	-	-	252,324	26,649	-	-	29,534,911
TOTAL LIABILITIES	<u>\$ 4,657</u>	<u>\$ (4)</u>	<u>\$ 252,324</u>	<u>\$ 26,649</u>	<u>\$ 3,041</u>	<u>\$ 66,432</u>	<u>\$ 30,122,782</u>

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Newton County, Missouri, (the County) is a county of the 2nd class and operates under a three-member County Commission.

The accounting methods and procedures adopted by Newton County, Missouri, conform to the modified cash basis of accounting as applied to governmental entities. The following is a summary of the more significant policies.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will, or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The County is a primary government, which is governed by a three member county commission. As required by accounting principles generally accepted in the United States of America, the County has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The County has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the County's financial statements. In addition, the County is not aware of any entity for which the County would be considered as a component unit of that entity.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements display information about the primary government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, the governmental activities are consolidated and presented on the modified cash basis of accounting.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide Statement of Activities presents a comparison between direct disbursements and program receipts for each function of the County's governmental activities. Direct disbursements are those that are specifically associated with a program or a function. Program receipts include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital disbursements of a particular program. Receipts that are not classified as program receipts, including all taxes, are presented as general receipts.

FUND FINANCIAL STATEMENTS

Separate fund financial statements report information on the County's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds in their respective categories.

The County reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those required to be accounted for in other funds.

Road and Bridge Fund: The Road and Bridge Fund of the County is used to account for resources restricted for highway and road disbursements.

E-911 Fund: The E-911 Fund is used to account for resources assigned for emergency 911 operations.

Assessment Fund: The Assessment Fund is used to account for the resources designated for assessment operations.

Recorder's Fund: The Recorder's Fund is used to account for resources restricted for operations of the Recorder's office.

Mental Health Fund: The Mental Health Fund is used to account for resources restricted for the operations of the Lafayette House and the Ozark Center mental health facilities.

Road Sales Tax Fund: The Road Sales Tax fund is used to account for the sales taxes restricted for Highways and Roads.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County also reports the following fund types:

The Internal Service Funds account for employee retirement and deferred compensation benefits of the County on a cost reimbursement basis.

Agency funds account for miscellaneous assets held by the County for other funds, governmental units, and individuals. The agency funds are custodial in nature and do not involve measurement of results of operations.

Basis of Accounting

The government-wide Statement of Net Position, the Statement of Activities, and the fund financial statements for the County are presented using a modified cash basis of accounting. This basis recognizes assets, net position /fund equity, revenues, and expenditures/expenses when they result from cash transactions. The cash basis has been modified to include investments of the County. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Also, as a result of the modified cash basis, capital assets and long-term debt of the County are not presented in the financial statements.

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

Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash applicable to a particular fund is readily identifiable. Some County offices also hold cash and investments in their own separate bank accounts as required by State statute. The balance in the pooled cash account is available to meet current operating requirements. Investments of the County are carried at cost and consist of Certificates of Deposit.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity

The assigned and unassigned fund balances for Governmental Fund Types represent the amount available for budgeting future operations.

Equity Classification

Equity is classified as net position and displayed in two components:

- a. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislations.
- b. Unrestricted net position – All other net position that do not meet the definition of “restricted”.

It is the County’s policy to first use restricted net position prior to the use of unrestricted net position when a disbursement is made for purposes for which both restricted and unrestricted net position are available.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the County removes the specified use by taking the same type of action imposing the commitment.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned fund balance – This classification reflects the amounts constrained by the County’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Compensated Absences

The County has a county-wide policy on vacation and sick leave for all employees. Leave is taken at the discretion of each officeholder. The accumulated liability for compensated absences is not expected to be liquidated with expendable available financial resources.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the County considers all accounts subject to withdrawal by check or “on demand” to be cash and cash equivalents. All other deposits are considered to be investments.

NOTE B – CASH

State statutes require that the County’s deposits be collateralized in the name of the County by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2013, all cash balances on deposit are entirely insured or collateralized with securities.

NEWTON COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE C – INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and investments". In addition, investments are separately held by two of the County's funds. County investments consist of Certificates of Deposit.

Investments of the County as of December 31, 2013, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of Deposit	7/13/2014	\$ 20,000
Certificates of Deposit	12/7/2014	5,026
		<u>\$ 25,026</u>

Certificates of Deposit

Certificates of Deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. State statutes require that the County's deposits be collateralized in the name of the County by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2013, all Certificates of Deposit were entirely insured or collateralized with securities.

NOTE D – CLAIMS, JUDGMENTS AND CONTINGENCIES

Federal and State Grants

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of December 31, 2013, significant amounts of grant disbursements have not been audited by grantor governments, but the County believes that disallowed disbursements, if any, based on subsequent audits, will not have a material effect on any of the individual government funds or the overall financial position of the County.

NOTE D – CLAIMS, JUDGMENTS AND CONTINGENCIES (continued)

Legal Matters

There are a number of claims and/or lawsuits to which the County is a party as a result of certain injuries and various other matters and complaints arising in the ordinary course of County activities. The County's management and legal counsel anticipate that the potential claims, if any, against the County resulting from such litigation would not have a material effect on the financial position of the County.

NOTE E – PENSION PLAN – CERF

STATE OF MISSOURI COUNTY EMPLOYEES' RETIREMENT FUND

Plan Description

Newton County participates in the County Employees' Retirement Fund (CERF), a cost-sharing multiple-employer pension plan. CERF is a defined benefit pension plan which provides retirement and death benefits to plan members and beneficiaries. CERF was created and is governed by State statute, RSMo 50.1000 to 50.1300. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

Funding Policy

Newton County's full-time employees hired before February 25, 2002, are required by State statute to contribute 2% of annual payroll to the pension plan. Newton County's full-time employees hired after February 25, 2002, are required by state statute to contribute 6% of annual covered payroll to the pension plan. The County is required by State statute to remit the fees collected under RSMo Sections 52.290, 150.150, 137.280, 137.345 and Chapters 59 and 54, RSMo, plus interest. The required contributions have been made.

NEWTON COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE F – ASSESSED VALUATION, TAX LEVY AND LEGAL DEBT MARGIN

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31.

The 2013 assessed valuation of the tangible taxable property and the tax levies per \$100 assessed valuation of that property were as follows:

ASSESSED VALUATION	
Real estate	\$ 509,732,830
Personal property	184,381,776
Railroad and utilities	<u>68,977,435</u>
	<u><u>\$ 763,092,041</u></u>
TAX LEVY	
Common road	\$.2317
Fair	.0100
Mental Health	<u>.0825</u>
	<u><u>\$.3242</u></u>

The legal debt margin at December 31, 2013, is computed as follows:

Constitutional debt limit	\$ 76,309,205
General obligation bonds payable	<u>-</u>
	<u><u>LEGAL DEBT MARGIN \$ 76,309,205</u></u>

- (1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the County, by a vote of its qualified electors voting therein, may incur an indebtedness for any purpose authorized by law of the County or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the County.

NEWTON COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE G – GENERAL LONG-TERM DEBT

Lease Payable

On November 16, 2010, the County entered into a lease purchase agreement to finance the purchase of 911 equipment. The agreement requires yearly payments of \$7,628 including interest at 9%.

On August 20, 2013, the County entered into a lease purchase agreement to finance the purchase of radio equipment. The agreement requires yearly payments of \$40,998 with interest of 6.5%

The County's lease/purchase agreement provides for the cancellation of the lease at the County's option on the renewal dates each year per State statute, however the County does not foresee exercising its option to cancel.

The following is a schedule of future lease payments under the lease (assuming noncancellation):

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 42,914	\$ 5,713	\$ 48,627
2015	36,922	4,076	40,998
2016	37,901	3,096	40,997
2017	38,906	2,091	40,997
2018	39,938	1,059	40,997
	<u>\$ 196,581</u>	<u>\$ 16,035</u>	<u>\$ 212,616</u>

The following are the changes in General Long-Term Debt for the year ended December 31, 2013:

	<u>Balance December 31, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2013</u>
Leases Payable				
E-911 Equipment	\$ 13,268	\$ -	\$ 6,323	\$ 6,945
Radio Equipment	-	189,636	-	189,636
Compensated Absences Payable	222,250	-	4,809	217,441
	<u>\$ 235,518</u>	<u>\$ 189,636</u>	<u>\$ 11,132</u>	<u>\$ 224,386</u>

NEWTON COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE H – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE I – INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2013, consisted of the following:

	Transfers In (Out)
General Fund	\$ (174,294)
Road and Bridge Fund	522,844
Prosecuting Attorney Administrative Fee Fund	(10,000)
Tax Maintenance Fund	(10,506)
Road Sales Tax Fund	(522,844)
E-911 Fund	106,401
Assessment Fund	88,399
	<u>\$ -</u>

Transfers are used to (1) move receipts from the fund where collection is required by statute or budget to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

OTHER INFORMATION

NEWTON COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – MODIFIED CASH BASIS
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Taxes				
County sales taxes	\$ 5,750,000	\$ 5,750,000	\$ 5,885,508	\$ 135,508
State assessed railroad and utilities	17,500	17,500	18,272	772
Surtax	10,500	10,500	10,473	(27)
Payment in lieu of taxes	10,500	10,500	8,957	(1,543)
Other	3,000	3,000	13,066	10,066
	<u>5,791,500</u>	<u>5,791,500</u>	<u>5,936,276</u>	<u>144,776</u>
Collector's Commission				
Collection commissions	662,500	662,500	696,482	33,982
Intergovernmental Receipts				
Federal	151,481	151,481	140,285	(11,196)
Other	585,110	585,110	139,400	(445,710)
	<u>736,591</u>	<u>736,591</u>	<u>279,685</u>	<u>(456,906)</u>
Fees and Charges				
Auctioneer licenses	29,500	29,500	24,957	(4,543)
Public administration	60,000	60,000	49,708	(10,292)
County clerk	6,000	6,000	5,292	(708)
Recorder of deeds	227,000	227,000	232,189	5,189
Court	110,000	110,000	98,875	(11,125)
Extraditions	25,000	25,000	8,315	(16,685)
Sheriff fees	399,000	399,000	339,104	(59,896)
Phone	25,000	25,000	19,161	(5,839)
Other	2,200	2,200	1,296	(904)
	<u>883,700</u>	<u>883,700</u>	<u>778,897</u>	<u>(104,803)</u>
Other				
Interest receipts	20,750	20,750	12,407	(8,343)
Miscellaneous	36,850	36,850	21,811	(15,039)
Sale of property	18,000	18,000	20,683	2,683
	<u>75,600</u>	<u>75,600</u>	<u>54,901</u>	<u>(20,699)</u>
TOTAL RECEIPTS	8,149,891	8,149,891	7,746,241	(403,650)

NEWTON COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – MODIFIED CASH BASIS (continued)
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
DISBURSEMENTS				
Current				
General Government				
Collector of revenue	211,070	211,070	201,697	9,373
Treasurer	73,516	73,516	67,808	5,708
Recorder of deeds	185,039	185,039	182,071	2,968
County commission	180,577	180,577	174,387	6,190
General services	1,456,195	1,456,195	961,203	494,992
Data processing	85,150	85,150	79,030	6,120
Election and voter registration	77,684	77,684	16,381	61,303
County clerk	236,660	236,660	231,094	5,566
Auditor	149,889	149,889	136,726	13,163
Building and grounds	586,647	586,647	270,791	315,856
	<u>3,242,427</u>	<u>3,242,427</u>	<u>2,321,188</u>	<u>921,239</u>
Judicial				
Circuit clerk	34,300	34,300	29,931	4,369
Circuit court	342,769	342,769	204,974	137,795
Coroner	125,378	125,378	101,570	23,808
Court reporter	1,350	1,350	868	482
Public administrator	180,614	180,614	171,698	8,916
Juvenile	137,980	137,980	93,728	44,252
Prosecuting attorney	787,864	787,864	785,150	2,714
	<u>1,610,255</u>	<u>1,610,255</u>	<u>1,387,919</u>	<u>222,336</u>
Public Safety				
Sheriff	2,900,477	2,900,477	2,560,733	339,744
Jail	1,165,207	1,165,207	1,135,037	30,170
Emergency management	127,859	127,859	125,948	1,911
	<u>4,193,543</u>	<u>4,193,543</u>	<u>3,821,718</u>	<u>371,825</u>
Health and Welfare				
Health and welfare	18,000	18,000	10,323	7,677
TOTAL DISBURSEMENTS	<u>9,064,225</u>	<u>9,064,225</u>	<u>7,541,148</u>	<u>1,523,077</u>

NEWTON COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – MODIFIED CASH BASIS (continued)
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(914,334)	(914,334)	205,093	1,119,427
OTHER FINANCING SOURCES (USES)				
Operating transfers in	15,000	15,000	20,506	5,506
Operating transfers (out)	(332,300)	(332,300)	(194,800)	137,500
TOTAL OTHER FINANCING SOURCES (USES)	(317,300)	(317,300)	(174,294)	143,006
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	(1,231,634)	(1,231,634)	30,799	1,262,433
FUND BALANCE, January 1	1,698,553	1,698,553	1,698,553	-
FUND BALANCE, December 31	<u>\$ 466,919</u>	<u>\$ 466,919</u>	<u>\$ 1,729,352</u>	<u>\$ 1,262,433</u>

NEWTON COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE FUND – MODIFIED CASH BASIS

Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Taxes	\$ 2,423,012	\$ 2,423,012	\$ 1,694,570	\$ (728,442)
Intergovernmental receipts	153,000	153,000	137,798	(15,202)
Other receipts	8,500	8,500	12,756	4,256
TOTAL RECEIPTS	2,584,512	2,584,512	1,845,124	(739,388)
DISBURSEMENTS				
Highway and Roads				
Wages and benefits	544,500	544,500	505,290	39,210
Supplies	178,000	178,000	146,275	31,725
Repairs and maintenance	200,000	200,000	144,441	55,559
Engineering	5,000	5,000	750	4,250
Capital outlay	1,147,512	1,147,512	636,744	510,768
Contracted labor	3,000	3,000	1,602	1,398
Rental equipment	5,000	5,000	775	4,225
Special road districts	708,400	708,400	705,767	2,633
Other	12,700	12,700	7,878	4,822
TOTAL DISBURSEMENTS	2,804,112	2,804,112	2,149,522	654,590
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(219,600)	(219,600)	(304,398)	(84,798)
OTHER FINANCING SOURCES				
Operating transfers in	100,000	100,000	522,844	422,844
TOTAL OTHER FINANCING SOURCES	100,000	100,000	522,844	422,844
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	(119,600)	(119,600)	218,446	338,046
FUND BALANCE, January 1	186,713	186,713	186,713	-
FUND BALANCE, December 31	<u>\$ 67,113</u>	<u>\$ 67,113</u>	<u>\$ 405,159</u>	<u>\$ 338,046</u>

NEWTON COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – E-911 FUND – MODIFIED CASH BASIS
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Taxes	\$ 550,000	\$ 550,000	\$ 516,087	\$ (33,913)
Charges for services	282,699	282,699	295,230	12,531
Other receipts	1,150	1,150	1,037	(113)
TOTAL RECEIPTS	833,849	833,849	812,354	(21,495)
DISBURSEMENTS				
Public safety	988,070	988,070	949,801	38,269
TOTAL DISBURSEMENTS	988,070	988,070	949,801	38,269
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(154,221)	(154,221)	(137,447)	16,774
OTHER FINANCING SOURCES				
Operating transfers in	150,000	150,000	106,401	(43,599)
TOTAL OTHER FINANCING SOURCES	150,000	150,000	106,401	(43,599)
(DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	(4,221)	(4,221)	(31,046)	(26,825)
FUND BALANCE, January 1	50,070	50,070	50,070	-
FUND BALANCE, December 31	\$ 45,849	\$ 45,849	\$ 19,024	\$ (26,825)

NEWTON COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – ASSESSMENT FUND – MODIFIED CASH BASIS
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Charges for services	\$ 597,480	\$ 597,480	\$ 601,260	\$ 3,780
Other receipts	15,000	15,000	8,592	(6,408)
TOTAL RECEIPTS	612,480	612,480	609,852	(2,628)
DISBURSEMENTS				
General government	921,248	921,248	600,390	320,858
TOTAL DISBURSEMENTS	921,248	921,248	600,390	320,858
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS				
	(308,768)	(308,768)	9,462	318,230
OTHER FINANCING SOURCES				
Operating transfers in	82,300	82,300	88,399	6,099
TOTAL OTHER FINANCING SOURCES	82,300	82,300	88,399	6,099
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS				
	(226,468)	(226,468)	97,861	324,329
FUND BALANCE, January 1	1,148,788	1,148,788	1,148,788	-
FUND BALANCE, December 31	<u>\$ 922,320</u>	<u>\$ 922,320</u>	<u>\$ 1,246,649</u>	<u>\$ 324,329</u>

NEWTON COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – RECORDER’S FUND – MODIFIED CASH BASIS
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Charges for services	\$ 37,500	\$ 37,500	\$ 42,815	\$ 5,315
Other receipts	3,200	3,200	2,141	(1,059)
TOTAL RECEIPTS	40,700	40,700	44,956	4,256
DISBURSEMENTS				
General government	175,000	175,000	38,590	136,410
TOTAL DISBURSEMENTS	175,000	175,000	38,590	136,410
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(134,300)	(134,300)	6,366	140,666
FUND BALANCE, January 1	342,351	342,351	342,351	-
FUND BALANCE, December 31	\$ 208,051	\$ 208,051	\$ 348,717	\$ 140,666

NEWTON COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE – MENTAL HEALTH FUND – MODIFIED CASH BASIS

Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Taxes	\$ 599,524	\$ 599,524	\$ 614,457	\$ 14,933
Other receipts	3,001	3,001	2,152	(849)
TOTAL RECEIPTS	602,525	602,525	616,609	14,084
DISBURSEMENTS				
Health and welfare	602,525	602,525	602,525	-
TOTAL DISBURSEMENTS	602,525	602,525	602,525	-
EXCESS OF RECEIPTS OVER DISBURSEMENTS	-	-	14,084	14,084
FUND BALANCE, January 1	26,867	26,867	26,867	-
FUND BALANCE, December 31	\$ 26,867	\$ 26,867	\$ 40,951	\$ 14,084

NEWTON COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE – ROAD SALES TAX FUND – MODIFIED CASH BASIS

Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Taxes	\$ 1,503,000	\$ 1,503,000	\$ 1,685,988	\$ 182,988
Other receipts	1,000	1,000	4,394	3,394
TOTAL RECEIPTS	1,504,000	1,504,000	1,690,382	186,382
DISBURSEMENTS				
Highway and Roads	1,084,902	1,084,902	808,059	276,843
TOTAL DISBURSEMENTS	1,084,902	1,084,902	808,059	276,843
EXCESS OF RECEIPTS OVER DISBURSEMENTS				
	419,098	419,098	882,323	463,225
OTHER FINANCING (USES)				
Operating transfers (out)	(797,512)	(797,512)	(522,844)	274,668
TOTAL OTHER FINANCING (USES)	(797,512)	(797,512)	(522,844)	274,668
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)				
	(378,414)	(378,414)	359,479	737,893
FUND BALANCE, January 1	379,805	379,805	379,805	-
FUND BALANCE, December 31	\$ 1,391	\$ 1,391	\$ 739,284	\$ 737,893

NEWTON COUNTY, MISSOURI
NOTE TO BUDGETARY COMPARISON SCHEDULES
December 31, 2013

Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In accordance with Chapter 67, RSMo, the County adopts a budget for each fund.
- 2) Prior to January the Presiding Commissioner, who serves as the Budget Officer, submits to the Commission a proposed budget for the fiscal year beginning on the following January 1. The budget includes estimated receipts and proposed disbursements for all County funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Commission, the budget document is available for public inspection.
- 4) In January, the budget is legally enacted by a vote of the Commission.
- 5) Subsequent to its formal approval of the budget, the 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 information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Commission. Individual amendments were not material to the original appropriations, which were amended.
- 6) Budgets for County funds are prepared and adopted on the modified cash basis (budget basis), recognizing receipts when collected and disbursements when paid.

OTHER FINANCIAL INFORMATION

NEWTON COUNTY, MISSOURI
 COMBINING STATEMENT OF ASSETS AND FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS – MODIFIED CASH BASIS
 December 31, 2013

	Newton County Fair Fund	Prosecuting Attorney Administrative Fund	Tax Maintenance Fund	Prosecuting Attorney Training Fund	Sheriff Civil Charges Fund	Domestic Violence Fund	Election Improvement Fund	Sheriff's Revolving Fund	Inmate Security Fund	Law Library Fund
ASSETS										
Cash and investments - unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,703	\$ -	\$ -	\$ 33,978
Cash and investments - restricted	16,307	9,836	170,921	20,676	23,469	3,886	-	40,488	7,440	-
TOTAL ASSETS	\$ 16,307	\$ 9,836	\$ 170,921	\$ 20,676	\$ 23,469	\$ 3,886	\$ 3,703	\$ 40,488	\$ 7,440	\$ 33,978
FUND BALANCES										
Restricted for:										
General government	\$ -	\$ -	\$ 170,921	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial	-	9,836	-	20,676	-	-	-	-	-	-
Public safety	-	-	-	-	23,469	-	-	40,488	7,440	-
Health and welfare	-	-	-	-	-	3,886	-	-	-	-
Fair	16,307	-	-	-	-	-	-	-	-	-
Assigned to:										
Election	-	-	-	-	-	-	3,703	-	-	-
Law library	-	-	-	-	-	-	-	-	-	33,978
Public safety	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ 16,307	\$ 9,836	\$ 170,921	\$ 20,676	\$ 23,469	\$ 3,886	\$ 3,703	\$ 40,488	\$ 7,440	\$ 33,978

NEWTON COUNTY, MISSOURI
 COMBINING STATEMENT OF ASSETS AND FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS – MODIFIED CASH BASIS
 (continued)
 December 31, 2013

	CDBG Grant Fund	Bridge Demolition Fund	Law Enforcement Training Fund	Election Fund	Prosecuting Attorney Delinquent Tax Fund	Sheriff's Criminal Activity Forfeiture Fund	Local Emergency Planning Commission Fund	DARE Program Fund	Total
ASSETS									
Cash and investments-unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,494	\$ 45,175
Cash and investments-restricted	5	81,146	7,357	48,675	30,149	17,150	16,032	-	493,537
TOTAL ASSETS	\$ 5	\$ 81,146	\$ 7,357	\$ 48,675	\$ 30,149	\$ 17,150	\$ 16,032	\$ 7,494	\$ 538,712
FUND BALANCES									
Restricted for:									
General government	\$ 5	\$ 81,146	\$ -	\$ 48,675	\$ -	\$ -	\$ -	\$ -	\$ 300,747
Judicial	-	-	-	-	30,149	-	-	-	60,661
Public safety	-	-	7,357	-	-	17,150	16,032	-	111,936
Health and welfare	-	-	-	-	-	-	-	-	3,886
Fair	-	-	-	-	-	-	-	-	16,307
Assigned to:									
Election	-	-	-	-	-	-	-	-	3,703
Law library	-	-	-	-	-	-	-	-	33,978
Public safety	-	-	-	-	-	-	-	7,494	7,494
TOTAL FUND BALANCES	\$ 5	\$ 81,146	\$ 7,357	\$ 48,675	\$ 30,149	\$ 17,150	\$ 16,032	\$ 7,494	\$ 538,712

NEWTON COUNTY, MISSOURI
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE – NONMAJOR SPECIAL REVENUE
 FUNDS – MODIFIED CASH BASIS
 Year Ended December 31, 2013

	Newton County Fair Fund	Prosecuting Attorney Administrative Fund	Tax Maintenance Fund	Prosecuting Attorney Training Fund	Sheriff Civil Charges Fund	Domestic Violence Fund	Election Improvement Fund	Sheriff's Revolving Fund	Inmate Security Fund	Law Library Fund
RECEIPTS										
Taxes	\$ 74,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receipts	-	-	-	-	-	-	28,029	-	3,142	-
Fees and charges	-	30,569	72,719	2,457	43,280	7,488	-	63,091	5,151	20,036
Other receipts	448	288	1,185	-	-	11	201	267	-	4
TOTAL RECEIPTS	74,548	30,857	73,904	2,457	43,280	7,499	28,230	63,358	8,293	20,040
DISBURSEMENTS										
Current										
General government	-	-	60,128	-	-	-	28,232	-	-	-
Judicial	-	30,629	-	-	-	-	-	-	-	34,005
Public safety	-	-	-	-	49,904	-	-	50,000	4,181	-
Health and welfare	-	-	-	-	-	8,352	-	-	-	-
Fair	84,660	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	84,660	30,629	60,128	-	49,904	8,352	28,232	50,000	4,181	34,005
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS										
	(10,112)	228	13,776	2,457	(6,624)	(853)	(2)	13,358	4,112	(13,965)
OTHER FINANCING (USES)										
Operating transfers (out)	-	(10,000)	(10,506)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING (USES)	-	(10,000)	(10,506)	-	-	-	-	-	-	-
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)										
	(10,112)	(9,772)	3,270	2,457	(6,624)	(853)	(2)	13,358	4,112	(13,965)
FUND BALANCE, January 1	26,419	19,608	167,651	18,219	30,093	4,739	3,705	27,130	3,328	47,943
FUND BALANCE, December 31	\$ 16,307	\$ 9,836	\$ 170,921	\$ 20,676	\$ 23,469	\$ 3,886	\$ 3,703	\$ 40,488	\$ 7,440	\$ 33,978

NEWTON COUNTY, MISSOURI
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE – NONMAJOR SPECIAL REVENUE
 FUNDS – MODIFIED CASH BASIS (continued)
 Year Ended December 31, 2013

	CDBG Grant Fund	Bridge Demolition Fund	Law Enforcement Training Fund	Election Fund	Prosecuting Attorney Delinquent Tax Fund	Sheriff's Criminal Activity Forfeiture Fund	Local Emergency Planning Commission Fund	DARE Program Fund	Total
RECEIPTS									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,100
Intergovernmental receipts	24,844	-	-	22,942	13,066	-	6,063	-	98,086
Fees and charges	-	-	14,733	2,846	-	-	-	-	262,370
Other receipts	-	509	-	192	121	113	73	5,525	8,937
TOTAL RECEIPTS	24,844	509	14,733	25,980	13,187	113	6,136	5,525	443,493
DISBURSEMENTS									
Current									
General government	24,844	-	-	8,773	-	-	-	-	121,977
Judicial	-	-	-	-	-	-	-	-	64,634
Public safety	-	-	15,538	-	-	1,000	1,215	6,096	127,934
Health and welfare	-	-	-	-	-	-	-	-	8,352
Fair	-	-	-	-	-	-	-	-	84,660
TOTAL DISBURSEMENTS	24,844	-	15,538	8,773	-	1,000	1,215	6,096	407,557
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	-	509	(805)	17,207	13,187	(887)	4,921	(571)	35,936
OTHER FINANCING (USES)									
Operating transfers (out)	-	-	-	-	-	-	-	-	(20,506)
TOTAL OTHER FINANCING (USES)	-	-	-	-	-	-	-	-	(20,506)
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)	-	509	(805)	17,207	13,187	(887)	4,921	(571)	15,430
FUND BALANCE, January 1	5	80,637	8,162	31,468	16,962	18,037	11,111	8,065	523,282
FUND BALANCE, December 31	\$ 5	\$ 81,146	\$ 7,357	\$ 48,675	\$ 30,149	\$ 17,150	\$ 16,032	\$ 7,494	\$ 538,712



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

**INDEPENDENT AUDITORS' 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**

Newton County Commission
Newton County
Neosho, 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 financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Newton County, Missouri, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Newton County, Missouri's basic financial statements and have issued our report dated June 23, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Newton County, Missouri's internal control over financial reporting 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 Newton County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

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Newton County Commission
Newton County
Neosho, Missouri

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Newton 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

KPM CPAs, PC

KPM CPAs, PC
June 23, 2014