



NICOLE R. GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Madison County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Madison 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 Daniel Jones & Associates, Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA
State Auditor

September 2015
Report No. 2015-086

THE COUNTY OF MADISON
FREDERICKTOWN, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014 AND 2013

THE COUNTY OF MADISON
FREDERICKTOWN, MISSOURI
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FINANCIAL SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Madison, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Madison (County), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2014, and 2013, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. 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 fraud or error.

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 I of the financial statements, the financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I 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 above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2014, and 2013, or changes in financial position or cash flows thereof 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 and unencumbered cash of each fund of the County as of December 31, 2014, and 2013, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2015, on our consideration of the County of Madison’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 County of Madison’s internal control over financial reporting and compliance.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

July 8, 2015

FINANCIAL STATEMENTS

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES -
 ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2014

FUND	CASH AND INVESTMENT BALANCES JANUARY 1, 2014	RECEIPTS 2014	DISBURSEMENTS 2014	CASH AND INVESTMENT BALANCES DECEMBER 31, 2014
General Revenue Fund	\$ 178,119.13	\$ 1,217,586.48	\$ 1,319,166.88	\$ 76,538.73
Special Road and Bridge Fund	220,871.55	1,642,671.53	1,836,282.03	27,261.05
Assessment Fund	28,491.70	185,499.83	210,503.43	3,488.10
911 Fund	396.19	316,652.13	309,920.86	7,127.46
MCLEST Fund	5,805.76	951,782.64	901,810.71	55,777.69
LETF Fund	4,824.08	3,624.76	6,182.37	2,266.47
Restitution Fund	40,329.48	9,650.05	36,580.00	13,399.53
User Fee Fund	25,585.45	14,517.55	13,287.65	26,815.35
Over Under Fund	360.34	10.18	-	370.52
Domestic Violence Fund	2,139.95	697.13	1,000.00	1,837.08
Prosecuting Attorney Training Fund	1,633.99	644.07	1,658.33	619.73
Prosecuting Attorney Bad Check Fund	12,093.16	6,197.28	840.00	17,450.44
Tax Increment Fund	506,346.01	693,086.45	956,943.00	242,489.46
Unclaimed Fund	16,833.80	617.71	15,209.82	2,241.69
Over Plus Fund	28,294.85	7,614.70	13,028.12	22,881.43
Prosecuting Attorney Delinquent Fund	735.26	0.26	735.52	-
Inmate Security Fund	10,274.25	5,366.73	4,929.72	10,711.26
Sheriff's Revolving Fund	41,318.33	8,835.64	7,657.48	42,496.49
Tax Maintenance Fund	7,618.80	27,064.77	23,891.24	10,792.33
TOTAL	\$ 1,132,072.08	\$ 5,092,119.89	\$ 5,659,627.16	\$ 564,564.81

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES -
 ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2013

FUND	CASH AND INVESTMENT BALANCES JANUARY 1, 2013	RECEIPTS 2013	DISBURSEMENTS 2013	CASH AND INVESTMENT BALANCES DECEMBER 31, 2013
General Revenue Fund	\$ 38,713.75	\$ 1,334,197.00	\$ 1,194,791.62	\$ 178,119.13
Special Road and Bridge Fund	239,571.95	1,764,482.08	1,783,182.48	220,871.55
Assessment Fund	22,211.21	186,206.23	179,925.74	28,491.70
911 Fund	6,673.34	264,925.37	271,202.52	396.19
MCLEST Fund	8,338.22	800,809.55	803,342.01	5,805.76
LETF Fund	5,731.28	2,809.10	3,716.30	4,824.08
Restitution Fund	36,527.02	37,783.70	33,981.24	40,329.48
User Fee Fund	20,000.34	12,331.66	6,746.55	25,585.45
Over Under Fund	359.16	1.18	-	360.34
Domestic Violence Fund	4,417.48	722.47	3,000.00	2,139.95
Prosecuting Attorney Training Fund	1,737.26	872.15	975.42	1,633.99
Prosecuting Attorney Bad Check Fund	9,227.54	7,638.42	4,772.80	12,093.16
Tax Increment Fund	310,052.60	721,433.41	525,140.00	506,346.01
Unclaimed Fund	17,204.75	262.89	633.84	16,833.80
Over Plus Fund	28,606.69	7,443.40	7,755.24	28,294.85
Prosecuting Attorney Delinquent Fund	734.89	0.37	-	735.26
Inmate Security Fund	10,647.98	2,670.82	3,044.55	10,274.25
Sheriff's Revolving Fund	28,356.45	17,618.50	4,656.62	41,318.33
Tax Maintenance Fund	4,771.45	22,920.03	20,072.68	7,618.80
TOTAL	\$ 793,883.36	\$ 5,185,128.33	\$ 4,846,939.61	\$ 1,132,072.08

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	GENERAL REVENUE FUND			
	2014		2013	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 300,000.00	\$ 207,810.78	\$ 242,000.00	\$ 267,601.20
Sales Taxes	550,000.00	555,256.70	490,000.00	507,008.85
Intergovernmental	115,020.00	125,315.46	229,609.72	255,961.04
Charges for Services	225,500.00	207,046.84	187,300.00	232,981.93
Interest	130.00	40.42	400.00	261.08
Other	180,200.00	41,127.28	40,000.00	70,382.90
Transfers In	12,000.00	80,989.00	-	-
TOTAL RECEIPTS	1,382,850.00	1,217,586.48	1,189,309.72	1,334,197.00
DISBURSEMENTS				
County Commission	82,851.00	83,315.35	82,855.00	82,821.29
County Clerk	85,000.00	84,112.50	73,304.00	73,404.33
Elections	60,825.00	56,560.24	39,325.00	37,699.06
Buildings and Grounds	238,876.00	213,816.76	245,198.80	249,339.55
Employee Fringe Benefits	242,900.00	206,766.58	228,542.00	234,857.30
County Treasurer	42,900.00	42,986.74	41,150.00	41,152.43
Collector	71,750.00	69,225.22	63,182.50	66,427.90
Recorder of Deeds	80,810.00	80,693.87	78,120.00	78,519.78
Circuit Clerk	41,340.80	39,108.25	31,225.70	31,589.37
Court Administration	9,935.00	5,300.00	5,600.00	10,086.90
Public Administrator	30,350.00	26,594.31	30,350.00	26,823.63
Prosecuting Attorney	139,409.00	142,578.88	127,966.25	133,706.09
Coroner	46,400.00	30,016.86	38,125.00	45,172.67
Other	3,655.00	3,091.32	3,655.00	3,191.32
Transfers Out	100,000.00	235,000.00	80,000.00	80,000.00
Emergency Fund	36,000.00	-	34,000.00	-
TOTAL DISBURSEMENTS	1,313,001.80	1,319,166.88	1,202,599.25	1,194,791.62
RECEIPTS OVER (UNDER) DISBURSEMENTS	69,848.20	(101,580.40)	(13,289.53)	139,405.38
CASH AND INVESTMENT BALANCES, JANUARY 1	178,119.13	178,119.13	38,713.75	38,713.75
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 247,967.33	\$ 76,538.73	\$ 25,424.22	\$ 178,119.13

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	SPECIAL ROAD AND BRIDGE FUND			
	2014		2013	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 330,000.00	\$ 298,743.52	\$ 330,000.00	\$ 325,930.89
Sales Taxes	500,000.00	497,004.41	440,000.00	456,631.77
Intergovernmental	890,175.00	827,579.41	685,675.00	719,436.79
Charges for Services	250.00	9,639.83	250.00	369.00
Interest	400.00	89.34	1,400.00	481.12
Grants	6,500.00	-	134,333.00	235,981.86
Other	30,100.00	9,615.02	59,000.00	25,650.65
Transfers In	-	-	-	-
TOTAL RECEIPTS	1,757,425.00	1,642,671.53	1,650,658.00	1,764,482.08
DISBURSEMENTS				
Salaries	300,000.00	319,913.50	302,000.00	285,612.06
Employee Fringe Benefits	92,800.00	92,086.66	84,800.00	87,744.34
Supplies	195,200.00	190,329.27	182,700.00	172,853.98
Insurance	53,067.00	55,537.07	38,000.00	55,306.00
Road & Bridge Materials	523,000.00	522,619.17	453,500.00	412,500.35
Equipment Repairs	60,000.00	80,640.94	60,000.00	56,838.18
Rentals	14,000.00	4,455.27	19,000.00	12,538.00
Equipment Purchases	42,200.00	34,612.12	43,000.00	24,172.36
R&B Construction	10,000.00	-	-	4,681.88
Other	-	-	130,350.00	133,291.32
Reimbursements	356,200.00	471,351.38	438,401.00	500,706.87
Debt Service	40,000.00	64,736.65	40,000.00	36,937.14
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	1,686,467.00	1,836,282.03	1,791,751.00	1,783,182.48
RECEIPTS OVER (UNDER) DISBURSEMENTS	70,958.00	(193,610.50)	(141,093.00)	(18,700.40)
CASH AND INVESTMENT BALANCES, JANUARY 1	220,871.55	220,871.55	239,571.95	239,571.95
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 291,829.55	\$ 27,261.05	\$ 98,478.95	\$ 220,871.55

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	ASSESSMENT FUND				911 FUND			
	2014		2013		2014		2013	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ 118,000.00	\$ 107,844.99	\$ 118,000.00	\$ 112,777.87
Intergovernmental	145,870.00	140,033.14	143,500.00	143,196.45	-	-	-	-
Charges for Services	2,400.00	2,845.00	-	2,944.00	71,000.00	73,800.00	69,000.00	71,000.00
Interest	200.00	18.36	175.00	65.78	20.00	7.14	20.00	16.16
Other	-	2,603.33	2,200.00	-	1,200.00	-	-	1,131.34
Transfers In	40,000.00	40,000.00	40,000.00	40,000.00	100,000.00	135,000.00	80,000.00	80,000.00
TOTAL RECEIPTS	188,470.00	185,499.83	185,875.00	186,206.23	290,220.00	316,652.13	267,020.00	264,925.37
DISBURSEMENTS								
Assessor	38,000.00	38,732.40	38,000.00	38,000.00	-	-	-	-
Training	-	39,831.68	-	-	-	-	-	-
Salaries	71,730.00	74,210.15	69,000.00	66,672.62	180,000.00	192,571.01	160,000.00	175,972.10
Fringe Benefits	45,475.00	-	43,870.00	43,800.62	45,000.00	53,531.22	43,625.00	43,316.78
Office Expense	33,350.00	51,098.31	36,250.00	27,371.33	44,400.00	53,730.64	44,200.00	42,963.93
Radio Equipment	-	-	-	-	7,000.00	2,736.50	8,000.00	3,551.50
Mileage and Training	5,000.00	6,630.89	5,000.00	4,081.17	2,500.00	5,560.81	2,000.00	1,994.99
Other	-	-	-	-	1,650.00	1,790.68	3,750.00	3,403.22
TOTAL DISBURSEMENTS	193,555.00	210,503.43	192,120.00	179,925.74	280,550.00	309,920.86	261,575.00	271,202.52
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,085.00)	(25,003.60)	(6,245.00)	6,280.49	9,670.00	6,731.27	5,445.00	(6,277.15)
CASH AND INVESTMENT BALANCES, JANUARY 1	28,491.70	28,491.70	22,211.21	22,211.21	396.19	396.19	6,673.34	6,673.34
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 23,406.70</u>	<u>\$ 3,488.10</u>	<u>\$ 15,966.21</u>	<u>\$ 28,491.70</u>	<u>\$ 10,066.19</u>	<u>\$ 7,127.46</u>	<u>\$ 12,118.34</u>	<u>\$ 396.19</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	MCLEST FUND				LETF FUND			
	2014		2013		2014		2013	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	\$ 520,000.00	\$ 554,986.29	\$ 489,000.00	\$ 507,009.25	\$ -	\$ -	\$ -	\$ -
Intergovernmental	134,040.00	119,498.27	22,600.00	110,162.91	2,800.00	3,623.29	3,100.00	2,805.82
Charges for Services	55,000.00	54,109.38	126,000.00	47,975.49	-	-	-	-
Interest	55.00	29.48	100.00	54.29	300.00	1.47	7.00	3.28
Other	64,000.00	103,159.22	98,124.00	135,607.61	-	-	-	-
Transfers In	-	120,000.00	-	-	-	-	-	-
TOTAL RECEIPTS	773,095.00	951,782.64	735,824.00	800,809.55	3,100.00	3,624.76	3,107.00	2,809.10
DISBURSEMENTS								
Salary	277,000.00	275,469.74	264,100.00	272,802.48	-	-	-	-
Fringe Benefits	197,231.00	134,272.19	116,400.00	104,866.15	-	-	-	-
Other	-	27,699.35	-	89,342.54	3,400.00	1,954.05	3,200.00	2,499.72
Jail	110,550.00	118,260.59	97,350.00	111,252.98	-	-	-	-
Building and Grounds	30,000.00	51,380.28	93,552.00	61,585.34	-	-	-	-
Juvenile Office	46,755.00	43,077.71	46,755.00	46,736.50	-	-	-	-
Sheriff Revolving	76,975.00	110,661.85	63,750.00	76,756.02	-	-	-	-
Transfers Out	40,000.00	140,989.00	40,000.00	40,000.00	-	-	-	-
Training	-	-	-	-	2,000.00	4,228.32	3,000.00	1,216.58
TOTAL DISBURSEMENTS	778,511.00	901,810.71	721,907.00	803,342.01	5,400.00	6,182.37	6,200.00	3,716.30
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,416.00)	49,971.93	13,917.00	(2,532.46)	(2,300.00)	(2,557.61)	(3,093.00)	(907.20)
CASH AND INVESTMENT BALANCES, JANUARY 1	5,805.76	5,805.76	8,338.22	8,338.22	4,824.08	4,824.08	5,731.28	5,731.28
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 389.76	\$ 55,777.69	\$ 22,255.22	\$ 5,805.76	\$ 2,524.08	\$ 2,266.47	\$ 2,638.28	\$ 4,824.08

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	RESTITUTION FUND				USER FEE FUND			
	2014		2013		2014		2013	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 20,000.00	\$ 9,640.40	\$ 28,000.00	\$ 17,961.20	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	13,500.00	14,502.50	12,800.00	12,314.04
Interest	25.00	9.65	65.00	24.50	20.00	15.05	35.00	17.62
Other	-	-	-	19,798.00	-	-	-	-
TOTAL RECEIPTS	20,025.00	9,650.05	28,065.00	37,783.70	13,520.00	14,517.55	12,835.00	12,331.66
DISBURSEMENTS								
Equipment	35,600.00	26,076.00	35,000.00	31,900.00	2,500.00	4,571.65	7,000.00	-
Office	6,000.00	-	8,000.00	2,081.24	5,000.00	8,716.00	5,000.00	-
Other	-	10,504.00	-	-	9,000.00	-	9,000.00	6,746.55
TOTAL DISBURSEMENTS	41,600.00	36,580.00	43,000.00	33,981.24	16,500.00	13,287.65	21,000.00	6,746.55
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,575.00)	(26,929.95)	(14,935.00)	3,802.46	(2,980.00)	1,229.90	(8,165.00)	5,585.11
CASH AND INVESTMENT BALANCES, JANUARY 1	40,329.48	40,329.48	36,527.02	36,527.02	25,585.45	25,585.45	20,000.34	20,000.34
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 18,754.48</u>	<u>\$ 13,399.53</u>	<u>\$ 21,592.02</u>	<u>\$ 40,329.48</u>	<u>\$ 22,605.45</u>	<u>\$ 26,815.35</u>	<u>\$ 11,835.34</u>	<u>\$ 25,585.45</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	OVER UNDER FUND				DOMESTIC VIOLENCE FUND			
	2014		2013		2014		2013	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 1.00	\$ 10.00	\$ 4.00	\$ 1.00	\$ 800.00	\$ 696.00	\$ 875.00	\$ 720.00
Charges for Services	-	-	-	-	-	-	-	-
Interest	0.15	0.18	0.25	0.18	2.00	1.13	4.00	2.47
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	<u>1.15</u>	<u>10.18</u>	<u>4.25</u>	<u>1.18</u>	<u>802.00</u>	<u>697.13</u>	<u>879.00</u>	<u>722.47</u>
DISBURSEMENTS								
Supplies	350.00	-	250.00	-	-	-	-	-
Health and Welfare	-	-	-	-	2,500.00	1,000.00	3,600.00	3,000.00
TOTAL DISBURSEMENTS	<u>350.00</u>	<u>-</u>	<u>250.00</u>	<u>-</u>	<u>2,500.00</u>	<u>1,000.00</u>	<u>3,600.00</u>	<u>3,000.00</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(348.85)	10.18	(245.75)	1.18	(1,698.00)	(302.87)	(2,721.00)	(2,277.53)
CASH AND INVESTMENT BALANCES, JANUARY 1	<u>360.34</u>	<u>360.34</u>	<u>359.16</u>	<u>359.16</u>	<u>2,139.95</u>	<u>2,139.95</u>	<u>4,417.48</u>	<u>4,417.48</u>
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 11.49</u>	<u>\$ 370.52</u>	<u>\$ 113.41</u>	<u>\$ 360.34</u>	<u>\$ 441.95</u>	<u>\$ 1,837.08</u>	<u>\$ 1,696.48</u>	<u>\$ 2,139.95</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	PROSECUTING ATTORNEY TRAINING FUND				PROSECUTING ATTORNEY BAD CHECK FUND			
	2014		2013		2014		2013	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	500.00	643.39	530.00	481.17	7,500.00	6,190.00	7,500.00	7,240.00
Charges for Services	-	-	1.50	-	-	-	-	-
Interest	1.00	0.68	-	0.98	8.00	7.28	15.00	8.42
Other	-	-	-	390.00	-	-	-	-
Transfers In	-	-	-	-	-	-	-	390.00
TOTAL RECEIPTS	501.00	644.07	531.50	872.15	7,508.00	6,197.28	7,515.00	7,638.42
DISBURSEMENTS								
Mileage/Training	1,200.00	1,658.33	1,200.00	585.42	-	-	-	-
Operating	-	-	-	-	7,100.00	840.00	10,000.00	4,772.80
Transfers Out	-	-	-	390.00	-	-	-	-
TOTAL DISBURSEMENTS	1,200.00	1,658.33	1,200.00	975.42	7,100.00	840.00	10,000.00	4,772.80
RECEIPTS OVER (UNDER) DISBURSEMENTS	(699.00)	(1,014.26)	(668.50)	(103.27)	408.00	5,357.28	(2,485.00)	2,865.62
CASH AND INVESTMENT BALANCES, JANUARY 1	1,633.99	1,633.99	1,737.26	1,737.26	12,093.16	12,093.16	9,227.54	9,227.54
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 934.99</u>	<u>\$ 619.73</u>	<u>\$ 1,068.76</u>	<u>\$ 1,633.99</u>	<u>\$ 12,501.16</u>	<u>\$ 17,450.44</u>	<u>\$ 6,742.54</u>	<u>\$ 12,093.16</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	TAX INCREMENT FUND				UNCLAIMED FUND			
	2014		2013		2014		2013	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$720,000.00	\$692,917.73	\$ 525,600.00	\$720,892.24	\$ 250.00	\$ 610.50	\$ 375.00	\$ 250.00
Charges for Services	-	-	-	-	-	-	27.00	-
Interest	500.00	168.72	1,000.00	541.17	10.00	7.21	-	12.89
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	720,500.00	693,086.45	526,600.00	721,433.41	260.00	617.71	402.00	262.89
DISBURSEMENTS								
Economic Activity Taxes Disbursed	575,140.00	956,943.00	575,140.00	525,140.00	-	-	-	-
Reimbursements	-	-	-	-	720.00	15,209.82	505.00	633.84
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	575,140.00	956,943.00	575,140.00	525,140.00	720.00	15,209.82	505.00	633.84
RECEIPTS OVER (UNDER) DISBURSEMENTS	145,360.00	(263,856.55)	(48,540.00)	196,293.41	(460.00)	(14,592.11)	(103.00)	(370.95)
CASH AND INVESTMENT BALANCES, JANUARY 1	506,346.01	506,346.01	310,052.60	310,052.60	16,833.80	16,833.80	17,204.75	17,204.75
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$651,706.01</u>	<u>\$242,489.46</u>	<u>\$ 261,512.60</u>	<u>\$506,346.01</u>	<u>\$ 16,373.80</u>	<u>\$ 2,241.69</u>	<u>\$ 17,101.75</u>	<u>\$ 16,833.80</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	OVER PLUS FUND				PROSECUTING ATTORNEY DELINQUENT FUND			
	2014		2013		2014		2013	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 8,000.00	\$ 7,601.41	\$ 5,800.00	\$ 7,412.46	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-	-	-
Interest	30.00	13.29	75.00	30.94	0.35	0.26	-	0.37
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	8,030.00	7,614.70	5,875.00	7,443.40	0.35	0.26	-	0.37
DISBURSEMENTS								
Reimbursements	20,000.00	13,028.12	20,000.00	7,755.24	-	-	-	-
Supplies	-	-	-	-	735.26	735.52	600.00	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	20,000.00	13,028.12	20,000.00	7,755.24	735.26	735.52	600.00	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,970.00)	(5,413.42)	(14,125.00)	(311.84)	(734.91)	(735.26)	(600.00)	0.37
CASH AND INVESTMENT BALANCES, JANUARY 1	28,294.85	28,294.85	28,606.69	28,606.69	735.26	735.26	734.89	734.89
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 16,324.85</u>	<u>\$ 22,881.43</u>	<u>\$ 14,481.69</u>	<u>\$ 28,294.85</u>	<u>\$ 0.35</u>	<u>\$ -</u>	<u>\$ 134.89</u>	<u>\$ 735.26</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	INMATE SECURITY FUND				SHERIFF'S REVOLVING FUND			
	2014		2013		2014		2013	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 3,675.00	\$ 5,361.92	\$ 3,300.00	\$ 2,664.16	\$ 10,000.00	\$ 8,816.00	\$ 10,000.00	\$ 17,582.50
Charges for Services	-	-	-	-	-	-	50.00	-
Interest	5.00	4.81	20.00	6.66	35.00	19.64	-	36.00
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	3,680.00	5,366.73	3,320.00	2,670.82	10,035.00	8,835.64	10,050.00	17,618.50
DISBURSEMENTS								
Equipment	10,000.00	1,280.45	5,000.00	-	-	-	-	-
Office Expenditures	3,000.00	3,649.27	3,000.00	3,044.55	2,500.00	4,717.48	2,500.00	1,596.62
Other	500.00	-	1,100.00	-	3,500.00	2,940.00	2,280.00	3,060.00
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	13,500.00	4,929.72	9,100.00	3,044.55	6,000.00	7,657.48	4,780.00	4,656.62
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,820.00)	437.01	(5,780.00)	(373.73)	4,035.00	1,178.16	5,270.00	12,961.88
CASH AND INVESTMENT BALANCES, JANUARY 1	10,274.25	10,274.25	10,647.98	10,647.98	41,318.33	41,318.33	28,356.45	28,356.45
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 454.25	\$ 10,711.26	\$ 4,867.98	\$ 10,274.25	\$ 45,353.33	\$ 42,496.49	\$ 33,626.45	\$ 41,318.33

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	TAX MAINTENANCE FUND			
	2014		2013	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Intergovernmental	\$ 23,050.00	\$ 27,058.66	\$ 21,300.00	\$ 22,911.50
Charges for Services	-	-	-	-
Interest	8.00	6.11	25.00	8.53
Other	-	-	-	-
TOTAL RECEIPTS	23,058.00	27,064.77	21,325.00	22,920.03
DISBURSEMENTS				
Office Expenditures	4,000.00	3,225.93	10,000.00	4,092.20
Computer Expenditures	10,000.00	11,149.47	10,000.00	13,229.20
Professional Services	1,000.00	5,300.00	1,000.00	500.00
Other	2,500.00	4,215.84	2,800.00	2,251.28
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	17,500.00	23,891.24	23,800.00	20,072.68
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,558.00	3,173.53	(2,475.00)	2,847.35
CASH AND INVESTMENT BALANCES, JANUARY 1	7,618.80	7,618.80	4,771.45	4,771.45
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 13,176.80</u>	<u>\$ 10,792.33</u>	<u>\$ 2,296.45</u>	<u>\$ 7,618.80</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
 AGENCY FUNDS - REGULATORY BASIS
 AS OF DECEMBER 31, 2014

	<u>Prosecuting Attorney Account</u>	<u>Sheriff</u>	<u>Capital School Savings</u>	<u>CERF</u>	<u>Collector Protested Account</u>	<u>District School Checking</u>
ASSETS						
Cash and Cash Equivalents	\$ 16,695.76	\$ 6,878.05	\$ 51,683.06	\$ 0.40	\$ 21,734.15	\$ 2,276.94
Total Assets	16,695.76	6,878.05	51,683.06	0.40	21,734.15	2,276.94
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	<u>16,695.76</u>	<u>6,878.05</u>	<u>51,683.06</u>	<u>0.40</u>	<u>21,734.15</u>	<u>2,276.94</u>
UNRESERVED FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 16,695.76</u>	<u>\$ 6,878.05</u>	<u>\$ 51,683.06</u>	<u>\$ 0.40</u>	<u>\$ 21,734.15</u>	<u>\$ 2,276.94</u>

	<u>Ozark Regional Library Checking</u>	<u>Collector</u>	<u>Wire Transfer</u>	<u>Recorder of Deeds</u>	<u>Jail Commissary</u>	<u>PA Restitution Account</u>
ASSETS						
Cash and Cash Equivalents	\$ 0.12	\$ 503,493.64	\$ -	\$ 1,087.50	\$ 7,874.51	\$ 12,240.18
Total Assets	0.12	503,493.64	-	1,087.50	7,874.51	12,240.18
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	<u>0.12</u>	<u>503,493.64</u>	<u>-</u>	<u>1,087.50</u>	<u>7,874.51</u>	<u>12,240.18</u>
UNRESERVED FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 0.12</u>	<u>\$ 503,493.64</u>	<u>\$ -</u>	<u>\$ 1,087.50</u>	<u>\$ 7,874.51</u>	<u>\$ 12,240.18</u>

	<u>PA Bad Check Account</u>	<u>Total Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 14,153.17	\$ 638,117.48
Total Assets	14,153.17	638,117.48
LIABILITIES AND FUND BALANCES		
TOTAL LIABILITIES	<u>14,153.17</u>	<u>638,117.48</u>
UNRESERVED FUND BALANCES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,153.17</u>	<u>\$ 638,117.48</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
 AGENCY FUNDS - REGULATORY BASIS
 AS OF DECEMBER 31, 2013

	Prosecuting Attorney Account	Sheriff	Capital School Savings	CERF	Collector Protested Account	District School Checking
ASSETS						
Cash and Cash Equivalents	\$ 16,605.76	\$ 8,718.89	\$ 40,465.51	\$ 1,649.94	\$ 23,230.75	\$ 15.94
Total Assets	16,605.76	8,718.89	40,465.51	1,649.94	23,230.75	15.94
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	16,605.76	8,718.89	40,465.51	1,649.94	23,230.75	15.94
UNRESERVED FUND BALANCES	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 16,605.76</u>	<u>\$ 8,718.89</u>	<u>\$ 40,465.51</u>	<u>\$ 1,649.94</u>	<u>\$ 23,230.75</u>	<u>\$ 15.94</u>
	Ozark Regional Library Checking	Collector	Wire Transfer	Recorder of Deeds	Jail Commissary	PA Restitution Account
ASSETS						
Cash and Cash Equivalents	\$ 0.31	\$ 5,960,310.77	\$ -	\$ 6,754.00	\$ 1,972.93	\$ 12,851.06
Total Assets	0.31	5,960,310.77	-	6,754.00	1,972.93	12,851.06
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	0.31	5,960,310.77	-	6,754.00	1,972.93	12,851.06
UNRESERVED FUND BALANCES	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 0.31</u>	<u>\$ 5,960,310.77</u>	<u>\$ -</u>	<u>\$ 6,754.00</u>	<u>\$ 1,972.93</u>	<u>\$ 12,851.06</u>
	PA Bad Check Account	Total Agency Funds				
ASSETS						
Cash and Cash Equivalents	\$ 16,496.63	\$ 6,089,072.49				
Total Assets	16,496.63	6,089,072.49				
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	16,496.63	6,089,072.49				
UNRESERVED FUND BALANCES	-	-				
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 16,496.63</u>	<u>\$ 6,089,072.49</u>				

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MADISON
FREDERICKTOWN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Madison, Missouri (“County”), which is governed by a three-member board of commissioners, was established in 1818 by an Act of the Missouri Territory. In addition to the three board members, there are eleven elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk, Recorder of Deeds, Sheriff, Assessor, Surveyor, Coroner, Public Administrator and Prosecuting Attorney.

As discussed further in Note I, 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).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of the County.

The 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 Madison County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County’s legal entity.

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri State Law, which include a Statement of Receipts, Disbursements and Changes in Cash and Investment Balances – All Governmental Funds, a Comparative Statement of Receipts, Disbursements and Changes in Cash and Investment Balances – Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following fund types are used by the County:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County’s expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

THE COUNTY OF MADISON
FREDERICKTOWN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similarly to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other agency operations.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America.

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.

If the 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.

THE COUNTY OF MADISON
FREDERICKTOWN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

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

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.
2. 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.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget included 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. During our audit we noted that the County was noncompliant with Missouri budgetary state statute Chapter 50 RSMo.
4. 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.
5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
6. 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 information in the 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 that were adopted.

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

State law requires that budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property 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 the County's boundaries for the calendar year 2014 and 2013, for purposes of taxation, was:

	2014	2013
Real Estate	\$ 83,594,195	\$ 82,686,070
Personal Property	25,888,277	25,771,953
Railroad and Utilities	5,369,017	5,966,551
	\$ 114,854,489	\$ 114,424,574

During 2014 and 2013, the County Commission approved a \$0.4760 and \$0.4754 tax levy, respectively, per \$100 of assessed valuation of tangible taxable property, for purposes of County taxation, as follows:

	2014	2013
General Revenue Fund	\$ 0.1891	\$ 0.1891
Special Road and Bridge Fund	0.2869	0.2863
	\$ 0.4760	\$ 0.4754

F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer 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 balances. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes depositing 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 investment shall be purchased at a price in excess of par.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

F. Cash Deposits and Investments (concluded)

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 the County's name at third-party banking institutions. Details of these cash balances are presented in Note II.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are eliminated due to reporting the financial statements on the regulatory basis of accounting.

Legally required transfers are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

II. DEPOSITS AND INVESTMENTS

The 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 as "Cash and Investments" under each fund's caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2014, and 2013, the carrying amounts of the County's deposits were \$564,564.81 and \$1,132,072.08, and the bank balances were \$6,271,207.25 and \$5,734,168.73 respectively. As of December 31, 2014, the County was under-pledged in coverage of their securities by \$3,674,839.20. As of December 31, 2013, 100% of the County's investments were guaranteed by the U. S. Government.

SUMMARY OF CARRYING VALUES

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

<u>Statements of Receipts, Disbursements and Changes in Cash and Investment Balances</u>	
Deposits and cash equivalents	\$ 514,139.65
Investments	50,425.16
Total Governmental Funds	564,564.81
<u>Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds:</u>	
Deposits	638,117.48
Total Agency Funds	638,117.48
Total Deposits and Investments as of December 31, 2014	\$ 1,202,682.29

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

II. DEPOSITS AND INVESTMENTS (continued)

SUMMARY OF CARRYING VALUES (concluded)

The carrying values of deposits and investments at December 31, 2013, are as follows:

<u>Statements of Receipts, Disbursements and Changes in Cash</u>	
<u>and Investment Balances</u>	
Deposits and cash equivalents	\$ 861,917.54
Investments	270,154.54
Total Governmental Funds	1,132,072.08
<u>Statement of Assets and Liabilities Arising from Cash</u>	
<u>Transactions – Agency Funds:</u>	
Deposits	6,089,072.49
Total Agency Funds	6,089,072.49
Total Deposits and Investments as of December 31, 2013	\$ 7,221,144.57

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. The County’s investment policy does not include custodial credit risk requirements. The 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 who sold the security to the County or its agent but not in the government’s name. The 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 the 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. The 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.

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

II. DEPOSITS AND INVESTMENTS (concluded)

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the 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). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's deposits were not exposed to concentration of investment credit risk for the years ended December 31, 2014, and 2013.

III. LEASES – CAPITAL

The County entered into a capital lease for the purchase of a John Deere 7820 tractor on March 31, 2011, for the Road and Bridge Department. The lease called for three annual payments of \$11,500, but the County paid the lease off at fair market value of \$13,616.16 in 2013 and therefore there are no future lease payments required to be displayed.

The County entered into a capital lease for the purchase of a John Deere 6430 tractor on March 31, 2011, for the Road and Bridge Department. The lease called for three annual payments of \$6,044, but the County paid the lease off at fair market value of \$31,727.48 in 2013 and therefore there are no future lease payments required to be displayed.

The County entered into a capital lease for the purchase of two John Deere 672G tractors on January 11, 2012, for the Road and Bridge Department. The purchase was for \$416,000, but only \$331,000 was financed due to a trade in. The lease calls for annual payments of \$19,393 over a five-year period with a \$1 buyout at the end. The interest rate was calculated to 3.30%.

Lease	2014				
	Balance at December 31, 2013	Amount Borrowed	Amount Repaid	Balance at December 31, 2014	Interest Paid During Year
John Deere 672G (2)	\$ 322,696.72	\$ -	\$ 8,581.45	\$ 314,115.27	\$ 10,811.55
Totals	\$ 322,696.72	\$ -	\$ 8,581.45	\$ 314,115.27	\$ 10,811.55

Lease	2013				
	Balance at December 31, 2012	Amount Borrowed	Amount Repaid	Balance at December 31, 2013	Interest Paid During Year
John Deere 7820	\$ 13,616.16	\$ -	\$ 13,616.16	-	\$ -
John Deere 6430	31,727.48	-	31,727.48	-	-
John Deere 672G (2)	331,000.00	-	8,303.28	322,696.72	11,089.72
Totals	\$ 376,343.64	\$ -	\$ 53,646.92	\$ 322,696.72	\$ 11,089.72

THE COUNTY OF MADISON
 FREDERICKTOWN, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

III. LEASES – CAPITAL (concluded)

<u>2014 Amortizations</u>			
Fiscal Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 8,868.98	\$ 10,524.02	\$ 19,393.00
2016	9,166.12	10,226.88	19,393.00
2017	296,080.17	9,920.83	306,001.00
TOTALS	<u>\$ 314,115.27</u>	<u>\$ 30,671.73</u>	<u>\$ 344,787.00</u>

<u>2013 Amortizations</u>			
Fiscal Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 8,581.45	\$ 10,811.55	\$ 19,393.00
2015	8,868.98	10,524.02	19,393.00
2016	9,166.12	10,226.88	19,393.00
2017	296,080.17	9,920.83	306,001.00
	<u>\$ 322,696.72</u>	<u>\$ 41,483.28</u>	<u>\$ 364,180.00</u>

IV. INTERFUND TRANSFERS

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

	<u>2014</u>		<u>2013</u>	
	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
FUNDS				
General Revenue Fund	\$ 80,989.00	\$ 235,000.00	\$ -	\$ 80,000.00
Assessment Fund	40,000.00	-	40,000.00	-
911 Fund	135,000.00	-	80,000.00	-
MCLEST Fund	120,000.00	140,989.00	-	40,000.00
Prosecuting Attorney Training Fund	-	-	-	390.00
Prosecuting Attorney Bad Check Fund	-	-	390.00	-
	<u>\$ 375,989.00</u>	<u>\$ 375,989.00</u>	<u>\$ 120,390.00</u>	<u>\$ 120,390.00</u>

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

THE COUNTY OF MADISON
FREDERICKTOWN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system. CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

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 1-573-632-9203.

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee.

The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. During 2014 and 2013, the County collected and remitted to CERF, employee contributions of approximately \$102,526.99 and \$87,635.67, respectively, for the years then ended.

THE COUNTY OF MADISON
FREDERICKTOWN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

VI. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$2,244 and \$2,244, respectively, for the years ended December 31, 2014, and 2013.

VII. POST-EMPLOYMENT BENEFITS

The 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 the County. The County did have any participants on COBRA at December 31, 2014 or December 31, 2013.

VIII. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is currently involved in a pending Missouri Commission of Human Rights complaint as of the audit report date. No provision has been made in the financial statements for any loss that might arise in the event of an unfavorable outcome of these matters. County officials believe that such litigation and claims will ultimately be resolved without material financial liability, if any, to the County.

B. Compensated Absences (Vacation and Sick Time)

The County provides employees with up to 160 hours of paid vacation per year based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused vacation leave. Vacation days not used by the end of the year are forfeited. The County will not make payments in lieu of vacation leave. Sick time is offered to full time employees after their first year of employment. Sick benefits accrue at the rate of 42 hours per year for employees who work 35 hours a week and 48 hours per year for employees who work 40 hours a week. There is no maximum amount of sick time that can be accrued. Accrued sick time is not paid out upon termination of employment.

C. Federal and State Assisted Programs

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

THE COUNTY OF MADISON
FREDERICKTOWN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

IX. 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 537.70 RSMo. 1986). 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 pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special 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-Insured 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 \$2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

X. SUBSEQUENT EVENTS

There are no subsequent events to report as of the audit report date.

**SUPPLEMENTARY SCHEDULES
AND
AUDITOR'S REPORT**

STATE COMPLIANCE SECTION

THE COUNTY OF MADISON
FREDERICKTOWN, MISSOURI
SCHEDULE OF STATE FINDINGS
DECEMBER 31, 2014 AND 2013

SCHEDULE OF STATE FINDINGS

- I. For the year ended December 31, 2014, actual expenditures exceeded the budgeted expenditures in the General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, 911 Fund, MCLEST Fund, LETF Fund, Prosecuting Attorney Training Fund, Tax Increment Fund, Unclaimed Fund, Prosecuting Attorney Delinquent Fund, Sheriff's Revolving Fund and Tax Maintenance Fund.

- II. For the year ended December 31, 2013, actual expenditures exceeded the budgeted expenditures in the 911 Fund, MCLEST Fund, and Unclaimed Fund.

INTERNAL CONTROL AND COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'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*

Independent Auditor's Report

To the County Commission
The County of Madison, 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 County of Madison (County) as of and for the years ended December 31, 2014, and 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 8, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County'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 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. [FS 2014-001, FS 2014-002, FS 2014-003, FS 2014-004, FS 2014-005 and FS 2014-006]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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*.

The County's Response to Findings

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County'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 result 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.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

July 8, 2015

THE COUNTY OF MADISON
FREDERICKTOWN, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2014 AND 2013

I. FINANCIAL STATEMENT FINDINGS

FS 2014-001 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.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During walkthroughs, the County informed us that internal control documentation had not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

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.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk's office is in the process of preparing the needed documentation to document their internal control structure in conformity with the COSO framework. The expected completion date is by the next audit period. The phone number for the Clerk's office is (573) 783-2176.

FS 2014-002 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.

Condition: During the County's walkthroughs, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

Effect: Lack of an appropriate 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.

THE COUNTY OF MADISON
FREDERICKTOWN, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2014 AND 2013

I. FINANCIAL STATEMENT FINDINGS (continued)

Cause: Management has not prepared documentation of risk assessments, including identified 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.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk's office is in the process of preparing the needed documentation to document their internal control structure in conformity with the COSO framework. The expected completion date is by the next audit period. The phone number for the Clerk's office is (573) 783-2176.

FS 2014-003 Criteria: Formal bank reconciliations must be prepared monthly on a timely basis for the Prosecuting Attorney's bank accounts.

Condition: We noted that bank reconciliations were not being documented during the fiscal years under audit.

Context: This deficiency became apparent through our testing of the office's cash accounts.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions.

Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate reconciliations.

Recommendation: We recommend that the Prosecuting Attorney's office prepare monthly bank reconciliations and adjustments to the cash accounts while maintaining an accurate check register.

Views of Responsible Officials and Planned Corrective Actions: The Prosecuting Attorney's office inherited the unreconciled bank accounts from the previous Prosecuting Attorney. We are looking into clearing up all old outstanding dollar amounts and reconciling all accounts. The expected completion date is by the next audit period. The phone number for the Prosecuting Attorney's office is (573) 783-2157.

FS 2014-004 Criteria: Formal bank reconciliations must be prepared monthly on a timely basis for the Sheriff's Commissary bank account.

Condition: We noted that bank reconciliations were not being documented during the fiscal years under audit.

Context: This deficiency became apparent through our testing of the office's cash accounts.



Daniel Jones & Associates

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

July 8, 2015

To the Board of Commissioners
County of Madison

In planning and performing our audit of the regulatory based financial statements of the County of Madison (the "County") as of and for the years ended December 31, 2014, and December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in County's internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in the County's internal control to be significant deficiencies as noted in section I.

Our comments concerning internal control and other significant matters are presented as follows:

- I. Deficiencies Considered to be Significant
- II. Information Required by Professional Standards

The County's management has provided written responses to the findings in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the County Commission, County Office Holders, the Missouri State Auditor and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 2014-001 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.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During walkthroughs, the County informed us that internal control documentation had not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

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.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk's office is in the process of preparing the needed documentation to document their internal control structure in conformity with the COSO framework. The expected completion date is by the next audit period. The phone number for the Clerk's office is (573) 783-2176.

FS 2014-002 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.

Condition: During the County's walkthroughs, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

Effect: Lack of an appropriate 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 identified 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.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

Views of Responsible Officials and Planned Corrective Actions: The County Clerk's office is in the process of preparing the needed documentation to document their internal control structure in conformity with the COSO framework. The expected completion date is by the next audit period. The phone number for the Clerk's office is (573) 781-2176.

FS 2014-003 Criteria: Formal bank reconciliations must be prepared monthly on a timely basis for the Prosecuting Attorney's bank accounts.

Condition: We noted that bank reconciliations were not being documented during the fiscal years under audit.

Context: This deficiency became apparent through our testing of the office's cash accounts.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions.

Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate reconciliations.

Recommendation: We recommend that the Prosecuting Attorney's office prepare monthly bank reconciliations and adjustments to the cash accounts while maintaining an accurate check register.

Views of Responsible Officials and Planned Corrective Actions: The Prosecuting Attorney's office inherited the unreconciled bank accounts from the previous Prosecuting Attorney. We are looking into clearing up all old outstanding dollar amounts and reconciling all accounts. The expected completion date is by the next audit period. The phone number for the Prosecuting Attorney's office is (573) 783-2157.

FS 2014-004 Criteria: Formal bank reconciliations must be prepared monthly on a timely basis for the Sheriff's Commissary bank account.

Condition: We noted that bank reconciliations were not being documented during the fiscal years under audit.

Context: This deficiency became apparent through our testing of the office's cash accounts.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions.

Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate reconciliations.

Recommendation: We recommend that the Sheriff's office prepare monthly bank reconciliations and adjustments to the cash accounts while maintaining an accurate check register.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (concluded)

Views of Responsible Officials and Planned Corrective Actions: The Sheriff's office inherited the unreconciled bank accounts from the previous Sheriff. We are currently reconciling all accounts and are cleaning up all old outstanding items. The phone number for the Sheriff's office is (573) 783-2234.

FS 2014-005 Criteria: The Internal Revenue Service requires the County to make regular, accurate payroll tax payments using the IRS Form 941 and W-2 forms.

Condition: The IRS Form 941 and W-2 forms must be completed accurately and payments must be the correct amount per payroll tax rules.

Context: During our testing of payroll, we noted errors on the Form 941 and incorrect tax payments were made to the IRS.

Effect: Incorrect payments to the IRS can result in penalties and interest as well as incorrect reporting of expenditures.

Cause: The County incorrectly prepared the Form 941 and W-2 forms.

Recommendation: We recommend the County review the Form 941 and W-2 form requirements and monitor the preparation of the payroll forms.

Views of Responsible Officials and Planned Corrective Actions: The County implemented changes to processes in May 2015 and currently prepares accurate and correct 941's and W-2 forms. This finding was corrected prior to the date of this audit.

FS 2014-006 Criteria: All cash and investments held by financial institutions must be secured through the Federal Deposit Insurance Corporation (FDIC) or securities pledged by the financial statements institution.

Condition: The County holds bank accounts with a financial institution that was under-collateralized for the year ended December 31, 2014.

Context: During our testing of cash and pledged securities, it was noted that the County was under-pledged for the year ended December 31, 2014.

Effect: There is a risk that the County's under-collateralized balance may not be returned to the County because the balance is not covered under FDIC or other pledged securities for the year ended December 31, 2014.

Cause: Adequate oversight was not in place to ensure all bank account balances were secured through FDIC or other pledged securities.

Recommendation: We recommend that the County periodically review all account balances to ensure they are fully secured.

Views of Responsible Officials and Planned Corrective Actions: The Bank has corrected this and the accounts are now collateralized. In the future, the County will review the bank documentation to make sure that all accounts have proper collateralization.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 26, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2014-2013 years. We noted no transactions entered into by the County during the years for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the County applying the regulatory basis of accounting, no estimates are made during the preparation of financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 8, 2015.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the County’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We noted during our audit certain matters that were not considered to be significant deficiencies or material weaknesses. Several county offices have limited numbers of staff which inherently increases the risk of misstatement. Office holders appear to have mitigating controls in place to lower these risks to an acceptable level but the commission does need to be aware of these risks and offices need to remain vigilant in deterring the potential for erroneous or fraudulent activity.

THE COUNTY OF MADISON
FREDERICKTOWN, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2014 AND 2013

I. FINANCIAL STATEMENT FINDINGS (continued)

Effect: Errors may go undetected if proper controls are not in place to review cash transactions.

Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate reconciliations.

Recommendation: We recommend that the Sheriff's office prepare monthly bank reconciliations and adjustments to the cash accounts while maintaining an accurate check register.

Views of Responsible Officials and Planned Corrective Actions: The Sheriff's office inherited the unreconciled bank accounts from the previous Sheriff. We are currently reconciling all accounts and are cleaning up all old outstanding items. The phone number for the Sheriff's office is (573) 783-2234.

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Effect: Incorrect payments to the IRS can result in penalties and interest as well as incorrect reporting of expenditures.

Cause: The County incorrectly prepared the Form 941 and W-2 forms.

Recommendation: We recommend the County review the Form 941 and W-2 form requirements and monitor the preparation of the payroll forms.

Views of Responsible Officials and Planned Corrective Actions: The County implemented changes to processes in May 2015 and currently prepares accurate and correct 941's and W-2 forms. This finding was corrected prior to the date of this audit.

FS 2014-006 Criteria: All cash and investments held by financial institutions must be secured through the Federal Deposit Insurance Corporation (FDIC) or securities pledged by the financial statements institution.

Condition: The County holds bank accounts with a financial institution that was under-collateralized for the year ended December 31, 2014.

THE COUNTY OF MADISON
FREDERICKTOWN, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2014 AND 2013

I. FINANCIAL STATEMENT FINDINGS (concluded)

Context: During our testing of cash and pledged securities, it was noted that the County was under-pledged for the year ended December 31, 2014.

Effect: There is a risk that the County's under-collateralized balance may not be returned to the County because the balance is not covered under FDIC or other pledged securities for the year ended December 31, 2014.

Cause: Adequate oversight was not in place to ensure all bank account balances were secured through FDIC or other pledged securities.

Recommendation: We recommend that the County periodically review all account balances to ensure they are fully secured.

Views of Responsible Officials and Planned Corrective Actions: The Bank has corrected this and the accounts are now collateralized. In the future, the County will review the bank documentation to make sure that all accounts have proper collateralization.

THE COUNTY OF MADISON
FREDERICKTOWN, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2014 AND 2013

I. FOLLOW-UP PRIOR YEAR FINDINGS

There was no audit performed for the years ending December 31, 2012, and 2011; therefore, we have no prior year audit findings to report.