



NICOLE R. GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Marion County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Marion 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 Beard-Boehmer & Associates, PC, 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. 2015-087

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August 10, 2015

INDEPENDENT AUDITORS' REPORT

To the County Commission
and Officeholders of
Marion County, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Marion County, Missouri, which collectively comprise cash for each fund as of December 31, 2014 and 2013, and the related statements of cash receipts and disbursements—budget to 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 accounting practices prescribed or permitted by Missouri Law. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' 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 *Governmental 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 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 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 opinion.

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

As described in Note 1, the financial statements are prepared by Marion County, Missouri, using accounting practices prescribed or permitted by Missouri Law, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**MARION COUNTY, MISSOURI
INDEPENDENT AUDITORS' REPORT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of each fund of Marion County, Missouri, as of December 31, 2014 and 2013, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of the financial reporting provisions of Missouri Law as described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2015, on our consideration of Marion County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marion County, Missouri's internal control over financial reporting and compliance.

This report is intended solely for the information and use of management, County Commission, others within the entity, the Missouri State Auditor's Office, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Beard-Boehmer & Associates, PC

Beard-Boehmer & Associates, PC
Columbia, MO

MARION COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Fund	Cash			Cash			Cash		
	January 1, 2013	Receipts	Disbursements	December 31, 2013	Receipts	Disbursements	December 31, 2014		
General Revenue	\$ 539,933	5,240,857	5,338,337	\$ 442,453	5,487,062	5,633,975	\$ 295,540		
Special Road and Bridge	151,671	1,952,019	2,014,529	89,161	2,359,507	2,065,991	382,677		
Assessment	102,675	391,089	338,618	155,146	397,958	399,319	153,785		
Sheriff's Training	2,196	10,208	9,428	2,976	6,375	8,532	819		
Recorder's Preservation	8,746	10,334	1,954	17,126	8,666	17,448	8,344		
Sheriff Deputy Salary	3,525	45,160	44,609	4,076	43,838	42,512	5,402		
Prosecuting Attorney Training	3,213	1,220	1,130	3,303	1,070	2,125	2,248		
Capital Improvements	195,169	1,733,702	1,811,381	117,490	1,645,479	1,423,047	339,922		
Prosecuting Attorney Delinquent Tax	2,505	2,684	3,728	1,461	3,486	1,535	3,412		
Local Emergency Planning Committee (LEPC)	7,207	76,545	50,467	33,285	80,227	50,233	63,279		
Election Services	9,469	7,328	2,679	14,118	7,492	7,335	14,275		
Sheriff Conceal and Carry Weapons (CCW)	14,578	40,771	45,654	9,695	27,928	27,463	10,160		
Sheriff	46,432	49,461	80,391	15,502	48,390	35,765	28,127		
Law Restitution	609	42,616	35,211	8,014	47,716	41,198	14,532		
Collector's Tax Maintenance	44,515	34,582	12,481	66,616	35,330	21,431	80,515		
Domestic Violence	1,049	1,987	1,898	1,138	2,054	2,100	1,092		
Recorder's Technology	13,343	20,834	13,884	20,293	21,692	17,639	24,346		
General Revenue Emergency	145,012	253,397	150,000	248,409	318,322	-	566,731		
Inmate Security	-	970	-	970	8,566	2,917	6,619		
Road	-	-	-	-	87,768	46,714	41,054		
Totals	\$ 1,291,847	9,915,764	9,956,379	\$ 1,251,232	10,638,926	9,847,279	\$ 2,042,879		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS

MARION COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	General Revenue Fund					
	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Property taxes	\$ 482,800	543,807	61,007	\$ 460,000	528,022	68,022
Sales and use taxes	2,420,000	2,457,577	37,577	2,345,000	2,391,170	46,170
Intergovernmental	396,115	398,892	2,777	215,331	191,085	(24,246)
Charges for services	1,575,225	1,437,601	(137,624)	1,592,100	1,576,578	(15,522)
Interest income	250	434	184	1,250	391	(859)
Other	38,613	23,751	(14,862)	38,033	75,611	37,578
Operating transfers in	628,000	625,000	(3,000)	478,000	478,000	-
Total Receipts	\$ 5,541,003	5,487,062	(53,941)	\$ 5,129,714	5,240,857	111,143
DISBURSEMENTS						
General County Government-						
County Commission	\$ 192,770	192,354	(416)	\$ 189,970	184,890	(5,080)
County Clerk	206,438	204,056	(2,382)	205,508	195,667	(9,841)
Elections	219,741	200,091	(19,650)	146,781	109,972	(36,809)
Hannibal courthouse	94,069	89,174	(4,895)	84,938	82,941	(1,997)
Palmyra courthouse	73,771	67,740	(6,031)	102,133	89,895	(12,238)
Treasurer	89,409	88,445	(964)	88,471	87,642	(829)
Collector	268,092	263,546	(4,546)	262,346	259,613	(2,733)
Recorder of Deeds	186,253	166,244	(20,009)	183,170	181,868	(1,302)
Circuit Clerk Division I	14,200	11,350	(2,850)	13,400	6,702	(6,698)
Circuit Clerk Division II	26,800	20,499	(6,301)	25,600	18,311	(7,289)
Circuit Judge	4,175	1,821	(2,354)	4,675	2,577	(2,098)
Associate Judge	5,800	4,587	(1,213)	5,500	4,207	(1,293)
Court Reporter	1,775	1,563	(212)	1,775	1,489	(286)
Public Administrator	197,554	195,198	(2,356)	198,554	195,932	(2,622)
Public Safety-						
Sheriff	2,895,720	2,883,953	(11,767)	2,594,890	2,551,615	(43,275)
Prosecuting Attorney	339,896	296,125	(43,771)	317,556	312,292	(5,264)
Juvenile Justice Center	165,065	137,649	(27,416)	148,845	125,677	(23,168)
Coroner	64,701	48,897	(15,804)	68,990	68,563	(427)
Planning and zoning	4,753	3,654	(1,099)	2,600	1,517	(1,083)
Child support enforcement	113,009	108,216	(4,793)	111,414	110,141	(1,273)
Emergency preparedness	26,668	21,633	(5,035)	25,918	19,981	(5,937)
Criminal costs	28,000	25,016	(2,984)	28,000	19,118	(8,882)
Jury/witness	20,000	8,873	(11,127)	22,000	9,648	(12,352)
Other expenditures	419,183	369,688	(49,495)	410,448	389,116	(21,332)
Association contracts	57,650	57,373	(277)	57,150	57,088	(62)
Emergency Fund - transfers out	166,230	166,230	-	251,875	251,875	-
Total Disbursements	\$ 5,881,722	5,633,975	(247,747)	\$ 5,552,507	5,338,337	(214,170)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (340,719)	(146,913)	193,806	\$ (422,793)	(97,480)	325,313
CASH, JANUARY 1	442,453	442,453	-	539,933	539,933	-
CASH, DECEMBER 31	\$ 101,734	295,540	193,806	\$ 117,140	442,453	325,313

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS

MARION COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Special Road and Bridge Fund

	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Property taxes	\$ 1,225,378	1,234,320	8,942	\$ 1,202,000	1,201,296	(704)
Intergovernmental	534,000	633,698	99,698	532,620	541,714	9,094
Charges for services	387,000	365,894	(21,106)	22,500	23,252	752
Interest income	8	423	415	900	9	(891)
Other	-	172	172	-	748	748
Operating transfers in	125,000	125,000	-	185,000	185,000	-
Total Receipts	\$ 2,271,386	2,359,507	88,121	\$ 1,943,020	1,952,019	8,999
DISBURSEMENTS						
Salaries	\$ 731,082	722,309	(8,773)	\$ 754,942	753,697	(1,245)
Employee fringe benefits	415,586	425,518	9,932	453,787	439,470	(14,317)
Supplies	298,500	264,690	(33,810)	293,250	287,059	(6,191)
Insurance	42,098	42,310	212	34,142	34,572	430
Road and bridge materials	362,000	366,989	4,989	267,000	267,077	77
Equipment repairs	167,000	152,190	(14,810)	152,000	170,274	18,274
Rentals	500	-	(500)	500	-	(500)
Equipment purchases	50,000	55,861	5,861	35,000	32,390	(2,610)
Other	34,650	36,124	1,474	34,650	29,990	(4,660)
Total Disbursements	\$ 2,101,416	2,065,991	(35,425)	\$ 2,025,271	2,014,529	(10,742)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 169,970	293,516	123,546	\$ (82,251)	(62,510)	19,741
CASH, JANUARY 1	89,161	89,161	-	151,671	151,671	-
CASH, DECEMBER 31	\$ 259,131	382,677	123,546	\$ 69,420	89,161	19,741

Assessment Fund

	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental	\$ 386,000	394,486	8,486	\$ 385,744	387,708	1,964
Charges for services	3,600	3,239	(361)	4,000	3,272	(728)
Interest income	95	233	138	465	109	(356)
Total Receipts	\$ 389,695	397,958	8,263	\$ 390,209	391,089	880
DISBURSEMENTS						
Assessor	\$ 456,994	399,319	(57,675)	\$ 398,935	338,618	(60,317)
Total Disbursements	\$ 456,994	399,319	(57,675)	\$ 398,935	338,618	(60,317)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (67,299)	(1,361)	65,938	\$ (8,726)	52,471	61,197
CASH, JANUARY 1	155,146	155,146	-	102,675	102,675	-
CASH, DECEMBER 31	\$ 87,847	153,785	65,938	\$ 93,949	155,146	61,197

MARION COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Sheriff's Training Fund

	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 7,500	6,375	(1,125)	\$ 9,950	10,208	258
Total Receipts	\$ 7,500	6,375	(1,125)	\$ 9,950	10,208	258
DISBURSEMENTS						
Sheriff	\$ 8,750	8,532	(218)	\$ 9,450	9,428	(22)
Total Disbursements	\$ 8,750	8,532	(218)	\$ 9,450	9,428	(22)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,250)	(2,157)	(907)	\$ 500	780	280
CASH, JANUARY 1	2,976	2,976	-	2,196	2,196	-
CASH, DECEMBER 31	\$ 1,726	819	(907)	\$ 2,696	2,976	280

Recorder's Preservation Fund

	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 10,000	8,655	(1,345)	\$ 12,000	10,325	(1,675)
Interest income	8	11	3	-	9	9
Total Receipts	\$ 10,008	8,666	(1,342)	\$ 12,000	10,334	(1,666)
DISBURSEMENTS						
Recorder	\$ 27,000	17,448	(9,552)	\$ 15,000	1,954	(13,046)
Total Disbursements	\$ 27,000	17,448	(9,552)	\$ 15,000	1,954	(13,046)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (16,992)	(8,782)	8,210	\$ (3,000)	8,380	11,380
CASH, JANUARY 1	17,126	17,126	-	8,746	8,746	-
CASH, DECEMBER 31	\$ 134	8,344	8,210	\$ 5,746	17,126	11,380

Sheriff Deputy Salary Fund

	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental	\$ 22,500	21,856	(644)	\$ 24,000	23,440	(560)
Charges for services	22,500	21,982	(518)	24,000	21,720	(2,280)
Total Receipts	\$ 45,000	43,838	(1,162)	\$ 48,000	45,160	(2,840)
DISBURSEMENTS						
Sheriff	\$ 45,000	42,512	(2,488)	\$ 48,609	44,609	(4,000)
Total Disbursements	\$ 45,000	42,512	(2,488)	\$ 48,609	44,609	(4,000)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	1,326	1,326	\$ (609)	551	1,160
CASH, JANUARY 1	4,076	4,076	-	3,525	3,525	-
CASH, DECEMBER 31	\$ 4,076	5,402	1,326	\$ 2,916	4,076	1,160

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS

MARION COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Prosecuting Attorney Training Fund						
	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 1,500	1,070	(430)	\$ 1,200	1,220	20
Total Receipts	\$ 1,500	1,070	(430)	\$ 1,200	1,220	20
DISBURSEMENTS						
Prosecuting Attorney	\$ 2,500	2,125	(375)	\$ 1,130	1,130	-
Total Disbursements	\$ 2,500	2,125	(375)	\$ 1,130	1,130	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,000)	(1,055)	(55)	\$ 70	90	20
CASH, JANUARY 1	3,303	3,303	-	3,213	3,213	-
CASH, DECEMBER 31	\$ 2,303	2,248	(55)	\$ 3,283	3,303	20

Capital Improvements Fund						
	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Sales taxes	\$ 1,390,000	1,478,659	88,659	\$ 1,410,000	1,377,692	(32,308)
Intergovernmental	150,000	166,461	16,461	372,600	203,833	(168,767)
Interest income	175	300	125	1,000	193	(807)
Other	-	59	59	-	1,984	1,984
Operating transfers in	-	-	-	150,000	150,000	-
Total Receipts	\$ 1,540,175	1,645,479	105,304	\$ 1,933,600	1,733,702	(199,898)
DISBURSEMENTS						
Road and bridge	\$ 175,000	106,741	(68,259)	\$ 335,000	213,697	(121,303)
Building	120,000	82,604	(37,396)	350,000	251,138	(98,862)
Bond payment	125,900	127,268	1,368	555,136	553,195	(1,941)
Other	238,143	206,434	(31,709)	192,177	133,351	(58,826)
Operating transfers out	900,000	900,000	-	660,000	660,000	-
Total Disbursements	\$ 1,559,043	1,423,047	(135,996)	\$ 2,092,313	1,811,381	(280,932)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (18,868)	222,432	241,300	\$ (158,713)	(77,679)	81,034
CASH, JANUARY 1	117,490	117,490	-	195,169	195,169	-
CASH, DECEMBER 31	\$ 98,622	339,922	241,300	\$ 36,456	117,490	81,034

Prosecuting Attorney Delinquent Tax Fund						
	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 4,000	3,484	(516)	\$ 4,000	2,680	(1,320)
Interest income	-	2	2	-	4	4
Total Receipts	\$ 4,000	3,486	(514)	\$ 4,000	2,684	(1,316)
DISBURSEMENTS						
Prosecuting Attorney	\$ 3,000	1,535	(1,465)	\$ 5,300	3,728	(1,572)
Total Disbursements	\$ 3,000	1,535	(1,465)	\$ 5,300	3,728	(1,572)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 1,000	1,951	951	\$ (1,300)	(1,044)	256
CASH, JANUARY 1	1,461	1,461	-	2,505	2,505	-
CASH, DECEMBER 31	\$ 2,461	3,412	951	\$ 1,205	1,461	256

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS

MARION COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Local Emergency Planning Committee (LEPC) Fund

	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental	\$ 51,000	74,724	23,724	\$ 59,000	69,983	10,983
Interest income	25	47	22	40	22	(18)
Other	-	5,456	5,456	-	6,540	6,540
Total Receipts	<u>\$ 51,025</u>	<u>80,227</u>	<u>29,202</u>	<u>\$ 59,040</u>	<u>76,545</u>	<u>17,505</u>
DISBURSEMENTS						
Planner/trainer expenses	\$ 53,350	50,233	(3,117)	\$ 60,350	50,467	(9,883)
Total Disbursements	<u>\$ 53,350</u>	<u>50,233</u>	<u>(3,117)</u>	<u>\$ 60,350</u>	<u>50,467</u>	<u>(9,883)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,325)	29,994	32,319	\$ (1,310)	26,078	27,388
CASH, JANUARY 1	33,285	33,285	-	7,207	7,207	-
CASH, DECEMBER 31	<u>\$ 30,960</u>	<u>63,279</u>	<u>32,319</u>	<u>\$ 5,897</u>	<u>33,285</u>	<u>27,388</u>

Election Services Fund

	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 6,000	7,480	1,480	\$ 3,650	7,320	3,670
Interest income	8	12	4	5	8	3
Total Receipts	<u>\$ 6,008</u>	<u>7,492</u>	<u>1,484</u>	<u>\$ 3,655</u>	<u>7,328</u>	<u>3,673</u>
DISBURSEMENTS						
Elections	\$ 10,350	7,335	(3,015)	\$ 7,450	2,679	(4,771)
Total Disbursements	<u>\$ 10,350</u>	<u>7,335</u>	<u>(3,015)</u>	<u>\$ 7,450</u>	<u>2,679</u>	<u>(4,771)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (4,342)	157	4,499	\$ (3,795)	4,649	8,444
CASH, JANUARY 1	14,118	14,118	-	9,469	9,469	-
CASH, DECEMBER 31	<u>\$ 9,776</u>	<u>14,275</u>	<u>4,499</u>	<u>\$ 5,674</u>	<u>14,118</u>	<u>8,444</u>

MARION COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Sheriff Conceal and Carry Weapons (CCW) Fund

	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 30,000	27,919	(2,081)	\$ 43,500	40,766	(2,734)
Interest income	3	9	6	-	5	5
Total Receipts	\$ 30,003	27,928	(2,075)	\$ 43,500	40,771	(2,729)
DISBURSEMENTS						
Sheriff	\$ 30,000	27,463	(2,537)	\$ 45,700	45,654	(46)
Total Disbursements	\$ 30,000	27,463	(2,537)	\$ 45,700	45,654	(46)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 3	465	462	\$ (2,200)	(4,883)	(2,683)
CASH, JANUARY 1	9,695	9,695	-	14,578	14,578	-
CASH, DECEMBER 31	\$ 9,698	10,160	462	\$ 12,378	9,695	(2,683)

Sheriff Fund

	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 45,000	43,219	(1,781)	\$ 90,000	44,689	(45,311)
Interest income	7	20	13	80	10	(70)
Other	5,000	5,151	151	10,000	4,762	(5,238)
Total Receipts	\$ 50,007	48,390	(1,617)	\$ 100,080	49,461	(50,619)
DISBURSEMENTS						
Sheriff	\$ 50,000	35,765	(14,235)	\$ 90,000	80,391	(9,609)
Total Disbursements	\$ 50,000	35,765	(14,235)	\$ 90,000	80,391	(9,609)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 7	12,625	12,618	\$ 10,080	(30,930)	(41,010)
CASH, JANUARY 1	15,502	15,502	-	46,432	46,432	-
CASH, DECEMBER 31	\$ 15,509	28,127	12,618	\$ 56,512	15,502	(41,010)

Law Restitution Fund

	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 48,000	47,710	(290)	\$ 53,000	42,610	(10,390)
Interest income	4	6	2	12	6	(6)
Total Receipts	\$ 48,004	47,716	(288)	\$ 53,012	42,616	(10,396)
DISBURSEMENTS						
Sheriff	\$ 45,000	41,198	(3,802)	\$ 53,500	35,211	(18,289)
Total Disbursements	\$ 45,000	41,198	(3,802)	\$ 53,500	35,211	(18,289)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 3,004	6,518	3,514	\$ (488)	7,405	7,893
CASH, JANUARY 1	8,014	8,014	-	609	609	-
CASH, DECEMBER 31	\$ 11,018	14,532	3,514	\$ 121	8,014	7,893

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS

MARION COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Collector's Tax Maintenance Fund					
	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 28,000	35,256	7,256	\$ 28,000	34,539	6,539
Interest income	40	74	34	95	43	(52)
Total Receipts	<u>\$ 28,040</u>	<u>35,330</u>	<u>7,290</u>	<u>\$ 28,095</u>	<u>34,582</u>	<u>6,487</u>
DISBURSEMENTS						
Collector	\$ 42,500	18,431	(24,069)	\$ 42,500	9,481	(33,019)
Operating transfers out	3,000	3,000	-	3,000	3,000	-
Total Disbursements	<u>\$ 45,500</u>	<u>21,431</u>	<u>(24,069)</u>	<u>\$ 45,500</u>	<u>12,481</u>	<u>(33,019)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (17,460)	13,899	31,359	\$ (17,405)	22,101	39,506
CASH, JANUARY 1	66,616	66,616	-	44,515	44,515	-
CASH, DECEMBER 31	<u>\$ 49,156</u>	<u>80,515</u>	<u>31,359</u>	<u>\$ 27,110</u>	<u>66,616</u>	<u>39,506</u>

	Domestic Violence Fund					
	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 2,000	2,054	54	\$ 2,000	1,971	(29)
Interest income	40	-	(40)	40	16	(24)
Total Receipts	<u>\$ 2,040</u>	<u>2,054</u>	<u>14</u>	<u>\$ 2,040</u>	<u>1,987</u>	<u>(53)</u>
DISBURSEMENTS						
Shelters	\$ 2,400	2,100	(300)	\$ 2,400	1,898	(502)
Total Disbursements	<u>\$ 2,400</u>	<u>2,100</u>	<u>(300)</u>	<u>\$ 2,400</u>	<u>1,898</u>	<u>(502)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (360)	(46)	314	\$ (360)	89	449
CASH, JANUARY 1	1,138	1,138	-	1,049	1,049	-
CASH, DECEMBER 31	<u>\$ 778</u>	<u>1,092</u>	<u>314</u>	<u>\$ 689</u>	<u>1,138</u>	<u>449</u>

	Recorder's Technology Fund					
	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 20,000	21,674	1,674	\$ 18,500	20,823	2,323
Interest income	9	18	9	25	11	(14)
Total Receipts	<u>\$ 20,009</u>	<u>21,692</u>	<u>1,683</u>	<u>\$ 18,525</u>	<u>20,834</u>	<u>2,309</u>
DISBURSEMENTS						
Recorder	\$ 20,000	17,639	(2,361)	\$ 18,500	13,884	(4,616)
Total Disbursements	<u>\$ 20,000</u>	<u>17,639</u>	<u>(2,361)</u>	<u>\$ 18,500</u>	<u>13,884</u>	<u>(4,616)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 9	4,053	4,044	\$ 25	6,950	6,925
CASH, JANUARY 1	20,293	20,293	-	13,343	13,343	-
CASH, DECEMBER 31	<u>\$ 20,302</u>	<u>24,346</u>	<u>4,044</u>	<u>\$ 13,368</u>	<u>20,293</u>	<u>6,925</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS

MARION COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

General Revenue Emergency Fund

	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Interest income	\$ 1,000	2,092	1,092	\$ -	1,522	1,522
Operating transfers in	316,230	316,230	-	251,875	251,875	-
Total Receipts	\$ 317,230	318,322	1,092	\$ 251,875	253,397	1,522
DISBURSEMENTS						
Operating transfers out	\$ -	-	-	\$ 150,000	150,000	-
Total Disbursements	\$ -	-	-	\$ 150,000	150,000	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 317,230	318,322	1,092	\$ 101,875	103,397	1,522
CASH, JANUARY 1	248,409	248,409	-	145,012	145,012	-
CASH, DECEMBER 31	\$ 565,639	566,731	1,092	\$ 246,887	248,409	1,522

Inmate Security Fund

	2014			2013		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 4,000	8,566	4,566	\$ 3,000	970	(2,030)
Total Receipts	\$ 4,000	8,566	4,566	\$ 3,000	970	(2,030)
DISBURSEMENTS						
Sheriff	\$ 4,000	2,917	(1,083)	\$ 3,000	-	(3,000)
Total Disbursements	\$ 4,000	2,917	(1,083)	\$ 3,000	-	(3,000)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	5,649	5,649	\$ -	970	970
CASH, JANUARY 1	970	970	-	-	-	-
CASH, DECEMBER 31	\$ 970	6,619	5,649	\$ -	970	970

Road Fund

	2014		
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Sales and use taxes	\$ 182,600	87,768	(94,832)
Total Receipts	\$ 182,600	87,768	(94,832)
DISBURSEMENTS			
Road rock	\$ 182,600	46,714	(135,886)
Total Disbursements	\$ 182,600	46,714	(135,886)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	41,054	41,054
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	41,054	41,054

MARION COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

As discussed further in Note 1.C., these financial statements are presented using accounting practices prescribed or permitted by Missouri Law, which differ from accounting principles generally accepted in the United States of America, which would include all relevant Government Accounting Standards Board (GASB) pronouncements. The differences include use of a prescribed definition of the reporting entity and the cash basis of accounting.

1. A. REPORTING ENTITY

The county's operations include tax assessments and collections, state/county courts administration, county recorder, public safety, economic development, road and bridge maintenance, public welfare, and social and human services. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or elected county officials.

The financial statements referred to above include the primary government of Marion County, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise the county's legal entity. The Senate Bill 40 Board is not included within this audit report but has been audited separately by an independent audit firm.

1. B. BASIS OF PRESENTATION

Governmental 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 that comprise its assets, liabilities, net assets, revenues/receipts and expenditures/disbursements. The county's funds are governmental funds. Governmental funds are those through which most governmental functions are financed. The county's expendable financial resources are accounted for through governmental funds.

Fiduciary (Agency) Funds - Certain county officials, particularly the County Collector, Treasurer, Recorder, Sheriff, and Public Administrator collect and hold monies in a trustee capacity as an agent for individuals, taxing units, or other governments. These assets, which are held for the benefit of external parties, are held in fiduciary (agency) funds which are custodial in nature, and are not reported on the accompanying financial statements.

1. C. BASIS OF ACCOUNTING

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

1. D. BUDGETS 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's policy is to adopt a budget for each governmental fund.

**MARION COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES
(CONTINUED)**

1. D. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

2. Prior to January, each elected officer or department director will transmit to the County Commission and 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 includes estimated revenues and proposed expenditures, on the cash basis of accounting, 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 fund balance at the beginning of the year as well as estimated revenues to be received.
4. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. The County did not have any funds that reflected a deficit budgeted cash balance.
5. A public hearing is conducted to obtain public comment on the budget documents. Prior to approval by the County Commission, the budget documents are available for public inspection, which usually takes place the third and fourth weeks of January.
6. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote. Budgeted amounts are as originally adopted, or as amended by the County Commission. The County Commission approved amended budgets for various funds during the year ended December 31, 2014 and 2013.
8. Budgets are prepared and adopted on the cash basis of accounting by the County Commission.
9. Adoption of a formal budget is required by state statute. The County budgeted for all funds during the year ended December 31, 2014 and 2013.
10. Section 50.740, RSMo prohibits expenditures in excess of the approved budgets. For the years ended December 31, 2014 and 2013, the County's expenditures did not exceed the total appropriated budgeted amount in any fund.

1. E. PROPERTY TAXES

Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. Property taxes attach as an enforceable lien on property as on January 1. Taxes are levied in September and payable by December 31. Taxes paid after December 31 are delinquent and subject to penalties. The county bills and collects its own property taxes and also taxes for most other local governments in the county.

MARION COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1. E. PROPERTY TAXES (CONTINUED)

The total assessed valuation for the County of the tangible property for calendar year 2014 and 2013 for purposes of local taxation was:

	<u>2014</u>	<u>2013</u>
Real Estate	\$ 270,787,150	\$ 262,602,410
Personal Property	94,334,800	95,825,395
Railroad and Utilities	33,080,368	23,547,886
Total Assessed Valuation	<u>\$ 398,202,318</u>	<u>\$ 381,975,691</u>

The county-wide levy per \$100 of the assessed valuation of tangible property for the calendar year 2014 and 2013 for purposes of local taxation was:

	<u>2014</u>	<u>2013</u>
General Revenue Fund	\$ 0.1250	\$ 0.1250
Special Road and Bridge Fund	0.3288	0.3208

I. F. SALES TAXES AND USE TAX

The county has the following sales tax and use tax rates:

General sales tax-subject to rollback 50%	\$.00500
General sales tax-capital improvements	.00375
General sales tax-roads	.00250
General sales tax-911	<u>.00250</u>
Total sales tax rate	<u>\$.01375</u>
Use tax	\$.01375

I. G. CASH DEPOSITS AND INVESTMENTS

Cash 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 balance. Cash equivalents may include repurchase agreements and any other instruments with an original maturity of ninety days or less; however, nonnegotiable certificates of deposit with original maturity of greater than ninety days is considered as cash equivalents.

State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, purchased at a price at or below par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions.

**MARION COUNTY, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES
 (CONTINUED)**

I. H. INTERFUND ACTIVITY

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing. Interfund activities are reported as "operating transfers in" by the recipient fund and as "operating transfers out" by the disbursing fund. Transfers between funds for the years ended December 31, 2014 and 2013 were as follows:

FUNDS:	<u>Year Ended December 31, 2014</u>	
	<u>Transfers in</u>	<u>Transfers out</u>
General Revenue	\$ 625,000	\$ 166,230
Special Road and Bridge	125,000	-
Capital Improvements	-	900,000
Collector's Tax Maintenance	-	3,000
General Revenue Emergency	316,230	-
Totals	<u>\$ 1,066,230</u>	<u>\$ 1,069,230</u>

FUNDS:	<u>Year Ended December 31, 2013</u>	
	<u>Transfers in</u>	<u>Transfers out</u>
General Revenue	\$ 478,000	\$ 251,875
Special Road and Bridge	185,000	-
Capital Improvements	150,000	660,000
Collector's Tax Maintenance	-	3,000
General Revenue Emergency	251,875	150,000
Totals	<u>\$ 1,064,875</u>	<u>\$ 1,064,875</u>

The Collector disbursed \$3,000 from the Collector's Tax Maintenance Fund to the General Revenue Fund on December 30, 2014 but the check was not cashed or receipted in until after January 1, 2015; hence, the transfer in will not show until 2015.

1. I. PUBLISHED FINANCIAL STATEMENTS

Under Section 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. For the years ended December 31, 2014 and 2013, the published financial statements included all applicable funds.

NOTE 2. CASH AND INVESTMENTS

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with existing authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy.

**MARION COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchases of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

The county has determined through experience that checking accounts, savings accounts, negotiable order withdrawal (NOW) accounts, money market accounts, and certificates of deposits are appropriate types of accounts or instruments for its needs. The county maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is included on the financial statements as "Cash" under each fund's caption.

Disclosures are provided below regarding the risk of potential loss of cash deposits. For the purpose of the disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

Deposits

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. All bank balances at the depository banks at December 31, 2014 and December 31, 2013 were covered by federal depository insurance and additional collateral securities held at the County's safekeeping bank agent in the County's name or by its agent in the County's name.

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS

The following information is presented in accordance with the Governmental Accounting Standards Board Statement 27 (GASB 27), "Accounting for Pensions by State and Local Governmental Employees":

A. Missouri Local Government Employees Retirement System (LAGERS)

1) Plan Description

Marion County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo 70.600-70.755. 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 401 (a) and is tax exempt. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

**MARION COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS (CONTINUED)

2) Pension Benefits

Upon termination of employment, any member who is vested is entitled to either an unreduced benefit annuity, payable at age sixty (police and fire fighters, age fifty-five), or a reduced benefit annuity, payable at age fifty-five (police and fire fighters, age fifty). As of December 31, 2014, Marion County had 90 employees enrolled in LAGERS.

3) Funding Policy

Marion County's full-time employees do not contribute to the pension plan since the plan is non-contributory with the employees' part paid by the county. The county is required to contribute at an actuarially determined rate; the current rate at December 31, 2014 is 13.5% (general) and 13.1% (police) of annual covered payroll. The County Commission determines the contribution requirements of plan members. The contribution provisions of the county are established by state statute.

4) Annual Pension Cost

For 2014 and 2013, total payments to LAGERS were \$393,723 and \$421,239, respectively.

B. County Employees' Retirement Fund (CERF)

The County Employees' Retirement Fund (CERF) was established by the state of Missouri to provide pension benefits for County officials and employees.

1) Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any County elected or appointed officer or employee whose performance requires the actual performance of duties of not less than one thousand (1,000) hours per calendar year in each County of the state, except for any city not within a County and any County of the first classification having a charter form of government. It does not include County prosecuting attorneys covered under sections 56.800 to 56.840, RSMo; circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System; County Sheriffs covered under sections 57.949 to 57.997, RSMo; and certain personnel not defined as an employee per section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994.

The general administration and the responsibility for the proper operation of the Fund and the investment of the Fund are vested in a board of directors of eleven persons.

2) Pension Benefits

CERF first paid benefits beginning January 1, 1997. At that time a member could not retire until age 62. Beginning January 1, 2000, employees could retire with full benefits at age 62 or reduced benefits at age 55. The monthly benefit for County employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan formula). An eligible death benefit of \$10,000 will be paid to the designated beneficiary of every active member upon his or her death.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two or a reduced benefit annuity at age fifty-five. Any member with less than eight years of creditable service forfeits all rights in the Fund but will be paid his or her accumulated contributions.

**MARION COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS (CONTINUED)

As of December 31, 2014, Marion County had 101 employees enrolled in CERF.

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 or toll-free 1-877-632-2373.

3) Funding Policy

In accordance with state statutes, the Fund is partially funded through various fees collected and remitted to CERF. A contribution to CERF of 2% of annual salary is required for eligible employees hired before February 25, 2002 and not in LAGERS, and a contribution of 6% (not in LAGERS) or 4% (in LAGERS) of annual salary is required of employees hired after February 25, 2002, effective January 1, 2003, in order to participate in CERF. During 2014 and 2013, the County collected and remitted to CERF total contributions of \$191,436, and \$186,152, respectively, for the years then ended.

C. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with Section 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 contributed \$7,752 for each of the years ended December 31, 2014 and 2013.

NOTE 4. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS

The County provides employees with up to four weeks of paid vacation based upon the number of years of continuous service. However, a maximum of 20 days may be carried over from one year to the next. Upon termination from County employment, an employee is reimbursed for unused vacation and overtime, if applicable.

Regular full-time employees earn 12 days of sick leave each year. An employee will not be compensated for any accumulated sick leave upon termination of employment. At full retirement, if an employee has 700 or more hours of accumulated sick leave, the employee would receive 350 hours of their paid sick leave.

The county does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). Under the COBRA the county provides health care benefits to eligible former employees and their dependents. The premiums are paid by the former employees. The county incurs no cost for these benefits.

NOTE 5. CLAIMS, COMMITMENTS, AND CONTINGENCIES

The county has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly 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 and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

MARION COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 6. RISK MANAGEMENT

The county carries commercial insurance for various risks of loss to which it is exposed, including risks related to torts; theft of, damage to, or destruction of assets; natural disasters; errors and omissions; injuries to employees; and employees' health and life. County management believes such coverage is sufficient to preclude any significant uninsured losses to the county. Settled claims have not exceeded this insurance coverage in any of the past three years.

The county is a member of the Missouri Association of Counties Self-Insurance Workers' Compensation and Insurance Fund. The county purchases workers' compensation insurance through this fund, a non-profit corporation established to provide insurance coverage to Missouri Counties. The fund is self-insured up to \$2,000,000 per occurrence and reinsured up to the statutory limit through excess insurance.

NOTE 7. LONG-TERM DEBT

The County has the following debt outstanding at December 31, 2014:

- A. In June 2013, the County refinanced Certificate of Participation Bonds in the amount of \$375,000. The annual payment of \$50,000 is due for 2015 and 2016, and \$55,000 thereafter. The interest rate starts at 1.25% for 2014 and climbs to 2.25% beginning in 2018. As of December 31, 2014, the County owed \$320,000.
- B. In 2012, the County entered into a lease-purchase agreement for an excavator for the Highway Department in the amount of \$154,396 (net of trade-in). The lease-purchase term ends June 14, 2016. The annual payments of \$32,390 include an annual rate of 3.3% on the unpaid balance. As of December 31, 2014, the County owed \$62,862.
- C. In 2013, the County entered into a four year agreement for GIS hardware, software and support in the amount of \$134,550 with no interest. The quarterly payments of \$14,950 end February 1, 2016. As of December 31, 2014, the County owed \$74,750.
- D. On August 21, 2012, the County entered into a lease-purchase agreement for three new police cruisers for the Sheriff's Department in the amount of \$70,128. On July 29, 2013 this was refinanced at 3.91% for 24 months, with semi-annual payments of \$11,951 ending in March 2015. As of December 31, 2014, the County owed \$12,877.
- E. The 2013 lease purchase of three police cruisers for \$56,319 was refinanced and two new trucks were purchased for \$83,569. These were financed together at 3.25% for 36 months, with annual payments of \$49,050 due through 2016. As of December 31, 2014, the County owed \$93,516.
- F. In 2014, the County entered into a lease-purchase agreement for three police vehicles for \$70,935 at an interest rate of 3.912%. The term of the agreement is 36 months with an annual payment of \$25,203 beginning in 2015. As of December 31, 2014, the County owed \$70,935.
- G. In 2013, the County purchased voting equipment in the amount of \$68,758 with no interest charged. The County paid \$25,000 in 2014, with \$43,758 due at December 31, 2014.

MARION COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 7. LONG-TERM DEBT (CONTINUED)

- H. In 2014, the County purchased three dump trucks for the highway department in the amount of \$371,678 at an interest rate of 1.60%. The annual payments of \$96,666 starting in 2015, are due through 2018.
- I. In November 2014, the County purchased five road graders in the amount of \$709,820 with an interest rate of 2.148%. The term of this agreement is sixty months with an annual payment of \$123,612 starting in 2015, are due through 2020.

The annual requirements to amortize the long-term debt as of December 31, 2014, including interest payments, are as follows:

Year ended December 31,	Principal	Interest	Total Payments
2015	\$ 486,483	\$ 19,565	\$ 506,048
2016	376,882	23,840	400,722
2017	288,992	16,478	305,470
2018	267,348	11,023	278,371
2019	174,303	6,166	180,469
2020-2024	176,438	2,792	179,230
Total	\$ <u>1,770,446</u>	\$ <u>79,864</u>	\$ <u>1,850,310</u>

COMPLIANCE SECTION

August 10, 2015

**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**

To the County Commission
and Officeholders of
Marion County, MO

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 funds of Marion County, Missouri, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Marion County, Missouri's basic financial statements, and have issued our report thereon dated August 10, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2014-01 that we consider to be a significant deficiency.

**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* (CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marion 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*.

Marion County, Missouri's Response to Finding

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

Purpose of this Report

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

This report is intended solely for the information and use of management, County Commission, others within the entity, the Missouri State Auditor's Office, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Beard-Boehmer & Associates, PC

Beard-Boehmer & Associates, PC
Columbia, MO

MARION COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES

This section includes the audit findings that *Government Auditing Standards* require to be reported for an audit of financial statements.

2014-01 County's Financial Statements per the County Budget Documents Not Properly Stated

Condition: The County's budget documents prepared and approved and submitted to the State Auditor's Office for the years ended December 31, 2014 and 2013 materially misclassified various classifications of receipts in many county funds. All receipts in all county funds were properly accounted for and the ending cash balances by fund were properly stated; however, misclassifications of receipts occurred as follows:

- The General Revenue and Special Road and Bridge funds showed some classifications under sales taxes when they should have been classified as intergovernmental receipts.
- The Road Fund showed local use tax under other revenues when it should have been classified as sales and use taxes.
- Some funds classified grant receipts or state reimbursements as other revenues when they should have been classified as intergovernmental receipts.
- Many funds showed classifications of fees for services under other revenues when they should have shown under the classification of charges for services.

Criteria: Strong internal controls over financial information require that receipts be properly classified within the respective funds and an independent review performed of the budget documents to ensure that the classifications of receipts are proper.

Cause: The County had a lack of controls over the preparation of the budget documents and a lack of independent verification of amounts recorded and classified on the budget documents.

Effect: The budget documents presented to the public and submitted to the State Auditor's Office contained material misstatements of financial amounts in various classifications of receipts within many county funds. For the audit report financial statements, the various misclassifications of receipts for all funds were corrected and properly stated for both 2014 and 2013.

Recommendation:

The County Commission and County Clerk take more care in preparation of the budget document each year to ensure that the classifications of receipts within the county funds are properly stated.

Response: The County has already reclassified all revenue line items as per this finding. The 2015 Marion County budget was amended to the Missouri State Auditor's Office with revenue line items amended to reflect the correct classification

MARION COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, this section reports the auditors' follow-up on the action taken by Marion County, Missouri, on the applicable findings in the prior audit report issued for the years ended December 31, 2012 and 2011.

1. It was necessary for the auditors of the County to assist with the preparation of the external financial statements and the notes to financial statements.

Status: Partially implemented. The County is under the regulatory basis by preparation of a budget document to the state and this is used as its financial statements. The County does assist in reviewing the audit report and financial statements to take responsibility but more responsibility in the accurate preparation of the budgets should be made. See current finding 2014-01.

2. Documentation of the County's internal control has not been prepared.

Status: Implemented. An internal control policy document has been prepared by the County Clerk and Treasurer and approved by the county. A county-wide internal control policy is still being considered by the County Commission.

3. The County did not have a formal fraud risk assessment in place.

Status: Partially implemented. The County is presently working on developing a fraud risk policy to be added to the internal control policy.

4. Actual expenditures exceeded the budgeted expenditures for the years ended December 31, 2012 and 2011 in various county funds.

Status: Implemented.

5. Some transfers were identified as revenues within the funds for both the fiscal years 2012 and 2011 instead of as transfers.

Status: Implemented.

6. Some transfers were identified as expenditures within the funds for both the fiscal years 2012 and 2011 instead of as transfers.

Status: Implemented.

7. Records and procedures regarding timesheets and/or time cards are in need of improvement.

Status: Implemented.

8. The County Commission and County Clerk did not prepare budget documents for the General Revenue Emergency Fund for the year ended December 31, 2012.

Status: Implemented.

9. The County had reimbursed the County Assessor for NAR dues and MLS fees.

Status: Implemented.

MARION COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS IN ACCORDANCE
WITH OMB CIRCULAR A-133

In accordance with OMB Circular A-133, this section reports the auditors' follow-up on the action taken by Marion County, Missouri, on the applicable findings in the prior audit report issued for the years ended December 31, 2012 and 2011.

1. The Schedule of Expenditures of Federal Awards (SEFA) submitted to the State Auditor's Office contained errors and controls were not in place to ensure that the SEFA was prepared in accordance with federal requirements.

Status: Since the County did not exceed the expenditure threshold for the current audit period, this finding is no longer applicable. The County did implement procedures to better identify total federal grants by type of federal awards.

2. Documentation of internal controls over compliance with single audit requirements has not been documented.

Status: Partially implemented. The County Clerk is developing documentation to better understand the internal controls over federal awards.