



THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Macon County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Macon 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, 2012, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Casey-Beard-Boehmer PC, Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Thomas A. Schweich".

Thomas A. Schweich
State Auditor

December 2013
Report No. 2013-145

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CASEY-BEARD-BOEHMER PC



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December 5, 2013

INDEPENDENT AUDITORS' REPORT

To the County Commission
and Officeholders of
Macon County, Missouri

We have audited the accompanying financial statements of Macon County, Missouri, which comprise the statement of receipts, disbursements, and changes in cash – regulatory basis of each governmental fund as of December 31, 2012 and 2011, and the related statements of receipts, disbursements and changes in cash - budget and actual – regulatory basis for each governmental fund, 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.

MEMBER
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MACON COUNTY, MISSOURI INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Macon County, Missouri, as of December 31, 2012 and 2011, and the changes in its financial position.

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 governmental fund of Macon County, Missouri, as of December 31, 2012 and 2011, and their respective cash receipts and disbursements, and budgetary results for the years 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 December 5, 2013, on our consideration of Macon 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 Macon 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, and the Missouri State Auditor's Office 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.

Casey-Beard-Boehmer PC

Casey-Beard-Boehmer PC
Certified Public Accountants

MACON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Fund	Cash			Cash			Cash
	January 1, 2011	Receipts	Disbursements	December 31, 2011	Receipts	Disbursements	December 31, 2012
General Revenue	\$ 483,953	1,921,723	1,993,538	412,138	2,010,907	2,083,744	339,301
Special Road and Bridge	2,816	1,709,442	1,450,963	261,295	1,636,485	1,417,784	479,996
Assessment	38,441	232,066	181,024	89,483	220,989	183,368	127,104
Law Enforcement	5,329	1,666	-	6,995	47	-	7,042
Prosecuting Attorney Training	1,758	1,318	1,929	1,147	1,352	1,500	999
Sheriff's Revolving	17,605	9,845	945	26,505	13,755	-	40,260
Prosecuting Attorney Bad Check	11,245	13,166	22,274	2,137	14,136	13,240	3,033
Road and Bridge Capital Improvement	496,533	701,718	741,095	457,156	791,233	782,502	465,887
Law Enforcement Training	16,109	9,192	10,584	14,717	7,818	7,169	15,366
Sheriff Civil Fees	13,793	23,152	24,411	12,534	24,578	28,599	8,513
County Park Capital Improvement	53,671	429	29,509	24,591	249	24,449	391
County Park	63,398	118,932	115,751	66,579	127,842	132,335	62,086
Victims of Domestic Violence	625	534	626	533	540	1,047	26
Community Development Block Grant/NRSC	-	-	-	-	327,375	327,375	-
Recorder's Storage and Preservation	5,850	3,462	4,283	5,029	6,240	6,953	4,316
Prosecuting Attorney Delinquent Tax	1,243	696	500	1,439	179	1,528	90
Local Emergency Planning Committee	8,474	-	7,048	1,426	-	-	1,426
Election Services	6,932	3,628	1,632	8,928	4,450	7,512	5,866
DARE	6,545	70	-	6,615	41	989	5,667
Recorder's Technology	2,796	4,753	5,263	2,286	3,766	2,731	3,321
Collector's Tax Maintenance	42,169	16,784	8,277	50,676	17,461	14,581	53,556
Law Enforcement Restitution	41,228	31,650	26,277	46,601	35,469	29,705	52,365
Inmate Security	12,473	5,426	502	17,397	5,462	-	22,859
MoDOT Building		-	-	-	115,827	87,787	28,040
Totals	\$ 1,332,986	4,809,652	4,626,431	1,516,207	5,366,201	5,154,898	1,727,510

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

MACON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	General Revenue Fund					
	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Property tax - County	\$ 465,000	486,352	21,352	\$ 450,000	477,020	27,020
Payment in lieu of taxes	18,000	18,728	728	18,000	18,349	349
Sales tax - County	635,000	664,699	29,699	625,000	649,779	24,779
Intergovernmental - State	126,780	125,530	(1,250)	522,423	83,419	(439,004)
Intergovernmental - Federal	-	-	-	1,289	-	(1,289)
Intergovernmental - Other Governments	6,000	3,465	(2,535)	5,200	7,320	2,120
Charges for services - County	366,758	433,826	67,068	394,050	373,842	(20,208)
Charges for services - State	-	-	-	-	390	390
Interest - County	5,000	4,234	(766)	12,000	7,276	(4,724)
Transfers in - County	10,000	6,951	(3,049)	98,521	9,438	(89,083)
Other - County	317,600	266,903	(50,697)	355,225	294,822	(60,403)
Other - State	100	219	119	-	68	68
Total Receipts	\$ 1,950,238	2,010,907	60,669	\$ 2,481,708	1,921,723	(559,985)
DISBURSEMENTS						
General County Government -						
County Court	\$ 159,930	108,780	(51,150)	\$ 130,830	91,045	(39,785)
County Clerk	90,619	84,670	(5,949)	85,829	80,863	(4,966)
Elections	103,100	67,940	(35,160)	33,651	23,222	(10,429)
Buildings and grounds	139,884	99,157	(40,727)	715,518	111,467	(604,051)
Employee fringe benefits	311,980	292,879	(19,101)	336,942	294,396	(42,546)
Insurance	40,000	42,100	2,100	42,000	37,373	(4,627)
Publication costs	2,500	994	(1,506)	2,500	2,394	(106)
County Treasurer	43,800	43,309	(491)	43,800	42,911	(889)
County Collector	73,985	68,928	(5,057)	71,847	69,047	(2,800)
Recorder of Deeds	70,492	68,327	(2,165)	72,573	64,017	(8,556)
Circuit Clerk	20,800	16,192	(4,608)	16,140	18,489	2,349
Division II Circuit Court	498	173	(325)	-	-	-
Court Reporter	5,147	363	(4,784)	1,676	1,108	(568)
Court Administration	33,412	31,336	(2,076)	33,062	27,121	(5,941)
Public Administrator	52,892	50,743	(2,149)	52,256	50,793	(1,463)
Public Safety -						
Sheriff	484,413	456,317	(28,096)	497,363	467,934	(29,429)
Jail	70,000	77,011	7,011	70,000	55,364	(14,636)
Prosecuting Attorney	136,005	139,793	3,788	130,628	122,094	(8,534)
Juvenile Officer	83,432	98,153	14,721	66,335	73,014	6,679
County Coroner	19,120	18,334	(786)	20,670	18,481	(2,189)
Other -						
Emergency management	12,750	7,145	(5,605)	10,000	4,235	(5,765)
Other	318,000	300,715	(17,285)	370,100	332,624	(37,476)
Data process	7,000	3,843	(3,157)	6,920	3,775	(3,145)
Health and welfare	-	6,542	6,542	2,500	1,771	(729)
Emergency Fund	57,484	-	(57,484)	73,854	-	(73,854)
Total Disbursements	\$ 2,337,243	2,083,744	(253,499)	\$ 2,886,994	1,993,538	(818,873)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (387,005)	(72,837)	314,168	\$ (405,286)	(71,815)	333,471
CASH, JANUARY 1	412,138	412,138	-	483,953	483,953	-
CASH, DECEMBER 31	\$ 25,133	339,301	314,168	\$ 78,667	412,138	333,471

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

MACON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Special Road and Bridge Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Property tax - County	\$ 665,000	691,821	26,821	\$ 650,000	677,837	27,837
Charges for services - County	211,000	115,950	(95,050)	212,750	52,263	(160,487)
Charges for services - State	745,736	783,759	38,023	834,325	911,239	76,914
Interest - County	3,500	3,804	304	5,000	3,891	(1,109)
Transfers in - County	25,000	-	(25,000)	50,000	-	(50,000)
Other - County	8,350	41,151	32,801	8,950	64,212	55,262
Total Receipts	\$ 1,658,586	1,636,485	(22,101)	\$ 1,761,025	1,709,442	(51,583)
DISBURSEMENTS						
Salaries	\$ 424,005	443,481	19,476	\$ 504,446	501,430	(3,016)
Office	62,838	11,070	(51,768)	22,450	20,175	(2,275)
Supplies	456,500	420,910	(35,590)	437,000	405,160	(31,840)
Road and bridge materials	263,250	232,402	(30,848)	251,250	226,446	(24,804)
Equipment repairs	84,500	82,719	(1,781)	90,000	66,520	(23,480)
Property taxes	172,570	34,670	(137,900)	173,950	690	(173,260)
Employee fringe benefits	160,747	166,668	5,921	224,502	207,007	(17,495)
Insurance	27,500	25,864	(1,636)	27,500	23,535	(3,965)
Total Disbursements	\$ 1,651,910	1,417,784	(234,126)	\$ 1,731,098	1,450,963	(280,135)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 6,676	218,701	212,025	\$ 29,927	258,479	228,552
CASH, JANUARY 1	261,295	261,295	-	2,816	2,816	-
CASH, DECEMBER 31	\$ 267,971	479,996	212,025	\$ 32,743	261,295	228,552

Assessment Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental - State	\$ 45,350	44,163	(1,187)	\$ 45,000	53,566	8,566
Intergovernmental - County	163,000	165,204	2,204	162,000	164,702	2,702
Charges for services - County	3,500	9,890	6,390	2,500	12,253	9,753
Interest - County	750	1,008	258	1,000	1,101	101
Other - County	100	724	624	100	444	344
Total Receipts	\$ 212,700	220,989	8,289	\$ 210,600	232,066	21,466
DISBURSEMENTS						
Employee fringe benefits	\$ 46,381	45,774	(607)	\$ 51,124	46,940	(4,184)
Insurance	2,200	2,590	390	2,200	2,281	81
Salaries	106,565	105,560	(1,005)	104,956	103,892	(1,064)
Office expenses	33,200	29,444	(3,756)	33,300	27,911	(5,389)
Total Disbursements	\$ 188,346	183,368	(4,978)	\$ 191,580	181,024	(10,556)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 24,354	37,621	13,267	\$ 19,020	51,042	32,022
CASH, JANUARY 1	89,483	89,483	-	38,441	38,441	-
CASH, DECEMBER 31	\$ 113,837	127,104	13,267	\$ 57,461	89,483	32,022

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

MACON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Law Enforcement Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Interest - County	\$ -	-	-	\$ 100	66	(34)
Other - County	100	47	(53)	500	1,600	1,100
Total Receipts	\$ 100	47	(53)	\$ 600	1,666	1,066
DISBURSEMENTS						
Sheriff	\$ 7,095	-	(7,095)	\$ 5,423	-	(5,423)
Total Disbursements	\$ 7,095	-	(7,095)	\$ 5,423	-	(5,423)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (6,995)	47	7,042	\$ (4,823)	1,666	6,489
CASH, JANUARY 1	6,995	6,995	-	5,329	5,329	-
CASH, DECEMBER 31	\$ -	7,042	7,042	\$ 506	6,995	6,489

Prosecuting Attorney Training Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services - County	\$ 1,275	1,352	77	\$ 1,350	1,318	(32)
Total Receipts	\$ 1,275	1,352	77	\$ 1,350	1,318	(32)
DISBURSEMENTS						
Prosecuting Attorney	\$ 2,000	1,500	(500)	\$ 2,000	1,929	(71)
Total Disbursements	\$ 2,000	1,500	(500)	\$ 2,000	1,929	(71)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (725)	(148)	577	\$ (650)	(611)	39
CASH, JANUARY 1	1,147	1,147	-	1,758	1,758	-
CASH, DECEMBER 31	\$ 422	999	577	\$ 1,108	1,147	39

Sheriff's Revolving Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services - County	\$ 8,000	13,529	5,529	\$ 8,000	9,605	1,605
Interest - County	250	226	(24)	500	240	(260)
Total Receipts	\$ 8,250	13,755	5,505	\$ 8,500	9,845	1,345
DISBURSEMENTS						
Sheriff	\$ 34,755	-	(34,755)	\$ 22,786	945	(21,841)
Total Disbursements	\$ 34,755	-	(34,755)	\$ 22,786	945	(21,841)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (26,505)	13,755	40,260	\$ (14,286)	8,900	23,186
CASH, JANUARY 1	26,505	26,505	-	17,605	17,605	-
CASH, DECEMBER 31	\$ 0	40,260	40,260	\$ 3,319	26,505	23,186

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

MACON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Prosecuting Attorney Bad Check Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services - County	\$ 10,800	14,096	3,296	\$ 18,125	13,037	(5,088)
Interest - County	100	40	(60)	300	118	(182)
Other - County	10	-	(10)	-	11	11
Total Receipts	\$ 10,910	14,136	3,226	\$ 18,425	13,166	(5,259)
DISBURSEMENTS						
Office expenses	\$ 5,900	6,289	389	\$ 19,960	14,142	(5,818)
Transfers out	6,000	6,951	951	9,689	8,132	(1,557)
Total Disbursements	\$ 11,900	13,240	1,340	\$ 29,649	22,274	(7,375)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (990)	896	1,886	\$ (11,224)	(9,108)	2,116
CASH, JANUARY 1	2,137	2,137	-	11,245	11,245	-
CASH, DECEMBER 31	\$ 1,147	3,033	1,886	\$ 21	2,137	2,116

Road and Bridge Capital Improvement Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Sales tax - County	\$ 635,000	664,686	29,686	\$ 625,000	649,684	24,684
Intergovernmental - State	1,869,526	110,622	(1,758,904)	2,327,629	5,230	(2,322,399)
Charges for services - County	5,000	8,500	3,500	22,000	2,900	(19,100)
Interest - County	2,500	3,452	952	9,000	4,870	(4,130)
Other - County	-	3,973	3,973	-	39,034	39,034
Total Receipts	\$ 2,512,026	791,233	(1,720,793)	\$ 2,983,629	701,718	(2,281,911)
DISBURSEMENTS						
Salaries	\$ 86,680	55,506	(31,174)	\$ -	-	-
Equipment and supplies	465,500	318,224	(147,276)	843,451	568,918	(274,533)
Materials	201,000	199,524	(1,476)	193,000	172,177	(20,823)
Capital expenditures	250,000	139,186	(110,814)	-	-	-
Employee fringe benefits	32,924	18,356	(14,568)	-	-	-
Other	1,892,256	51,706	(1,840,550)	2,325,000	-	(2,325,000)
Total Disbursements	\$ 2,928,360	782,502	(2,145,858)	\$ 3,361,451	741,095	(2,620,356)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (416,334)	8,731	425,065	\$ (377,822)	(39,377)	338,445
CASH, JANUARY 1	457,156	457,156	-	496,533	496,533	-
CASH, DECEMBER 31	\$ 40,822	465,887	425,065	\$ 118,711	457,156	338,445

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

MACON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Law Enforcement Training Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental - State	\$ 2,000	2,474	474	\$ 2,100	2,518	418
Charges for services - County	4,000	5,344	1,344	4,400	5,294	894
Other - County	1,100	-	(1,100)	-	1,380	1,380
Total Receipts	\$ 7,100	7,818	718	\$ 6,500	9,192	2,692
DISBURSEMENTS						
Sheriff	\$ 18,000	7,169	(10,831)	\$ 17,000	10,584	(6,416)
Total Disbursements	\$ 18,000	7,169	(10,831)	\$ 17,000	10,584	(6,416)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (10,900)	649	11,549	\$ (10,500)	(1,392)	9,108
CASH, JANUARY 1	14,717	14,717	-	16,109	16,109	-
CASH, DECEMBER 31	\$ 3,817	15,366	11,549	\$ 5,609	14,717	9,108

Sheriff Civil Fees Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services - County	\$ 22,000	24,448	2,448	\$ 26,000	22,882	(3,118)
Interest - County	200	130	(70)	500	270	(230)
Total Receipts	\$ 22,200	24,578	2,378	\$ 26,500	23,152	(3,348)
DISBURSEMENTS						
Equipment	\$ 34,733	28,599	(6,134)	\$ 33,479	24,411	(9,068)
Total Disbursements	\$ 34,733	28,599	(6,134)	\$ 33,479	24,411	(9,068)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (12,533)	(4,021)	8,512	\$ (6,979)	(1,259)	5,720
CASH, JANUARY 1	12,534	12,534	-	13,793	13,793	-
CASH, DECEMBER 31	\$ 1	8,513	8,512	\$ 6,814	12,534	5,720

County Park Capital Improvement Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Sales tax - County	\$ -	159	159	\$ -	22	22
Interest - County	200	90	(110)	750	407	(343)
Total Receipts	\$ 200	249	49	\$ 750	429	(321)
DISBURSEMENTS						
Capital expenditures	\$ 24,570	24,449	(121)	\$ 54,421	29,509	(24,912)
Total Disbursements	\$ 24,570	24,449	(121)	\$ 54,421	29,509	(24,912)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (24,370)	(24,200)	170	\$ (53,671)	(29,080)	24,591
CASH, JANUARY 1	24,591	24,591	-	53,671	53,671	-
CASH, DECEMBER 31	\$ 221	391	170	\$ -	24,591	24,591

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

MACON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

County Park Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services - County	\$ 32,000	30,779	(1,221)	\$ 27,500	32,756	5,256
Interest - County	600	435	(165)	1,000	661	(339)
Other - County	99,200	96,628	(2,572)	96,750	85,515	(11,235)
Total Receipts	\$ 131,800	127,842	(3,958)	\$ 125,250	118,932	(6,318)
DISBURSEMENTS						
Salaries	\$ 32,000	31,955	(45)	\$ 33,000	31,566	(1,434)
Employee fringe benefits	3,700	3,055	(645)	3,795	3,580	(215)
Park events	70,000	64,221	(5,779)	54,000	53,971	(29)
Other	28,700	33,104	4,404	29,050	26,634	(2,416)
Total Disbursements	\$ 134,400	132,335	(2,065)	\$ 119,845	115,751	(4,094)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,600)	(4,493)	(1,893)	\$ 5,405	3,181	(2,224)
CASH, JANUARY 1	66,579	66,579	-	63,398	63,398	-
CASH, DECEMBER 31	\$ 63,979	62,086	(1,893)	\$ 68,803	66,579	(2,224)

Victims of Domestic Violence Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services - County	\$ 500	535	35	\$ 500	530	30
Interest - County	5	5	-	10	4	(6)
Total Receipts	\$ 505	540	35	\$ 510	534	24
DISBURSEMENTS						
Domestic violence shelter	\$ 530	1,047	517	\$ 1,100	626	(474)
Total Disbursements	\$ 530	1,047	517	\$ 1,100	626	(474)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (25)	(507)	(482)	\$ (590)	(92)	498
CASH, JANUARY 1	533	533	-	625	625	-
CASH, DECEMBER 31	\$ 508	26	(482)	\$ 35	533	498

MACON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Community Development Block Grant/NRSC Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental - State	\$ 1,016,670	327,375	(689,295)	\$ 399,500	-	(399,500)
Total Receipts	\$ 1,016,670	327,375	(689,295)	\$ 399,500	-	(399,500)
DISBURSEMENTS						
Capital improvements	\$ 1,016,670	327,375	(689,295)	\$ 399,500	-	(399,500)
Total Disbursements	\$ 1,016,670	327,375	(689,295)	\$ 399,500	-	(399,500)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	-	-	\$ -	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	-	-	\$ -	-	-

Recorder's Storage and Preservation Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services - County	\$ 4,000	6,215	2,215	\$ 6,500	3,406	(3,094)
Interest - County	50	25	(25)	90	56	(34)
Total Receipts	\$ 4,050	6,240	2,190	\$ 6,590	3,462	(3,128)
DISBURSEMENTS						
Office expenses	\$ 9,019	6,953	(2,066)	\$ 12,210	4,283	(7,927)
Total Disbursements	\$ 9,019	6,953	(2,066)	\$ 12,210	4,283	(7,927)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (4,969)	(713)	4,256	\$ (5,620)	(821)	4,799
CASH, JANUARY 1	5,029	5,029	-	5,850	5,850	-
CASH, DECEMBER 31	\$ 60	4,316	4,256	\$ 230	5,029	4,799

Prosecuting Attorney Delinquent Tax Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental - County	\$ 650	175	(475)	\$ 250	680	430
Interest - County	10	4	(6)	50	16	(34)
Total Receipts	\$ 660	179	(481)	\$ 300	696	396
DISBURSEMENTS						
Office supplies	\$ 2,000	1,528	(472)	\$ 1,500	500	(1,000)
Total Disbursements	\$ 2,000	1,528	(472)	\$ 1,500	500	(1,000)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,340)	(1,349)	(9)	\$ (1,200)	196	1,396
CASH, JANUARY 1	1,439	1,439	-	1,243	1,243	-
CASH, DECEMBER 31	\$ 99	90	(9)	\$ 43	1,439	1,396

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

MACON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Local Emergency Planning Committee Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental - State	\$ -	-	-	\$ 3,230	-	(3,230)
Total Receipts	\$ -	-	-	\$ 3,230	-	(3,230)
DISBURSEMENTS						
Office expenses	\$ 1,426	-	(1,426)	\$ 8,000	7,048	(952)
Total Disbursements	\$ 1,426	-	(1,426)	\$ 8,000	7,048	(952)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,426)	-	1,426	\$ (4,770)	(7,048)	(2,278)
CASH, JANUARY 1	1,426	1,426	-	8,474	8,474	-
CASH, DECEMBER 31	\$ -	1,426	1,426	\$ 3,704	1,426	(2,278)

Election Services Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental - State	\$ 22,478	1,939	(20,539)	\$ 850	2,963	2,113
Interest - County	50	47	(3)	100	85	(15)
Other - County	1,000	2,464	1,464	450	580	130
Total Receipts	\$ 23,528	4,450	(19,078)	\$ 1,400	3,628	2,228
DISBURSEMENTS						
Election expenses	\$ 20,478	7,512	(12,966)	\$ 6,900	1,632	(5,268)
Total Disbursements	\$ 20,478	7,512	(12,966)	\$ 6,900	1,632	(5,268)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 3,050	(3,062)	(6,112)	\$ (5,500)	1,996	7,496
CASH, JANUARY 1	8,928	8,928	-	6,932	6,932	-
CASH, DECEMBER 31	\$ 11,978	5,866	(6,112)	\$ 1,432	8,928	7,496

DARE Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Interest - County	\$ 100	41	(59)	\$ 100	70	(30)
Total Receipts	\$ 100	41	(59)	\$ 100	70	(30)
DISBURSEMENTS						
Sheriff	\$ 6,715	989	(5,726)	\$ 6,538	-	(6,538)
Total Disbursements	\$ 6,715	989	(5,726)	\$ 6,538	-	(6,538)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (6,615)	(948)	5,667	\$ (6,438)	70	6,508
CASH, JANUARY 1	6,615	6,615	-	6,545	6,545	-
CASH, DECEMBER 31	\$ -	5,667	5,667	\$ 107	6,615	6,508

MACON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Recorder's Technology Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services - County	\$ 5,000	3,750	(1,250)	\$ 6,700	4,739	(1,961)
Interest - County	15	16	1	30	14	(16)
Total Receipts	\$ 5,015	3,766	(1,249)	\$ 6,730	4,753	(1,977)
DISBURSEMENTS						
Recorder of Deeds	\$ 3,800	2,731	(1,069)	\$ 8,550	5,263	(3,287)
Total Disbursements	\$ 3,800	2,731	(1,069)	\$ 8,550	5,263	(3,287)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 1,215	1,035	(180)	\$ (1,820)	(510)	1,310
CASH, JANUARY 1	2,286	2,286	-	2,796	2,796	-
CASH, DECEMBER 31	\$ 3,501	3,321	(180)	\$ 976	2,286	1,310

Collector's Tax Maintenance Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services - County	\$ 17,000	17,091	91	\$ 16,000	16,260	260
Interest - County	650	370	(280)	700	524	(176)
Total Receipts	\$ 17,650	17,461	(189)	\$ 16,700	16,784	84
DISBURSEMENTS						
Collector	\$ 19,650	14,581	(5,069)	\$ 14,866	6,971	(7,895)
Transfers out	5,000	-	(5,000)	-	1,306	1,306
Total Disbursements	\$ 24,650	14,581	(10,069)	\$ 14,866	8,277	(6,589)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (7,000)	2,880	9,880	\$ 1,834	8,507	6,673
CASH, JANUARY 1	50,676	50,676	-	42,169	42,169	-
CASH, DECEMBER 31	\$ 43,676	53,556	9,880	\$ 44,003	50,676	6,673

Law Enforcement Restitution Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Interest - County	\$ 500	311	(189)	\$ 1,000	480	(520)
Other - County	20,000	35,158	15,158	25,000	31,170	6,170
Total Receipts	\$ 20,500	35,469	14,969	\$ 26,000	31,650	5,650
DISBURSEMENTS						
Sheriff	\$ 53,400	29,705	(23,695)	\$ 51,500	26,277	(25,223)
Transfers out	-	-	-	15,000	-	(15,000)
Total Disbursements	\$ 53,400	29,705	(23,695)	\$ 66,500	26,277	(40,223)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (32,900)	5,764	38,664	\$ (40,500)	5,373	45,873
CASH, JANUARY 1	46,601	46,601	-	41,228	41,228	-
CASH, DECEMBER 31	\$ 13,701	52,365	38,664	\$ 728	46,601	45,873

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

MACON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Inmate Security Fund						
	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services - County	\$ 4,000	5,328	1,328	\$ 3,850	5,266	1,416
Interest - County	-	134	134	150	160	10
Total Receipts	\$ 4,000	5,462	1,462	\$ 4,000	5,426	1,426
DISBURSEMENTS						
Sheriff	\$ 21,397	-	(21,397)	\$ 15,000	502	(14,498)
Total Disbursements	\$ 21,397	-	(21,397)	\$ 15,000	502	(14,498)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (17,397)	5,462	22,859	\$ (11,000)	4,924	15,924
CASH, JANUARY 1	17,397	17,397	-	12,473	12,473	-
CASH, DECEMBER 31	\$ -	22,859	22,859	\$ 1,473	17,397	15,924

MoDOT Building Fund			
	2012		
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Charges for services - County	\$ 134,714	80,699	(54,015)
Interest - County	-	77	77
Other - County	22,500	35,051	12,551
Total Receipts	\$ 157,214	115,827	(41,387)
DISBURSEMENTS			
Office expenses	\$ 125,500	64,706	(60,794)
Employee fringe benefits	8,558	-	(8,558)
Insurance	22,000	23,081	1,081
Total Disbursements	\$ 156,058	87,787	(68,271)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 1,156	28,040	26,884
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ 1,156	28,040	26,884

MACON COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Macon County, Missouri is governed by a three-member board of commissioners. In addition to the three County Commissioners, there are ten elected Constitutional Officers: Assessor, County Clerk, Circuit Clerk, Recorder of Deeds, Collector, Treasurer, Coroner, Prosecuting Attorney, Public Administrator, and Sheriff.

As discussed further in Note 1.C., these financial statements are presented using accounting practices prescribed or permitted by Missouri Law, which practices 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 property tax assessments and collections, state/county courts administration, recording of deeds and other instruments, 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 an elected county official. The Tax Maintenance Fund is under the control of the County Collector. The Senate Bill 40 Board Fund, with a separate appointed board, is separately audited by an independent certified public accounting firm and, therefore, is not included in this report.

The financial statements referred to above include the primary government of Macon County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise the County's legal entity. The financial statements do not include the Circuit Court Fund and the Law Library Fund. These funds are controlled by the Circuit Clerk.

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 may collect fees from services, remit the monies to the county, state, or to other parties or hold monies in a trustee capacity as an agent of 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.

**MACON COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1. D. BUDGETS AND BUDGETARY ACCOUNTING

The County follows these procedures in establishing the budget information:

1. In accordance with Chapter 50 RSMo, the County's policy is to adopt a budget for each governmental fund.
2. On or before the second Monday in 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. 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.
5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
6. Budgets are prepared and adopted on the cash basis of accounting.
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 during the year. The County Commission amended the County Park Fund budget for 2011 in December 2011, the Road and Bridge Capital Improvement Fund budget for 2012 in October 2012, and Community Development Block Grant/NRSC Fund budget for 2012 in October 2012.
8. Budgets were adopted by the county for all applicable county operating funds for the years ended December 31, 2012 and 2011.
9. Section 50.740, RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>
Prosecuting Attorney Bad Check	2012
Victims of Domestic Violence	2012

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 of 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. The assessed valuation of the tangible property for the year 2012 and 2011 for purposes of local taxation was:

	<u>2012</u>	<u>2011</u>
Real Estate	\$ 116,140,920	\$ 117,896,340
Personal Property	42,566,280	43,286,887
Railroad and Utilities	<u>27,335,764</u>	<u>28,785,255</u>
Total Assessed Valuation	\$ <u>186,042,964</u>	\$ <u>189,968,482</u>

**MACON COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

The county-wide levy per \$100 of the assessed valuation of tangible property for the year 2012 and 2011 for purposes of local taxation was:

	<u>2012</u>	<u>2011</u>
General Revenue Fund	\$ 0.2320	\$ 0.2500
Special Road and Bridge Fund	0.6669	0.6669
Senate Bill 40 Board Fund	0.0967	0.0967

1. F. CASH DEPOSITS

Cash deposits are stated at cost, which approximates market. Cash balances for the County Treasurer's funds are invested in interest-bearing bank accounts to the extent possible. Interest earned from such investments is recorded in each of the funds as appropriate. 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. Details of these cash balances are presented in Note 2.

1. G. 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 "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. Transfers between funds of the County for the years ended December 31, 2012 and 2011 were as follows:

	<u>Year Ended December 31, 2012</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
FUNDS:		
General Revenue	\$ 6,951	\$ -
Prosecuting Attorney Bad Check	-	6,951
Totals	<u>\$ 6,951</u>	<u>\$ 6,951</u>

	<u>Year Ended December 31, 2011</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
FUNDS:		
General Revenue	\$ 9,438	\$ -
Prosecuting Attorney Bad Check	-	8,132
Collector's Tax Maintenance	-	1,306
Totals	<u>\$ 9,438</u>	<u>\$ 9,438</u>

**MACON COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1. H. 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, 2012 and 2011, the published financial statements included all funds as required.

NOTE 2. CASH AND INVESTMENTS

Deposits

The County has determined through experience that business checking accounts and money market accounts are appropriate types of accounts or instruments for its needs. The County invests each fund's cash balance in interest-bearing bank accounts. Each fund is included on the financial statements as "Cash" under each fund's caption. Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreements, in U.S. Treasury and agency obligations. At December 31, 2012 and 2011, the County had no such investments.

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 accounts, including negotiable order of withdrawal accounts in banks. The County did invest in nonnegotiable certificates of deposit during the two years ended December 31, 2012.

Insured and Collateralized Deposits

In accordance with state law, all uninsured deposits in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain state or political subdivision debt obligations, surety bonds, or certain letters of credit. Missouri statutes also require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

At December 31, 2012 and 2011, the County's deposits held at the depository banks were adequately covered by Federal Depository Insurance Coverage and with additional collateral held by an independent bank in the county's name or by its agent in the county's name. The County's deposits were not subject to custodial or investment credit risk at year end.

In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. 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 purchase 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 not adopted a written investment policy in accordance with applicable state law.

**MACON COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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. 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 elective 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, a member could retire with full benefits at age 62 or reduced benefits as early as 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's 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.

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 toll-free 1-877-632-2373.

3) Funding Policy

In accordance with state statutes, the Fund is partially funded through various fees collected by counties and remitted to the 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% of annual salary is required of employees hired after February 25, 2002, effective January 1, 2003, in order to participate in CERF. During 2012 and 2011, the County collected and remitted to CERF \$97,412 and \$99,437 respectively, for the years then ended.

**MACON COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS (CONTINUED)

B. 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 contributed \$2,244 and \$2,618, respectively, for the years ended December 31, 2012 and 2011.

NOTE 4. 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.

NOTE 5. CLAIMS, COMMITMENTS, AND CONTINGENCIES

1) Compensated Absences Commitments

Annual Leave

Regular or permanent county full-time employees who have completed the introductory period (a minimum of three months) are eligible to receive vacation time as follows: After one year of employment an employee shall be entitled to one week of vacation. After two years of employment an employee shall be entitled to two weeks of vacation. After twelve years, and each year thereafter, each employee shall have three weeks of vacation. A maximum of ten vacation days may be carried forward to the next year. Upon an employee's termination, the employee will be reimbursed for unused accumulated vacation time.

Sick Leave and Personal Leave

40 hours per week employees and 171 hour per month employees will accrue six hours of sick and two hours of personal time up to a maximum of twenty four hours of personal time within a year. Six and one-half hour employees (32.5 hours per week) will accrue benefit hours at four and three quarters of sick leave and one and three quarters hours of personal leave up to a maximum of 21 hours of personal time within a year. At the end of the year unused personal days will rollover into sick days. Upon an employee's termination, the employee is not reimbursed for any unused sick / personal time.

2) Federal and State Assisted Programs 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.

**MACON COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 6. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omission; 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 (MoPERM), which is a corporate and political body created pursuant to Chapter 537.700 RSMo. The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to 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-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. CHANGE IN BASIS OF ACCOUNTING

Macon County, Missouri, has changed its basis of accounting from presenting its financial statements in accordance with GASB 34 for 2006 and 2007 on the cash basis of accounting to the regulatory basis of accounting as prescribed or permitted in accordance with state law. The accounting change had no effect on the beginning cash balances of the various county funds. The County did not have an audit for the years ended December 31, 2008, 2009 and 2010.

NOTE 8. LEASE ON MoDOT BUILDING

In January 2012, the County entered into a 10-year lease with an option to purchase agreement with MoDOT on the District 2 complex in Macon for use as a business incubator and entrepreneur center to achieve economic development during the term of the lease. The total rent is \$1 with the purchase price of the property valued at \$1,624,250. The County's economic development from use of the premises is measured by the cumulative value of all new jobs created on site during the lease term, as determined and calculated by MoDOT. If economic development is achieved by the County during the lease term, then MoDOT shall convey the property to the County without further consideration paid to MoDOT. If the County does not succeed in achieving economic development from use of the leased premises equal to the agreed upon purchase price at the end of the lease term, the County shall have the option to pay to MoDOT the difference between the agreed upon purchase price and the cumulative value of the economic development achieved as of the end of the lease term. If the County fails to pay said amount within the time frame, the agreement may be terminated by MoDOT, at its option, and the County shall vacate the premises.

NOTE 9. SUBSEQUENT EVENT

In April 2013, voters in Macon County, Missouri, approved a local use tax on out-of-state purchases at the same rate as the total local sales tax rate of 1.00%. The tax goes into effect on July 1, 2013.

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December 5, 2013

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 Auditors' Report

To the County Commission
and Officeholders
of Macon County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the various county funds of Macon County, Missouri, as of and for the two years ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Macon County, Missouri's basic financial statements and have issued our report thereon dated December 5, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Macon 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 Macon County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Macon County, Missouri'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 described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 do not consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness.

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**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)**

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 deficiency described in the accompanying schedule of findings and responses to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Macon County's financial statements are free of 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 is required to be reported under *Government Auditing Standards*.

Macon County, Missouri's Response to Finding

Macon County, Missouri's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Macon 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 the response.

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, and the Missouri State Auditor's Office 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.

Casey-Beard-Boehmer PC

Casey-Beard-Boehmer PC
Certified Public Accountants

**MACON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

FINANCIAL STATEMENT FINDINGS

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

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL

12-01 Budgetary Procedures Not in Compliance With State Law

Condition: We noted the following issue with the County's budgeting process during our audit:

The County Commission did not exercise adequate budgetary control over certain funds during the audit period. Expenditures were approved for payment that exceeded the approved budget as shown below:

<u>Fund</u>	<u>Year</u>	<u>Amount over budget</u>
Prosecuting Attorney Bad Check	2012	\$ 1,340
Victims of Domestic Violence	2012	517

Criteria: Section 50.540 RSMo requires that the budget be revised prior to authorizing expenditures in excess of the budget.

Cause: County officials did not consider the importance of preparing proper amended budgets in 2012 for all County operating funds.

Effect: The County Commission, County Clerk, and other County officials did not follow state law on the expenditures of funds.

Recommendation:

The County Commission should not approve expenditures in excess of budgeted amounts for all county funds.

Auditee's Response:

Going forward, the County Commission will not approve expenditures exceeding the budgeted amounts.

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

The previous financial audit performed for Macon County, Missouri, was for the two years ended December 31, 2007. Because Macon County, Missouri, did not obtain an audit of its financial statements for the three years ended December 31, 2010, this section does not report the status of any prior audit findings.