



# THOMAS A. SCHWEICH

## Missouri State Auditor

To the County Commission  
and  
Officeholders of Linn County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Linn 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, 2011, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Nichols, Stopp, & VanHoy, LLC, Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Thomas A. Schweich", is positioned above the printed name.

Thomas A. Schweich  
State Auditor

September 2012  
Report No. 2012-101

**The County of Linn  
Linneus, Missouri  
Independent Auditor's Report and Financial Statements  
Years Ended December 31, 2011 & 2010**



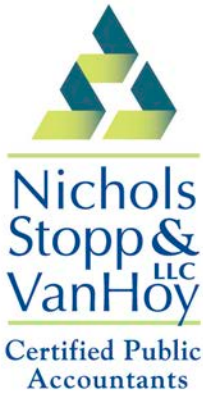
**The County of Linn  
Linneus, Missouri  
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## Independent Auditor's Report

To the County Commission and  
Officeholders of Linn County, Missouri



We have audited the accompanying financial statements of Linn County, Missouri as of and for the years ended December 31, 2011 and 2010, which collectively comprise the County's basic financial statements as identified in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described more fully in Note 1, Linn County, Missouri has prepared these financial statements using accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Linn County, Missouri, as of December 31, 2011 and 2010, or the changes in its financial position for the years then ended.

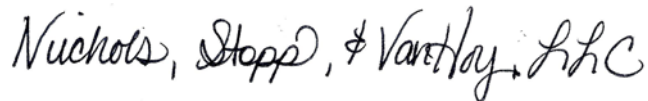
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Linn County, Missouri, as of December 31, 2011 and 2010, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1. As described in Note 11, the County has changed its basis of accounting for the years ended December 31, 2011 and 2010.

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In accordance with Government Auditing Standards, we also have issued our report dated July 9, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

A handwritten signature in black ink that reads "Nichols, Stopp, & VanHoy, LLC". The signature is written in a cursive, flowing style.

Nichols, Stopp, & VanHoy, LLC  
Creve Coeur, MO  
July 9, 2012

**The County of Linn**  
**Linneus, Missouri**  
**Statement of Receipts, Disbursements, and Changes in Cash**  
**All Governmental Funds: Regulatory Basis**  
**Year ended December 31, 2011**

<u>Fund</u>	Cash and Equivalents January 1, 2011	Receipts 2011	Disbursements 2011	Cash and Equivalents December 31, 2011
General Revenue	\$ 868,673	\$ 1,635,268	\$ 1,458,912	\$ 1,045,029
Road and Bridge	614,378	1,580,702	1,434,001	761,079
Assessment	31,339	194,470	162,121	63,688
Special Election	31,863	9,626	20,883	20,606
Check Collection	8,483	10,485	12,292	6,676
Sheriff's Training	3,925	4,663	3,897	4,691
Prosecuting Attorney Training	2,088	834	-	2,922
Recorder's	13,669	6,877	4,023	16,523
Shelter for Victims Grant	345	395	-	740
Enhanced 911	78,607	125,660	122,358	81,909
Tax Maintenance	7,256	24,614	13,519	18,351
Child Support Enforcement Grant	(18,576)	116,005	105,705	(8,276)
Medical Insurance	20,173	139,939	82,236	77,876
Miscellaneous Grant	-	-	-	-
Juvenile Office Grant	(525)	27,137	32,974	(6,362)
Drug Court Grant	5,542	37,492	36,055	6,979
Senior Citizens Services Board	11,292	66,098	64,579	12,811
Total	<u>\$ 1,678,532</u>	<u>\$ 3,980,265</u>	<u>\$ 3,553,555</u>	<u>\$ 2,105,242</u>

See Notes to Financial Statements

**The County of Linn**  
**Linneus, Missouri**  
**Statement of Receipts, Disbursements, and Changes in Cash**  
**All Governmental Funds: Regulatory Basis**  
**Year ended December 31, 2010**

<u>Fund</u>	Cash and Equivalents January 1, 2010 (Restated)	Receipts 2010	Disbursements 2010	Cash and Equivalents December 31, 2010
General Revenue	\$ 948,396	\$ 1,442,072	\$ 1,521,795	\$ 868,673
Road and Bridge	495,201	1,463,688	1,344,511	614,378
Assessment	21,708	171,320	161,689	31,339
Special Election	27,781	4,326	244	31,863
Check Collection	12,679	8,506	12,702	8,483
Sheriff's Training	4,399	5,423	5,897	3,925
Prosecuting Attorney Training	1,808	707	427	2,088
Recorder's	14,603	7,061	7,995	13,669
Shelter for Victims Grant	375	345	375	345
Enhanced 911	81,602	119,230	122,225	78,607
Tax Maintenance	13,623	15,995	22,362	7,256
Child Support Enforcement Grant	(7,038)	95,674	107,212	(18,576)
Medical Insurance	-	28,307	8,134	20,173
Miscellaneous Grant	4,586	330	4,916	-
Juvenile Office Grant	(1,008)	7,133	6,650	(525)
Drug Court Grant	4,460	36,178	35,096	5,542
Senior Citizens Services Board	9,450	66,919	65,077	11,292
Total	<u>\$ 1,632,625</u>	<u>\$ 3,473,214</u>	<u>\$ 3,427,307</u>	<u>\$ 1,678,532</u>

See Notes to Financial Statements

**The County of Linn**  
**Linneus, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**Years Ended December 31, 2011 & 2010**

	General Revenue Fund			
	2011		2010	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ 120,000	\$ 120,391	\$ 109,000	\$ 131,548
Sales Taxes	530,000	623,271	575,000	595,236
Intergovernmental	259,938	363,848	313,936	265,876
Charges for Services	323,450	368,629	317,050	358,105
Interest	3,200	3,850	4,500	4,187
Other	61,254	86,997	54,574	87,120
Transfers In	51,184	68,282	15,000	-
Total Receipts	<u>\$ 1,349,026</u>	<u>\$ 1,635,268</u>	<u>\$ 1,389,060</u>	<u>\$ 1,442,072</u>
<u>Disbursements</u>				
County Commission	\$ 104,573	\$ 80,509	\$ 94,331	\$ 78,050
County Clerk	89,869	84,046	86,930	77,543
Elections	86,340	33,939	130,200	76,871
Building and Grounds	207,679	65,892	242,930	148,595
Employee Fringe Benefits	180,000	56,835	180,000	141,489
Collector/Treasurer	71,127	64,635	71,127	63,558
Recorder of Deeds	71,693	70,437	69,069	68,176
Circuit Clerk	44,485	34,405	38,650	30,962
Court Administration	24,700	24,634	21,400	20,081
Public Administrator	26,418	26,366	26,418	23,796
Sheriff	294,945	298,197	280,368	275,469
Jail	172,000	142,855	172,000	135,207
Prosecuting Attorney	135,741	129,556	132,627	120,581
Juvenile Officer	62,286	51,272	62,286	47,952
Coroner	24,296	16,195	24,496	15,692
Health and Welfare	2,300	2,300	2,300	2,000
Planning & Zoning	5,000	-	5,000	-
Other	326,595	192,685	314,455	179,563
Transfers Out	26,000	84,154	15,000	16,210
Emergency Fund	250,000	-	360,000	-
Total Disbursements	<u>\$ 2,206,047</u>	<u>\$ 1,458,912</u>	<u>\$ 2,329,587</u>	<u>\$ 1,521,795</u>
Receipts Over (Under)				
Disbursements	\$ (857,021)	\$ 176,356	\$ (940,527)	\$ (79,723)
Cash, January 1	<u>868,673</u>	<u>868,673</u>	<u>948,396</u>	<u>948,396</u>
Cash, December 31	<u><u>\$ 11,652</u></u>	<u><u>\$ 1,045,029</u></u>	<u><u>\$ 7,869</u></u>	<u><u>\$ 868,673</u></u>

See Notes to Financial Statements



**The County of Linn  
Linneus, Missouri  
Comparative Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
Years Ended December 31, 2011 & 2010**

	Road and Bridge Fund			
	2011		2010	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ 57,000	\$ 57,945	\$ 45,000	\$ 60,792
Sales Taxes	520,000	623,277	575,000	595,239
Intergovernmental	833,318	894,853	875,209	804,886
Charges for Services	-	-	-	-
Interest	2,000	2,801	1,000	2,705
Other	20	1,826	1,250	66
Transfers In	-	-	-	-
Total Receipts	<u>\$ 1,412,338</u>	<u>\$ 1,580,702</u>	<u>\$ 1,497,459</u>	<u>\$ 1,463,688</u>
<u>Disbursements</u>				
Salaries	\$ 163,700	\$ 133,294	\$ 162,000	\$ 133,123
Employee Fringe Benefits	58,000	18,068	55,600	50,469
Supplies	18,800	5,851	18,800	4,425
Insurance	8,000	3,574	7,500	3,464
Road & Bridge Materials	265,500	192,795	168,500	112,864
Equipment Repairs	-	-	-	-
Rentals	-	-	-	-
Equipment Purchases	24,750	3,975	24,500	4,302
R & B Construction	265,825	53,813	260,900	46,858
Other Expenditures	1,018,980	928,099	1,101,080	983,496
Transfers Out	85,306	94,532	-	5,510
Emergency Fund	-	-	-	-
Total Disbursements	<u>\$ 1,908,861</u>	<u>\$ 1,434,001</u>	<u>\$ 1,798,880</u>	<u>\$ 1,344,511</u>
Receipts Over (Under)				
Disbursements	\$ (496,523)	\$ 146,701	\$ (301,421)	\$ 119,177
Cash, January 1	<u>614,378</u>	<u>614,378</u>	<u>495,201</u>	<u>495,201</u>
Cash, December 31	<u><u>\$ 117,855</u></u>	<u><u>\$ 761,079</u></u>	<u><u>\$ 193,780</u></u>	<u><u>\$ 614,378</u></u>

See Notes to Financial Statements

**The County of Linn**  
**Linneus, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**Years Ended December 31, 2011 & 2010**

	Assessment Fund				Special Election Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	183,910	180,762	172,777	169,298	25,000	-	25,000	-
Charges for Services	7	1	130	7	2,000	9,553	2,000	4,249
Interest	200	269	300	244	50	73	50	77
Other	1,500	13,438	3,100	1,771	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 185,617</u>	<u>\$ 194,470</u>	<u>\$ 176,307</u>	<u>\$ 171,320</u>	<u>\$ 27,050</u>	<u>\$ 9,626</u>	<u>\$ 27,050</u>	<u>\$ 4,326</u>
 <u>Disbursements</u>								
Salaries	\$ 103,807	\$ 92,192	\$ 102,766	\$ 99,266	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	31,500	7,942	33,500	26,174	-	-	-	-
Materials and Supplies	11,500	9,303	12,000	8,524	-	-	-	-
Services and Other	9,900	3,208	9,900	7,490	15,000	150	15,000	244
Capital Outlay	19,752	19,629	14,330	15,554	20,000	20,733	20,000	-
Transfers Out	-	19,847	-	4,681	-	-	-	-
Emergency Fund	-	10,000	-	-	-	-	-	-
Total Disbursements	<u>\$ 176,459</u>	<u>\$ 162,121</u>	<u>\$ 172,496</u>	<u>\$ 161,689</u>	<u>\$ 35,000</u>	<u>\$ 20,883</u>	<u>\$ 35,000</u>	<u>\$ 244</u>
 Receipts Over (Under)								
Disbursements	\$ 9,158	\$ 32,349	\$ 3,811	\$ 9,631	\$ (7,950)	\$ (11,257)	\$ (7,950)	\$ 4,082
 Cash, January 1	<u>31,339</u>	<u>31,339</u>	<u>21,708</u>	<u>21,708</u>	<u>31,863</u>	<u>31,863</u>	<u>27,781</u>	<u>27,781</u>
 Cash, December 31	<u>\$ 40,497</u>	<u>\$ 63,688</u>	<u>\$ 25,519</u>	<u>\$ 31,339</u>	<u>\$ 23,913</u>	<u>\$ 20,606</u>	<u>\$ 19,831</u>	<u>\$ 31,863</u>

See Notes to Financial Statements

**The County of Linn**  
**Linneus, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**Years Ended December 31, 2011 & 2010**

	Check Collection Fund				Sheriff's Training Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	950	-
Charges for Services	8,280	10,485	8,500	8,435	4,800	4,663	2,900	5,423
Interest	50	-	100	71	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 8,330</u>	<u>\$ 10,485</u>	<u>\$ 8,600</u>	<u>\$ 8,506</u>	<u>\$ 4,800</u>	<u>\$ 4,663</u>	<u>\$ 3,850</u>	<u>\$ 5,423</u>
 <u>Disbursements</u>								
Salaries	\$ 10,000	\$ 9,859	\$ 10,000	\$ 9,791	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	900	754	900	749	-	-	-	-
Materials and Supplies	-	21	500	20	-	-	-	-
Services and Other	1,860	1,441	4,700	1,314	4,500	3,897	4,500	5,897
Capital Outlay	840	217	3,000	828	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 13,600</u>	<u>\$ 12,292</u>	<u>\$ 19,100</u>	<u>\$ 12,702</u>	<u>\$ 4,500</u>	<u>\$ 3,897</u>	<u>\$ 4,500</u>	<u>\$ 5,897</u>
 Receipts Over (Under)								
Disbursements	\$ (5,270)	\$ (1,807)	\$ (10,500)	\$ (4,196)	\$ 300	\$ 766	\$ (650)	\$ (474)
 Cash, January 1	<u>8,483</u>	<u>8,483</u>	<u>12,679</u>	<u>12,679</u>	<u>3,925</u>	<u>3,925</u>	<u>4,399</u>	<u>4,399</u>
 Cash, December 31	<u><u>\$ 3,213</u></u>	<u><u>\$ 6,676</u></u>	<u><u>\$ 2,179</u></u>	<u><u>\$ 8,483</u></u>	<u><u>\$ 4,225</u></u>	<u><u>\$ 4,691</u></u>	<u><u>\$ 3,749</u></u>	<u><u>\$ 3,925</u></u>

See Notes to Financial Statements

**The County of Linn**  
**Linneus, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**Years Ended December 31, 2011 & 2010**

	Prosecuting Attorney Training Fund				Recorder's Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	750	834	750	707	6,000	6,804	6,700	6,984
Interest	-	-	-	-	70	73	100	77
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 750</u>	<u>\$ 834</u>	<u>\$ 750</u>	<u>\$ 707</u>	<u>\$ 6,070</u>	<u>\$ 6,877</u>	<u>\$ 6,800</u>	<u>\$ 7,061</u>
 <u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	1,000	284	1,000	740
Services and Other	500	-	400	427	9,500	2,674	5,500	6,164
Capital Outlay	-	-	-	-	6,000	1,065	7,000	1,091
Transfers Out	-	-	-	-	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 427</u>	<u>\$ 16,500</u>	<u>\$ 4,023</u>	<u>\$ 13,500</u>	<u>\$ 7,995</u>
 Receipts Over (Under)								
Disbursements	\$ 250	\$ 834	\$ 350	\$ 280	\$ (10,430)	\$ 2,854	\$ (6,700)	\$ (934)
 Cash, January 1	<u>2,088</u>	<u>2,088</u>	<u>1,808</u>	<u>1,808</u>	<u>13,669</u>	<u>13,669</u>	<u>14,603</u>	<u>14,603</u>
 Cash, December 31	<u><u>\$ 2,338</u></u>	<u><u>\$ 2,922</u></u>	<u><u>\$ 2,158</u></u>	<u><u>\$ 2,088</u></u>	<u><u>\$ 3,239</u></u>	<u><u>\$ 16,523</u></u>	<u><u>\$ 7,903</u></u>	<u><u>\$ 13,669</u></u>

See Notes to Financial Statements

**The County of Linn**  
**Linneus, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**Years Ended December 31, 2011 & 2010**

	Shelter for Victims Grant Fund				Enhanced 911 Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	375	395	350	345	113,000	125,378	115,000	118,918
Interest	-	-	-	-	200	282	1,200	312
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 375</u>	<u>\$ 395</u>	<u>\$ 350</u>	<u>\$ 345</u>	<u>\$ 113,200</u>	<u>\$ 125,660</u>	<u>\$ 116,200</u>	<u>\$ 119,230</u>
 <u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	2,072	111	2,072	136
Services and Other	345	-	375	375	64,050	64,000	65,550	65,000
Capital Outlay	-	-	-	-	60,591	58,247	60,591	57,089
Transfers Out	-	-	-	-	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 345</u>	<u>\$ -</u>	<u>\$ 375</u>	<u>\$ 375</u>	<u>\$ 126,713</u>	<u>\$ 122,358</u>	<u>\$ 128,213</u>	<u>\$ 122,225</u>
 Receipts Over (Under)								
Disbursements	\$ 30	\$ 395	\$ (25)	\$ (30)	\$ (13,513)	\$ 3,302	\$ (12,013)	\$ (2,995)
 Cash, January 1	<u>345</u>	<u>345</u>	<u>375</u>	<u>375</u>	<u>78,607</u>	<u>78,607</u>	<u>81,602</u>	<u>81,602</u>
 Cash, December 31	<u>\$ 375</u>	<u>\$ 740</u>	<u>\$ 350</u>	<u>\$ 345</u>	<u>\$ 65,094</u>	<u>\$ 81,909</u>	<u>\$ 69,589</u>	<u>\$ 78,607</u>

See Notes to Financial Statements

**The County of Linn**  
**Linneus, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**Years Ended December 31, 2011 & 2010**

	Tax Maintenance Fund				Child Support Enforcement Grant Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	14,500	24,554	15,000	15,291	124,283	116,005	114,307	95,674
Charges for Services	500	-	500	694	-	-	-	-
Interest	5	60	75	10	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 15,005</u>	<u>\$ 24,614</u>	<u>\$ 15,575</u>	<u>\$ 15,995</u>	<u>\$ 124,283</u>	<u>\$ 116,005</u>	<u>\$ 114,307</u>	<u>\$ 95,674</u>
 <u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 91,237	\$ 75,372	\$ 90,581	\$ 75,303
Employee Fringe Benefits	-	-	-	-	-	6,216	-	14,851
Materials and Supplies	-	-	-	-	9,638	9,230	10,638	9,717
Services and Other	20,000	13,519	28,000	22,362	4,632	5,199	4,550	5,385
Capital Outlay	-	-	-	-	200	-	1,500	50
Transfers Out	-	-	-	-	-	9,688	-	1,906
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 20,000</u>	<u>\$ 13,519</u>	<u>\$ 28,000</u>	<u>\$ 22,362</u>	<u>\$ 105,707</u>	<u>\$ 105,705</u>	<u>\$ 107,269</u>	<u>\$ 107,212</u>
 Receipts Over (Under)								
Disbursements	\$ (4,995)	\$ 11,095	\$ (12,425)	\$ (6,367)	\$ 18,576	\$ 10,300	\$ 7,038	\$ (11,538)
 Cash, January 1	<u>7,256</u>	<u>7,256</u>	<u>13,623</u>	<u>13,623</u>	<u>(18,576)</u>	<u>(18,576)</u>	<u>(7,038)</u>	<u>(7,038)</u>
 Cash, December 31	<u>\$ 2,261</u>	<u>\$ 18,351</u>	<u>\$ 1,198</u>	<u>\$ 7,256</u>	<u>\$ -</u>	<u>\$ (8,276)</u>	<u>\$ -</u>	<u>\$ (18,576)</u>

See Notes to Financial Statements

**The County of Linn**  
**Linneus, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**Years Ended December 31, 2011 & 2010**

	Medical Insurance Fund				Miscellaneous Grant Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	80,000	-	80,000	330
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	92,037	139,939	-	28,307	-	-	-	-
Total Receipts	<u>\$ 92,037</u>	<u>\$ 139,939</u>	<u>\$ -</u>	<u>\$ 28,307</u>	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 330</u>
 <u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	92,037	82,236	-	8,134	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	20,000	-	80,000	4,916
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 92,037</u>	<u>\$ 82,236</u>	<u>\$ -</u>	<u>\$ 8,134</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 4,916</u>
 Receipts Over (Under)								
Disbursements	\$ -	\$ 57,703	\$ -	\$ 20,173	\$ 60,000	\$ -	\$ -	\$ (4,586)
 Cash, January 1	<u>20,173</u>	<u>20,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,586</u>	<u>4,586</u>
 Cash, December 31	<u><u>\$ 20,173</u></u>	<u><u>\$ 77,876</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,173</u></u>	<u><u>\$ 60,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,586</u></u>	<u><u>\$ -</u></u>

See Notes to Financial Statements

**The County of Linn**  
**Linneus, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**Years Ended December 31, 2011 & 2010**

	Juvenile Office Grant Fund				Drug Court Grant Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	44,750	27,137	12,974	7,133	29,700	30,633	28,000	29,638
Charges for Services	-	-	-	-	7,000	6,859	7,000	6,540
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 44,750</u>	<u>\$ 27,137</u>	<u>\$ 12,974</u>	<u>\$ 7,133</u>	<u>\$ 36,700</u>	<u>\$ 37,492</u>	<u>\$ 35,000</u>	<u>\$ 36,178</u>
 <u>Disbursements</u>								
Salaries	\$ 10,731	\$ 8,378	\$ 11,096	\$ 6,135	\$ 30,000	\$ 25,100	\$ 30,000	\$ 27,500
Employee Fringe Benefits	870	767	870	515	2,800	2,138	2,800	2,232
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	32,624	23,829	-	-	5,950	8,817	4,750	5,364
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 44,225</u>	<u>\$ 32,974</u>	<u>\$ 11,966</u>	<u>\$ 6,650</u>	<u>\$ 38,750</u>	<u>\$ 36,055</u>	<u>\$ 37,550</u>	<u>\$ 35,096</u>
 Receipts Over (Under)								
Disbursements	\$ 525	\$ (5,837)	\$ 1,008	\$ 483	\$ (2,050)	\$ 1,437	\$ (2,550)	\$ 1,082
 Cash, January 1	<u>(525)</u>	<u>(525)</u>	<u>(1,008)</u>	<u>(1,008)</u>	<u>5,542</u>	<u>5,542</u>	<u>4,460</u>	<u>4,460</u>
 Cash, December 31	<u>\$ -</u>	<u>\$ (6,362)</u>	<u>\$ -</u>	<u>\$ (525)</u>	<u>\$ 3,492</u>	<u>\$ 6,979</u>	<u>\$ 1,910</u>	<u>\$ 5,542</u>

See Notes to Financial Statements



**The County of Linn**  
**Linneus, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**Years Ended December 31, 2011 & 2010**

	Senior Citizens Services Board			
	2011		2010	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ 66,910	\$ 66,098	\$ 61,525	\$ 66,919
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 66,910</u>	<u>\$ 66,098</u>	<u>\$ 61,525</u>	<u>\$ 66,919</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	77,700	64,579	61,525	65,077
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Emergency Fund	-	-	-	-
Total Disbursements	<u>\$ 77,700</u>	<u>\$ 64,579</u>	<u>\$ 61,525</u>	<u>\$ 65,077</u>
Receipts Over (Under)				
Disbursements	\$ (10,790)	\$ 1,519	\$ -	\$ 1,842
Cash, January 1	<u>11,292</u>	<u>11,292</u>	<u>9,450</u>	<u>9,450</u>
Cash, December 31	<u>\$ 502</u>	<u>\$ 12,811</u>	<u>\$ 9,450</u>	<u>\$ 11,292</u>

See Notes to Financial Statements

**The County of Linn  
Linneus, Missouri  
Notes to Financial Statements  
Years Ended December 31, 2011 & 2010**

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**Note 1 - Summary of Significant Accounting Policies**

Organized in 1820, the county of Linn was named after Daniel Linn. Linn County is a county-organized, third-class county and is part of the ninth Judicial Circuit. The county seat is Linneus. Linn County's government is composed of a three-member county commission and the following separately elected Constitutional Officers: County Clerk, Collector-Treasurer, Circuit Clerk, Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

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

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Linn County and the Linn County Senior Citizens Services Board.

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

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

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

Basis of Presentation

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

The Linn County SB40 Board, although a part of the county with a separate board, is separately audited by independent certified public accountants, and, therefore, not included in the audit report. For a copy of the audited financial statements please contact the Linn County SB40 Board at (660) 258-2877.

Basis of Accounting

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

**The County of Linn  
Linneus, Missouri  
Notes to Financial Statements  
Years Ended December 31, 2011 & 2010**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Basis of Accounting (continued)

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

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

Budget and Budgetary Accounting

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

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

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures. During our audit we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The Sheriff's Training Fund, PA Training Fund, and Senior Citizens Services Board all had expenses exceeding their budget for 2010. Also, The County did not prepare a 2010 budget for the Medical Insurance Fund.

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

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

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

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

**The County of Linn  
Linneus, Missouri  
Notes to Financial Statements  
Years Ended December 31, 2011 & 2010**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Taxes

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

The assessed valuation of the tangible taxable property, included within Linn County's boundaries for the calendar year 2011 and 2010, for the purposes of taxation was:

	<u>2011</u>	<u>2010</u>
Real Estate	\$ 76,918,997	\$ 75,931,202
Personal Property	42,080,406	40,517,318
Railroad and Utilities	20,970,168	18,864,705
	<u>\$ 139,969,571</u>	<u>\$ 135,313,225</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2011 and 2010 for the purpose of County taxation was as follows:

	<u>2011</u>	<u>2010</u>
General Revenue Fund	\$ 0.7250	\$ 0.7250
Senior Citizens Services Board	0.0497	0.0497

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

Cash Deposits and Investments

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

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing. Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

**The County of Linn  
Linneus, Missouri  
Notes to Financial Statements  
Years Ended December 31, 2011 & 2010**

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**Note 2 - Deposits and Investments**

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

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2011 and 2010, the carrying amount of Linn County's deposits was \$2,105,242 and \$1,678,532, respectively, and the bank balance was \$2,131,164 and \$1,768,539, respectively. At December 31, 2011 & 2010, 100% of Linn County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2011, as follows:

Deposits	\$ 2,105,242
Investments	-
Restricted Cash	-
Total Deposits & Investments as of December 31, 2011	<u><u>\$ 2,105,242</u></u>

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2010, as follows:

Deposits	\$ 1,678,532
Investments	-
Restricted Cash	-
Total Deposits & Investments as of December 31, 2010	<u><u>\$ 1,678,532</u></u>

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Linn County's investment policy does not include custodial credit risk requirements. Linn County's deposits were not exposed to custodial credit risk for the years ended December 31, 2011, and 2010.

Custodial Credit Risk - Investments

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

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

**The County of Linn  
Linneus, Missouri  
Notes to Financial Statements  
Years Ended December 31, 2011 & 2010**

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**Note 2 - Deposits and Investments (continued)**

Investment Interest Rate Risk

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

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by Linn County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U. S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). Linn County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. Linn County's deposits were not exposed to concentration of investment credit risk for the years ended in December 31, 2011 and 2010.

**Note 3 - Interfund Transfers**

Transfers between funds for the years ended December 31, 2011 and 2010 are as follows:

	2011		2010	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue	\$ 68,282	\$ 84,154	\$ -	\$ 16,210
Road & Bridge	-	94,532	-	5,510
Assessment	-	19,847	-	4,681
Child Support Enforcement Grant	-	9,688	-	1,906
Medical Insurance	139,939	-	28,307	-
Total	<u>\$ 208,221</u>	<u>\$ 208,221</u>	<u>\$ 28,307</u>	<u>\$ 28,307</u>

**Note 4 - County Employees Retirement Fund (CERF)**

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

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than (1000) one thousand hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Section 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994. The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

**The County of Linn  
Linneus, Missouri  
Notes to Financial Statements  
Years Ended December 31, 2011 & 2010**

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**Note 4 - County Employees Retirement Fund (CERF)**

Pension Benefits

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

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

Funding Policy

In accordance with State Statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 have an option to contribute 2% of their annual salary, while employees hired after February 2002 are required to contribute 6% of their annual salary in order to participate in CERF. During 2011 and 2010, the County collected and remitted to CERF, employee contributions of approximately \$65,223 and \$54,238, respectively, for the years then ended.

**Note 5 - Prosecuting Attorney Retirement Fund**

In accordance with state statute Chapter 56.807 RSMo, Linn 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. Linn County has contributed \$2,244 and \$2,244, respectively, for the years ended December 31, 2011 and 2010.

**Note 6 - Post Employment Benefits**

Linn 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 Primary Government.

**Note 7 - Claims, Commitments, and Contingencies**

Litigation

Linn County is not involved in any pending litigations as of December 31, 2011.

Compensated Absences

The County provides employees with up to four weeks of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused vacation if vested and overtime, if applicable. Unused sick time is not reimbursed. These have not been subjected to auditing procedures.

**The County of Linn  
Linneus, Missouri  
Notes to Financial Statements  
Years Ended December 31, 2011 & 2010**

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**Note 8 - Risk Management**

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

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

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

**Note 9 - Subsequent Events**

The County has evaluated events subsequent to December 31, 2011 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through July 9, 2012, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**Note 10 - Prior Period Adjustments**

January 1, 2009 cash has been restated to include the Child Support Enforcement Grant Fund, Juvenile Office Grant Fund, and Drug Court Grant Fund.

**Note 11 - Change in Accounting Basis**

Linn County, Missouri, has changed its basis of accounting from presenting its financial statements in accordance with GASB 34 on the cash basis of accounting to the regulatory basis of accounting as prescribed or permitted by Missouri State Law. The accounting change had no effect on the beginning cash balances of the various county funds.





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 Linn County, Missouri

We have audited the accompanying financial statements of Linn County, Missouri as of and for the years ended December 31, 2011 and 2010, which collectively comprise the County's basic financial statements as identified in the table of contents, and have issued our report thereon dated July 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Linn County, Missouri, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Linn County, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Linn County, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Linn County, Missouri's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting: 11/10-1 through 11/10-4. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a

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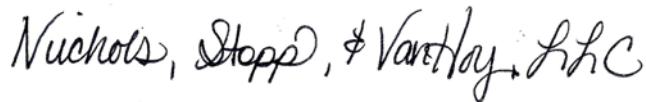
material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Linn County, Missouri'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 test disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs 11/10-5.

Linn County, Missouri's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Linn County, Missouri's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, County Commission, County Officeholders, others within the entity, 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.

A handwritten signature in black ink that reads "Nichols, Stopp, & VanHay, LHC". The signature is written in a cursive, flowing style.

Creve Coeur, Missouri  
July 9, 2012

**The County of Linn  
Linneus, Missouri  
Schedule of Findings and Responses  
Years ended December 31, 2011 & 2010**

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11/10-1 Condition: During the current year, 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.

Effect: Without the assistance of the auditors preparing the external financial statements, management may be unable to review and take responsibility of the financial statements and notes.

Cause: Due to increasing financial reporting requirements management of the County is unable to prepare the external financial statements and notes without the assistance of the auditors.

Recommendation: We recommend the County either provide training to current management, hire additional staff who possess the accounting skills needed to prepare and review the external financial statements, or contract with an outside accountant to prepare and review the external financial statements.

Management's Response: No. I am not a CPA or Accountant. I have worked diligently to compile all financial statements and provide accurate information for the auditors to do their external financial statements. However due to more reporting requirements in regards financial footnotes or disclosures another source or accountant could be checked into. The commissioners will take this under consideration.

11/10-2 Condition: Documentation of the County's internal controls has not been prepared.

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

Cause: Management has not prepared documentation of internal control.

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

Management's Response: Internal Controls for Linn County were in place for 2010 and 2011 however they were not in a written document. We have complied with your request and the internal controls for Linn County were provided to you in a written narrative. These controls were again verbalized in person during the audit time. We will continue to review COSO Internal guidance materials and fine tune our internal controls. The plan will be reviewed and presented to Commissioners for approval.

11/10-3 Condition: During our audit, we noted there is no formal fraud risk assessment in place.

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

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

**The County of Linn  
Linneus, Missouri  
Schedule of Findings and Responses  
Years ended December 31, 2011 & 2010**

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11/10-3 (cont.) Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.

Management's Response: Each office within the county government works separately but also together. If any inconsistency is detected it would be reviewed and brought before the commissioners. Once a year a meeting will be scheduled with Commissioners and Elected Officials in attendance to discuss and review any possible risks and course of actions to do to improve the county in any area of liability. A written policy will be formatted and worked on with the Commissioners to be adopted.

11/10-4 Condition: During our audit, we noted that checks for accounts payable and payroll were being signed by the Collector-Treasurer without notification the related expenditures were approved by the County Commission.

Effect: Without notification expenditures are approved by the Commission, improper or fraudulent cash disbursements could be made and not caught on a timely basis.

Cause: Weak controls over cash disbursements.

Recommendation: We recommend the Collector-Treasurer receive approval from the County Commission before signing accounts payable or payroll checks.

Management's Response: This has also been resolved. Copies of bills were always provided to the Collector-Treasurer with checks and files with the approved bills available. Upon your audit only one bill was missed as being stamped approved however it was approved in the batch report also approved and signed by commissioners. The Accounts payable narrative has been amended and it is as follow: Bills are checked out by the Clerk's Office. Reviewed and approved by commissioners individually. Expenditure reports by batch are signed by commissioners. Checks are made out by the Clerk's Office and presented to Collector-Treasurer along with the signed expenditure reports and a copy of the invoice. Collector-Treasurer signs and mails checks with invoice copy.

11/10-5 Condition: During our audit, we noted two County funds with actual expenditures that exceeded the budgeted expenditures for 2010, and one County fund which did not have a budget prepared for 2010. Also, the Senior Citizens Services Board had actual expenditures that exceeded the budgeted expenditures for 2010.

Effect: Missouri Statutes requires Counties to prepare an annual budget and expenditures are not to exceed the budget. Due to exceeding budget in certain funds the County is in violation of Missouri Revised Statutes.

Cause: Oversight

**The County of Linn  
Linneus, Missouri  
Schedule of Findings and Responses  
Years ended December 31, 2011 & 2010**

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11/10-5 Recommendation: We recommend that the County periodically review its actual expenditures as compared to  
(cont.) budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: The county budgets are reviewed. Copies of expenditures are provided to offices at the beginning of the year with their approved budgets. Quarterly reports are provided to all offices and the Sheriff's Department receives reports monthly. Two budgets did go over however that happened in the last month December which is year end. We close books earlier in December to get actuals and balance for year end. We were unable time wise to amend the budget. We will continue to monitor and work on budgets and expenditures to comply with statutes. The Senior Citizens Services Board is separate from the County but will work with them. This also was the first year for this new board. The one county Fund that did not have a budget was the new self-insurance health plan with ECCHIC. We were unsure in December whether this option and insurance would be approved. Upon approval of insurance a new budget was set up and adopted. The money was previously budgeted but under a line item in the general fund medical insurance.

**The County of Linn  
Linneus, Missouri  
Follow-Up on Prior Audit Findings for an Audit of Financial  
Statements Performed in Accordance with Government Auditing Standards**

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In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Linn County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2009.

**Prior Year Financial Statement Findings**

None

**Prior Year Federal Award Findings and Questioned Cost**

None