



THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Bollinger County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Bollinger 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 year ended December 31, 2012, 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

August 2013
Report No. 2013-069

Bollinger County, Missouri

Independent Auditor's Report and Financial Statements

For the year ended December 31, 2012



Bollinger County, Missouri
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INDEPENDENT AUDITOR'S REPORT



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To the County Commission and
Officeholders of Bollinger County, Missouri

We have audited the accompanying financial statements of Bollinger County, Missouri, as of and for the year ended December 31, 2012, which collectively comprise the County's basic financial statements and the related notes to the financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by Bollinger 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

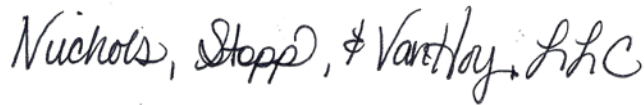
In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Bollinger County, Missouri, as of December 31, 2012, and their respective cash receipts and disbursements, and budgetary results of these funds for the year then ended, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2013, on our consideration of Bollinger 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 Bollinger County, Missouri’s internal control over financial reporting and compliance.



Creve Coeur, Missouri
June 21, 2013

Bollinger County, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

<u>Fund</u>	Cash and Equivalents January 1, 2012	Receipts 2012	Disbursements 2012	Cash and Equivalents December 31, 2012
General Revenue Fund	\$ 137,748	\$ 1,611,408	\$ 1,639,148	\$ 110,008
Road and Bridge Fund	257,387	1,215,257	1,264,126	208,518
Assessment Fund	5,489	185,797	181,725	9,561
Bad Check Fund	11,191	11,833	11,390	11,634
Law Enforcement Training Fund	433	1,192	1,494	131
Prosecuting Attorney Training Fund	107	177	100	184
Recorder User Fee Fund	8,060	4,684	4,811	7,933
Sheriff Civil Fund	164	9,307	9,421	50
Sheriff Restitution Fund	6,705	3,794	8,118	2,381
Deputy Sheriff Fund	-	5,368	5,368	-
Sheriff Concealed Carry Weapon (CCW) Fund	12,666	8,790	18,389	3,067
Election Services Fund	1,472	1,798	658	2,612
Prosecuting Attorney (PA) Delinquent Tax Fund	1,155	-	-	1,155
Recorder Technology Fund	1,116	2,982	-	4,098
Domestic Relations Fund	-	1,460	1,460	-
Collector's Tax Maintenance Fund	19,582	15,055	14,864	19,773
Archive Fund	5,920	665	167	6,418
Inmate Security Fund	3,905	949	-	4,854
Senior Citizens Service Board Fund	-	77,978	77,978	-
Senate Bill 40 Board Fund	120,559	118,896	84,332	155,123
Total	<u>\$ 593,659</u>	<u>\$ 3,277,390</u>	<u>\$ 3,323,549</u>	<u>\$ 547,500</u>

See Notes to Financial Statements

Bollinger County, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

	General Revenue Fund	
	2012	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ 252,000	\$ 260,700
Sales Taxes	910,000	935,754
Intergovernmental	138,000	128,059
Charges for Services	166,000	174,439
Interest	20	12
Other	54,180	60,130
Transfers In	52,314	52,314
Total Receipts	<u>\$ 1,572,514</u>	<u>\$ 1,611,408</u>
<u>Disbursements</u>		
County Commission	\$ 80,140	\$ 78,970
County Clerk	70,470	70,059
Elections	91,905	83,490
Buildings and Grounds	109,320	126,249
Employee Fringe Benefits	96,267	98,722
Treasurer	43,200	43,109
Collector	89,200	87,727
Recorder of Deeds	73,670	73,541
Circuit Clerk	23,200	14,488
Court Administration	14,800	7,195
Public Administrator	28,710	28,620
Sheriff	457,948	418,945
Jail	167,767	158,939
Prosecuting Attorney	112,530	111,923
Juvenile Officer	36,000	41,376
Coroner	27,700	23,585
Other	106,120	112,210
Transfers Out	60,000	60,000
Emergency Fund	20,000	-
Total Disbursements	<u>\$ 1,708,947</u>	<u>\$ 1,639,148</u>
Receipts Over (Under) Disbursements	\$ (136,433)	\$ (27,740)
Cash, January 1	<u>137,748</u>	<u>137,748</u>
Cash, December 31	<u>\$ 1,315</u>	<u>\$ 110,008</u>

See Notes to Financial Statements

Bollinger County, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

	Road and Bridge Fund	
	2012	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ 271,500	\$ 293,402
Sales Taxes	-	-
Intergovernmental	517,000	530,238
Charges for Services	-	-
Interest	16	4
Other	257,775	391,613
Transfers In	-	-
Total Receipts	<u>\$ 1,046,291</u>	<u>\$ 1,215,257</u>
 <u>Disbursements</u>		
Salaries	\$ 411,320	\$ 410,500
Employee Fringe Benefits	85,974	87,332
Supplies	221,000	217,337
Insurance	22,000	13,731
Road & Bridge Materials	45,000	65,812
Equipment Repairs	80,000	96,347
Rentals	-	-
Equipment Purchases	145,000	150,334
R & B Construction	140,000	141,058
Other Expenditures	27,715	29,361
Debt Service	50,000	-
Transfers Out	52,314	52,314
Total Disbursements	<u>\$ 1,280,323</u>	<u>\$ 1,264,126</u>
 Receipts Over (Under) Disbursements	\$ (234,032)	\$ (48,869)
 Cash, January 1	<u>257,387</u>	<u>257,387</u>
 Cash, December 31	<u><u>\$ 23,355</u></u>	<u><u>\$ 208,518</u></u>

See Notes to Financial Statements

Bollinger County, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

	Assessment Fund		Bad Check Fund	
	2012		2012	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	127,135	120,212	-	-
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other	3,000	5,585	8,200	11,833
Transfers In	60,000	60,000	-	-
Total Receipts	<u>\$ 190,135</u>	<u>\$ 185,797</u>	<u>\$ 8,200</u>	<u>\$ 11,833</u>
<u>Disbursements</u>				
Salaries	\$ 122,032	\$ 122,460	\$ -	\$ -
Employee Fringe Benefits	14,200	15,430	-	-
Materials and Supplies	11,700	7,811	-	-
Services and Other	16,150	13,939	11,000	11,390
Capital Outlay	26,050	22,085	-	-
Construction	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 190,132</u>	<u>\$ 181,725</u>	<u>\$ 11,000</u>	<u>\$ 11,390</u>
Receipts Over (Under) Disbursements	\$ 3	\$ 4,072	\$ (2,800)	\$ 443
Cash, January 1	<u>5,489</u>	<u>5,489</u>	<u>11,191</u>	<u>11,191</u>
Cash, December 31	<u><u>\$ 5,492</u></u>	<u><u>\$ 9,561</u></u>	<u><u>\$ 8,391</u></u>	<u><u>\$ 11,634</u></u>

See Notes to Financial Statements

Bollinger County, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

	Law Enforcement Training Fund		Prosecuting Attorney Training Fund	
	2012		2012	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	1,381	1,192	170	177
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 1,381</u>	<u>\$ 1,192</u>	<u>\$ 170</u>	<u>\$ 177</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	1,400	1,494	276	100
Capital Outlay	-	-	-	-
Construction	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 1,400</u>	<u>\$ 1,494</u>	<u>\$ 276</u>	<u>\$ 100</u>
Receipts Over (Under) Disbursements	\$ (19)	\$ (302)	\$ (106)	\$ 77
Cash, January 1	<u>433</u>	<u>433</u>	<u>107</u>	<u>107</u>
Cash, December 31	<u><u>\$ 414</u></u>	<u><u>\$ 131</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 184</u></u>

See Notes to Financial Statements

Bollinger County, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

	Recorder User Fee Fund		Sheriff Civil Fund	
	2012		2012	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	4,500	4,684	-	-
Charges for Services	-	-	12,000	9,307
Interest	-	-	-	-
Other	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 4,500</u>	<u>\$ 4,684</u>	<u>\$ 12,000</u>	<u>\$ 9,307</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	12,560	4,811	12,000	9,421
Capital Outlay	-	-	-	-
Construction	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 12,560</u>	<u>\$ 4,811</u>	<u>\$ 12,000</u>	<u>\$ 9,421</u>
Receipts Over (Under) Disbursements	\$ (8,060)	\$ (127)	\$ -	\$ (114)
Cash, January 1	<u>8,060</u>	<u>8,060</u>	<u>164</u>	<u>164</u>
Cash, December 31	<u><u>\$ -</u></u>	<u><u>\$ 7,933</u></u>	<u><u>\$ 164</u></u>	<u><u>\$ 50</u></u>

See Notes to Financial Statements

Bollinger County, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

	Sheriff Restitution Fund		Deputy Sheriff Fund	
	2012		2012	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	4,000	3,794	-	-
Interest	-	-	-	-
Other	-	-	5,000	5,368
Transfers In	-	-	-	-
Total Receipts	<u>\$ 4,000</u>	<u>\$ 3,794</u>	<u>\$ 5,000</u>	<u>\$ 5,368</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	8,000	8,118	5,000	5,368
Capital Outlay	-	-	-	-
Construction	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 8,000</u>	<u>\$ 8,118</u>	<u>\$ 5,000</u>	<u>\$ 5,368</u>
Receipts Over (Under) Disbursements	\$ (4,000)	\$ (4,324)	\$ -	\$ -
Cash, January 1	<u>6,705</u>	<u>6,705</u>	<u>-</u>	<u>-</u>
Cash, December 31	<u><u>\$ 2,705</u></u>	<u><u>\$ 2,381</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Notes to Financial Statements

Bollinger County, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

	Sheriff CCW Fund		Election Services Fund	
	2012		2012	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	2,472	1,798
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other	4,700	8,790	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 4,700</u>	<u>\$ 8,790</u>	<u>\$ 2,472</u>	<u>\$ 1,798</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	3,000	18,389	3,942	658
Capital Outlay	-	-	-	-
Construction	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 3,000</u>	<u>\$ 18,389</u>	<u>\$ 3,942</u>	<u>\$ 658</u>
Receipts Over (Under) Disbursements	\$ 1,700	\$ (9,599)	\$ (1,470)	\$ 1,140
Cash, January 1	<u>12,666</u>	<u>12,666</u>	<u>1,472</u>	<u>1,472</u>
Cash, December 31	<u><u>\$ 14,366</u></u>	<u><u>\$ 3,067</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 2,612</u></u>

See Notes to Financial Statements

Bollinger County, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

	PA Delinquent Tax Fund		Recorder Technology Fund	
	2012		2012	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	100	-	2,500	2,982
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 2,982</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	1,255	-	3,616	-
Capital Outlay	-	-	-	-
Construction	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 1,255</u>	<u>\$ -</u>	<u>\$ 3,616</u>	<u>\$ -</u>
Receipts Over (Under) Disbursements	\$ (1,155)	\$ -	\$ (1,116)	\$ 2,982
Cash, January 1	<u>1,155</u>	<u>1,155</u>	<u>1,116</u>	<u>1,116</u>
Cash, December 31	<u><u>\$ -</u></u>	<u><u>\$ 1,155</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,098</u></u>

See Notes to Financial Statements

Bollinger County, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

	Domestic Relations Fund		Collector's Tax Maintenance Fund	
	2012		2012	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	1,750	1,460	14,000	15,055
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 1,750</u>	<u>\$ 1,460</u>	<u>\$ 14,000</u>	<u>\$ 15,055</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	1,750	1,460	33,582	14,864
Capital Outlay	-	-	-	-
Construction	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 1,750</u>	<u>\$ 1,460</u>	<u>\$ 33,582</u>	<u>\$ 14,864</u>
Receipts Over (Under) Disbursements	\$ -	\$ -	\$ (19,582)	\$ 191
Cash, January 1	<u>-</u>	<u>-</u>	<u>19,582</u>	<u>19,582</u>
Cash, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,773</u></u>

See Notes to Financial Statements

Bollinger County, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

	Archive Fund		Inmate Security Fund	
	2012		2012	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	1,000	949
Charges for Services	700	665	-	-
Interest	-	-	-	-
Other	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 700</u>	<u>\$ 665</u>	<u>\$ 1,000</u>	<u>\$ 949</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	2,000	167	-	-
Capital Outlay	-	-	4,905	-
Construction	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 2,000</u>	<u>\$ 167</u>	<u>\$ 4,905</u>	<u>\$ -</u>
Receipts Over (Under) Disbursements	\$ (1,300)	\$ 498	\$ (3,905)	\$ 949
Cash, January 1	<u>5,920</u>	<u>5,920</u>	<u>3,905</u>	<u>3,905</u>
Cash, December 31	<u><u>\$ 4,620</u></u>	<u><u>\$ 6,418</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,854</u></u>

See Notes to Financial Statements

Bollinger County, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

	Senior Citizens Service Board Fund		Senate Bill 40 Board Fund	
	2012		2012	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ 109,000	\$ 116,915
Sales Taxes	80,000	77,978	-	-
Intergovernmental	-	-	5,301	1,602
Charges for Services	-	-	-	-
Interest	-	-	380	379
Other	-	-	900	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 80,000</u>	<u>\$ 77,978</u>	<u>\$ 115,581</u>	<u>\$ 118,896</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	80,000	77,978	165,581	84,332
Capital Outlay	-	-	-	-
Construction	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 80,000</u>	<u>\$ 77,978</u>	<u>\$ 165,581</u>	<u>\$ 84,332</u>
Receipts Over (Under) Disbursements	\$ -	\$ -	\$ (50,000)	\$ 34,564
Cash, January 1	<u>-</u>	<u>-</u>	<u>120,559</u>	<u>120,559</u>
Cash, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,559</u>	<u>\$ 155,123</u>

See Notes to Financial Statements

Bollinger County, Missouri
Notes to the Financial Statements
For the year ended December 31, 2012

Note 1 - Summary of Significant Accounting Policies

The County of Bollinger, Missouri (County) is governed by a three-member board of commissioners established in 1851. In addition to the three board members, there are ten elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk, Sheriff, Prosecuting Attorney, Assessor, Recorder of Deeds, Coroner, and Public Administrator.

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 Bollinger County, Missouri, Bollinger County Senior Citizens Service Board, and the Bollinger County Senate Bill 40 Board.

Bollinger 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 Bollinger County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise Bollinger County's legal entity. The Bollinger County Senior Citizens Service Board and Senate Bill 40 Board are controlled by separate boards and also included under the control of Bollinger 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.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Bollinger 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 or an elected county official. 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.

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.

Bollinger County, Missouri
Notes to the Financial Statements
For the year ended December 31, 2012

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 Bollinger 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, Bollinger County adopts a budget for each governmental fund. Budgets are prepared and adopted on the cash basis of accounting.

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. In 2012, the Bad Check Fund, Law Enforcement Training Fund, Sheriff Restitution Fund, Deputy Sheriff Fund, and Sheriff's Concealed Carry Weapon Fund all had expenses exceeding their budget.

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.

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.

Bollinger County, Missouri
Notes to the Financial Statements
For the year ended December 31, 2012

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 Bollinger County's boundaries for the calendar year 2012 for the purposes of taxation was:

	<u>2012</u>
Real Estate	\$ 79,637,820
Personal Property	29,405,713
Railroad and Utilities	9,369,940
	<u><u>\$ 118,413,473</u></u>

The tax levy per \$100 assessed valuation of tangible taxable property for the calendar year 2012 for the purpose of County taxation, as follows:

	<u>2012</u>
General Revenue Fund	0.2200
Road and Bridge Fund	0.2537
Senate Bill 40 Board Fund	0.1000

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 Bollinger County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

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.

Bollinger County, Missouri
Notes to the Financial Statements
For the year ended December 31, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions (continued)

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.

Note 2 - Deposits and Investments

Bollinger 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".

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2012, the carrying amount of Bollinger County's deposits was \$547,500, and the bank balance was \$627,813. As of December 31, 2012, 100% of Bollinger County's deposits were covered by the Federal Deposit Insurance Company (FDIC) or were collateralized.

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2012, as follows:

Deposits	\$ 547,500
Investments	-
Restricted Cash	-
Total Deposits & Investments as of December 31, 2012	<u><u>\$ 547,500</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. Bollinger County's investment policy does not include custodial credit risk requirements. Bollinger County's deposits were not exposed to custodial credit risk for the year ended December 31, 2012.

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 Bollinger County or its agent but not in the government's name. Bollinger 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 Bollinger County or of a type that are not exposed to custodial credit risk.

Bollinger County, Missouri
Notes to the Financial Statements
For the year ended December 31, 2012

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. Bollinger 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 investment credit risk is required to be disclosed by Bollinger 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). Bollinger 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. Bollinger County's deposits were not exposed to concentration of investment credit risk for the year ended December 31, 2012.

Note 3 - Long Term Debt

Long term debt consists of two loans from U.S. Bank for the purchase of an excavator and a grader. The excavator was purchased January 14, 2010, for \$51,000 and is paid in three annual installment payments of \$17,783 beginning February 2010, with an interest rate of 4.22%. The grader was purchased October 12, 2010, for \$62,100 and is paid in five annual installment payments of \$13,473 beginning November 2010, with an interest rate of 3.99%.

Debt	Balance at 1/1/2012	Amount Borrowed	Amount Repaid	Balance at 12/31/2012	Interest Paid During Year
Excavator	\$ 17,050	\$ -	\$ 17,050	\$ -	\$ 733
Grader	37,344	-	11,956	25,388	1,518
Total	<u>\$ 54,394</u>	<u>\$ -</u>	<u>\$ 29,006</u>	<u>\$ 25,388</u>	<u>\$ 2,251</u>

2012 Amortizations
US Bank - Grader

Year	Principal	Interest	Total
2013	\$ 12,442	1,031	\$ 13,473
2014	12,946	527	13,473
Total	<u>\$ 25,388</u>	<u>\$ 1,558</u>	<u>\$ 26,946</u>

Bollinger County, Missouri
Notes to the Financial Statements
For the year ended December 31, 2012

Note 4 - Interfund Transfers

Transfers between funds for the year ended December 31, 2012 are as follows:

<u>Fund</u>	2012	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Revenue	\$ 52,314	\$ 60,000
Road & Bridge	-	52,314
Assessment	60,000	-
Total	<u>\$ 112,314</u>	<u>\$ 112,314</u>

Note 5 - 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 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 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.

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. For the years ended December 31, 2012, 2011, 2010, the County collected and remitted to CERF, employee contributions of \$60,968, \$53,054, and \$52,520, respectively.

Bollinger County, Missouri
Notes to the Financial Statements
For the year ended December 31, 2012

Note 6 - Prosecuting Attorney Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, Bollinger 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. Bollinger County has contributed \$2,057, \$2,244, and \$2,244, respectively, for the years ended December 31, 2012, 2011 and 2010.

Note 7 - Post-Employment Benefits

Bollinger 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 Bollinger County.

Note 8 - Claims, Commitments and Contingencies

Litigation

Bollinger County is not involved in any pending litigations as of December 31, 2012.

Compensated Absences

The County provides employees with up to three 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 and overtime, if applicable. Unused sick time is not reimbursed. These have not been subjected to auditing procedures.

Note 9 - Risk Management

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

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to 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 10 - Subsequent Events

The County has evaluated events subsequent to December 31, 2012 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through June 21, 2013, 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.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission and
Officeholders of Bollinger 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 accompanying financial statements of Bollinger County, Missouri, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Bollinger County, Missouri's basic financial statements and have issued our report thereon dated June 21, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bollinger 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bollinger County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Bollinger County, Missouri's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 2012-01 through 2012-03.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bollinger County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly,

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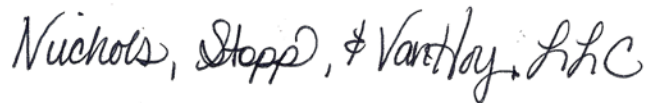
we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item: 2012-04.

Bollinger County, Missouri's Response to Findings

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

Purpose of this Report

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

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

Creve Coeur, Missouri
June 21, 2013

Bollinger County, Missouri
Schedule of Findings and Responses
For the year ended December 31, 2012

Financial Statement Findings

2012-01 **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: Management will take this under advisement.

2012-02 **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: The County is in the process of developing internal control documentation.

2012-03 **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.

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: The Commissioners will look into the development of a fraud risk assessment plan.

Bollinger County, Missouri
Schedule of Findings and Responses
For the year ended December 31, 2012

Financial Statement Findings (continued)

2012-04 **Condition:** During our audit, we noted several funds with actual expenditures that exceeded the budgeted expenditures.

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.

Recommendation: We recommend that the County periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: Budgets will be monitored more closely and amended as needed.

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

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

Prior Year Financial Statement Findings

11/10-01 **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: Management will take this under advisement.

Status: Management has not implemented a corrective action plan; therefore, this finding is repeated in the current year at 2012-01.

11/10-02 **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: The County is in the process of developing internal control documentation.

Status: Management has not implemented a corrective action plan; therefore, this finding is repeated in the current year at 2012-02.

11/10-03 **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.

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

Prior Year Financial Statement Findings (continued)

11/10-03 (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: The Commissioners will look into the development of a fraud risk assessment plan.

Status: Management has not implemented a corrective action plan; therefore, this finding is repeated in the current year at 2012-03.

11/10-04 **Condition:** During our audit, we noted several funds with actual expenditures that exceeded the budgeted expenditures.

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.

Recommendation: We recommend that the County periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: Budgets will be monitored more closely and amended as needed.

Status: Management has not implemented a corrective action plan; therefore, this finding is repeated in the current year at 2012-04.

Prior Year Federal Award Findings and Questioned Cost

11/10-05 **Condition:** The Schedule of Expenditures of Federal Awards (SEFA) contained errors.

Criteria: OMB Circular A-133 requires auditees to prepare an accurate SEFA containing awards expended, CFDA title and number, award number, name of the Federal agency, and name of the pass-through entity.

Cause: Management was unaware of the reporting requirements related to the Schedule of Expenditures of Federal Awards.

Effect: Federal expenditures reported on the SEFA were incorrect.

Recommendation: We recommend that management develop internal controls over reporting and consult with outside accountants when needed to ensure an accurate SEFA is prepared.

Management's Response: Federal funds have been reported correctly in the past. This was an oversight that will be corrected and controls over reporting federal awards will be developed.

Status: The County was not required by OMB Circular A-133 to prepare a SEFA for the current year; therefore, this finding is no longer valid.