



THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Mercer County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Mercer County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2012, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, 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. 2013-072

THE COUNTY OF MERCER
PRINCETON, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2012 AND 2011

THE COUNTY OF MERCER
PRINCETON, MISSOURI
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FINANCIAL SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Mercer, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Mercer, Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2012 and 2011, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2012 and 2011, or changes in financial position or cash flows thereof for the years then ended.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the County as of December 31, 2012 and 2011, and their respective cash receipts and disbursements, and budgetary results for the year then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Mercer’s basic financial statements. The schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2013 on our consideration of the County of Mercer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Mercer's internal control over financial reporting and compliance.

Daniel Jones & Associates

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

June 25, 2013

FINANCIAL STATEMENTS

THE COUNTY OF MERCER
PRINCETON, MISSOURI
(the Primary Government)
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

FUND	CASH JANUARY 1, 2012	RECEIPTS 2012	DISBURSEMENTS 2012	CASH DECEMBER 31, 2012
General Revenue	\$ 532,612.27	\$ 874,389.21	\$ 743,341.11	\$ 663,660.37
Special Road & Bridge	216,200.09	1,036,716.03	1,074,027.94	178,888.18
Use Tax	15,816.18	130,919.50	38,535.40	108,200.28
Assessment	14,766.99	101,670.17	93,729.79	22,707.37
LEA	4,187.64	8,673.35	106.68	12,754.31
PA Training	1,212.42	183.50	641.53	754.39
PA Bad Check	15.52	6,164.44	6,050.71	129.25
Recreation District	95,478.81	131,200.60	122,603.99	104,075.42
Recorder Trust	-	140.00	140.00	-
LE Sales Tax	29,019.07	131,391.31	149,157.51	11,252.87
CERF	340.95	25,899.49	25,395.03	845.41
LLEBG	6.07	-	-	6.07
Restitution	8,898.56	2,741.98	5,541.78	6,098.76
Sheriff's Special	11,692.31	7,995.98	7,610.60	12,077.69
Recorder's Special	7,039.78	3,578.24	5,185.38	5,432.64
LEPC	10,868.16	-	1,353.09	9,515.07
Tax Maintenance	8,528.45	7,308.52	7,079.75	8,757.22
Sheriff's Revolving	5,208.65	2,405.35	541.34	7,072.66
Law Enforcement Training	466.60	1,120.58	1,427.38	159.80
FEMA	1,492.49	99,319.65	100,812.14	-
LEPC Siren	1,029.73	-	1,029.73	-
Lindley Twp.	-	70,396.68	66,831.65	3,565.03
Senior Citizens	15,035.71	28,190.22	27,352.00	15,873.93
Deputy Sheriff	-	4,889.64	5,145.70	(256.06)
Inmate Security	586.00	576.00	-	1,162.00
Juvenile Fund	2,036.49	64.15	-	2,100.64
TOTAL	\$ 982,538.94	\$ 2,675,934.59	\$ 2,483,640.23	\$ 1,174,833.30

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
(the Primary Government)
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

FUND	CASH JANUARY 1, 2011	RECEIPTS 2011	DISBURSEMENTS 2011	CASH DECEMBER 31, 2011
General Revenue	\$ 431,720.10	\$ 840,130.72	\$ 739,238.55	\$ 532,612.27
Special Road & Bridge	184,172.49	994,025.96	961,998.36	216,200.09
Use Tax	-	15,816.18	-	15,816.18
Assessment	7,087.88	103,726.99	96,047.88	14,766.99
LEA	3,504.11	683.53	-	4,187.64
PA Training	1,171.09	253.20	211.87	1,212.42
PA Bad Check	597.95	7,230.97	7,813.40	15.52
Recreation District	96,200.01	132,912.80	133,634.00	95,478.81
Recorder Trust	-	145.00	145.00	-
LE Sales Tax	20,427.66	138,807.48	130,216.07	29,019.07
CERF	441.32	22,645.94	22,746.31	340.95
LLEBG	6.07	-	-	6.07
Restitution	8,666.84	5,532.49	5,300.77	8,898.56
Sheriff's Special	6,320.10	11,893.00	6,520.79	11,692.31
Recorder's Special	5,053.25	3,440.12	1,453.59	7,039.78
LEPC	4,720.03	8,178.74	2,030.61	10,868.16
Tax Maintenance	7,792.94	8,194.94	7,459.43	8,528.45
Sheriff's Revolving	5,170.82	1,744.90	1,707.07	5,208.65
Law Enforcement Training	1,024.78	1,367.97	1,926.15	466.60
FEMA	218,600.50	476,687.96	693,795.97	1,492.49
LEPC Siren	4,948.00	1,000.00	4,918.27	1,029.73
Lindley Twp.	-	170,123.91	170,123.91	-
Senior Citizens	11,132.82	28,521.14	24,618.25	15,035.71
Deputy Sheriff	-	-	-	-
Inmate Security	-	586.00	-	586.00
Juvenile Fund	1,958.98	77.51	-	2,036.49
TOTAL	\$ 1,020,717.74	\$ 2,973,727.45	\$ 3,011,906.25	\$ 982,538.94

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
(the Primary Government)
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	GENERAL REVENUE FUND			
	2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 135,000.00	\$ 128,211.10	\$ 133,800.00	\$ 135,372.82
Sales Taxes	300,000.00	291,530.29	290,000.00	303,983.27
Intergovernmental	216,267.00	218,023.31	204,231.00	218,464.37
Charges for Services	76,200.00	75,401.95	73,325.00	76,148.78
Interest	22,000.00	22,857.91	15,000.00	23,466.40
Other	68,016.40	98,364.65	80,370.00	42,695.08
Transfers In	40,000.00	40,000.00	40,000.00	40,000.00
TOTAL RECEIPTS	857,483.40	874,389.21	836,726.00	840,130.72
DISBURSEMENTS				
County Commission	68,060.00	67,862.54	68,010.00	67,370.30
County Clerk	99,408.75	89,845.67	97,415.46	90,824.26
Elections	43,360.00	40,444.95	16,245.00	16,316.88
Buildings and Grounds	89,720.00	60,923.24	90,074.61	90,520.19
Employee Fringe Benefits	93,400.00	92,569.05	86,200.00	84,517.33
County Treasurer	60,132.62	53,574.54	59,912.50	57,655.80
Collector	-	-	-	-
Recorder of Deeds	-	-	-	-
Circuit Clerk	12,455.53	9,852.81	12,508.31	11,100.71
Court Administration	7,723.50	1,709.24	7,674.07	4,361.22
Public Administrator	24,790.00	24,411.40	24,220.00	23,700.74
Sheriff	158,096.66	153,700.18	128,837.53	130,889.16
Jail	-	-	-	-
Prosecuting Attorney	68,397.69	68,328.85	68,933.02	66,879.95
Juvenile Officer	14,956.00	3,952.06	14,956.00	1,914.91
Coroner	8,240.00	8,239.92	8,000.00	8,000.00
Court Reporter	780.00	64.22	797.40	100.10
Other	-	-	-	-
Other County Government	83,600.00	66,803.87	88,000.00	79,039.80
Miscellaneous Expenses	1,251.00	1,058.57	28,225.00	6,047.20
Transfers Out	-	-	-	-
Emergency Fund	25,724.50	-	25,101.78	-
TOTAL DISBURSEMENTS	860,096.25	743,341.11	825,110.68	739,238.55
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(2,612.85)	131,048.10	11,615.32	100,892.17
CASH, JANUARY 1	532,612.27	532,612.27	431,720.10	431,720.10
CASH, DECEMBER 31	\$ 529,999.42	\$ 663,660.37	\$ 443,335.42	\$ 532,612.27

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
(the Primary Government)
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	SPECIAL ROAD & BRIDGE FUND			
	2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ 62.86	\$ -
Sales Taxes	75,000.00	72,865.41	70,000.00	75,988.24
Intergovernmental	1,265,623.75	914,862.41	1,116,482.74	845,787.93
Charges for Services	21,658.65	21,905.74	30,322.53	49,404.74
Interest	4,000.00	6,486.49	3,700.00	9,020.54
Other	21,800.00	20,595.98	16,500.00	13,824.51
Transfers In	-	-	-	-
TOTAL RECEIPTS	1,388,082.40	1,036,716.03	1,237,068.13	994,025.96
DISBURSEMENTS				
Salaries	92,326.73	92,938.93	99,637.60	98,782.20
Employee Fringe Benefits	26,800.00	24,237.44	23,720.00	23,967.61
Supplies	46,733.34	37,066.28	47,808.34	49,530.10
Insurance	6,000.00	5,668.54	6,000.00	5,890.48
Road & Bridge Materials	317,491.29	309,051.04	351,918.50	325,125.21
Equipment Repairs	18,000.00	18,356.05	40,000.00	26,956.89
Rentals	-	-	-	-
Equipment Purchases	52,420.20	53,274.23	51,420.20	50,814.91
R&B Construction	-	-	8,500.00	865.00
Other Expenditures	875,400.00	493,435.43	633,476.51	340,065.96
Transfers Out	40,000.00	40,000.00	40,000.00	40,000.00
TOTAL DISBURSEMENTS	1,475,171.56	1,074,027.94	1,302,481.15	961,998.36
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(87,089.16)	(37,311.91)	(65,413.02)	32,027.60
CASH, JANUARY 1	216,200.09	216,200.09	184,172.49	184,172.49
CASH, DECEMBER 31	\$ 129,110.93	\$ 178,888.18	\$ 118,759.47	\$ 216,200.09

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
(the Primary Government)
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	USE TAX FUND			
	2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	50,000.00	130,919.50	-	15,816.18
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	50,000.00	130,919.50	-	15,816.18
DISBURSEMENTS				
911 Addressing	60,000.00	38,535.40	-	-
Vehicle Purchase	-	-	-	-
Other Expenses	-	-	-	-
TOTAL DISBURSEMENTS	60,000.00	38,535.40	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,000.00)	92,384.10	-	15,816.18
CASH, JANUARY 1	15,816.18	15,816.18	-	-
CASH, DECEMBER 31	\$ 5,816.18	\$ 108,200.28	\$ -	\$ 15,816.18

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
(the Primary Government)
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	ASSESSMENT FUND				LEA FUND			
	2012		2011		2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	97,872.00	99,228.60	94,796.00	101,224.77	-	-	-	-
Charges for Services	1,100.00	1,119.50	500.00	1,132.80	7,300.00	8,461.31	350.00	683.53
Interest	1,300.00	1,322.07	1,000.00	1,369.42	-	212.04	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	100,272.00	101,670.17	96,296.00	103,726.99	7,300.00	8,673.35	350.00	683.53
DISBURSEMENTS								
Salaries	69,699.09	61,591.77	70,578.04	67,146.89	-	-	-	-
Employee Fringe Benefits	18,325.00	16,085.57	13,275.00	15,840.41	-	-	-	-
Materials and Supplies	4,200.00	3,167.62	3,100.00	3,219.15	1,000.00	106.68	1,000.00	-
Mileage and Training	1,620.00	726.06	1,820.00	1,849.78	-	-	-	-
Other Expenses	14,084.00	12,158.77	8,031.19	7,991.65	1,000.00	-	1,000.00	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	107,928.09	93,729.79	96,804.23	96,047.88	2,000.00	106.68	2,000.00	-
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(7,656.09)	7,940.38	(508.23)	7,679.11	5,300.00	8,566.67	(1,650.00)	683.53
CASH, JANUARY 1	14,766.99	14,766.99	7,087.88	7,087.88	4,187.64	4,187.64	3,504.11	3,504.11
CASH, DECEMBER 31	\$ 7,110.90	\$ 22,707.37	\$ 6,579.65	\$ 14,766.99	\$ 9,487.64	\$ 12,754.31	\$ 1,854.11	\$ 4,187.64

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
(the Primary Government)
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	PA TRAINING FUND				PA BAD CHECK FUND			
	2012		2011		2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	152.30	-	210.71	5,800.00	5,352.78	6,000.00	5,803.10
Interest	-	31.20	-	42.49	28.00	9.61	60.00	29.51
Other	-	-	-	-	1,372.00	802.05	1,010.00	1,398.36
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	-	183.50	-	253.20	7,200.00	6,164.44	7,070.00	7,230.97
DISBURSEMENTS								
Rent/Misc	-	-	-	-	7,215.52	6,050.71	7,200.00	7,813.40
Training	-	641.53	-	211.87	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	641.53	-	211.87	7,215.52	6,050.71	7,200.00	7,813.40
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	-	(458.03)	-	41.33	(15.52)	113.73	(130.00)	(582.43)
CASH, JANUARY 1	<u>1,212.42</u>	<u>1,212.42</u>	<u>1,171.09</u>	<u>1,171.09</u>	<u>15.52</u>	<u>15.52</u>	<u>597.95</u>	<u>597.95</u>
CASH, DECEMBER 31	<u>\$ 1,212.42</u>	<u>\$ 754.39</u>	<u>\$ 1,171.09</u>	<u>\$ 1,212.42</u>	<u>\$ 0.00</u>	<u>\$ 129.25</u>	<u>\$ 467.95</u>	<u>\$ 15.52</u>

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
(the Primary Government)
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	RECREATION DISTRICT FUND				RECORDER TRUST FUND			
	2012		2011		2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	120,000.00	128,102.42	120,000.00	132,912.80	-	-	-	-
Intergovernmental	-	-	-	-	-	140.00	-	145.00
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	3,098.18	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	120,000.00	131,200.60	120,000.00	132,912.80	-	140.00	-	145.00
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	195,000.00	122,603.99	204,616.91	133,634.00	-	140.00	-	145.00
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	195,000.00	122,603.99	204,616.91	133,634.00	-	140.00	-	145.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(75,000.00)	8,596.61	(84,616.91)	(721.20)	-	-	-	-
CASH, JANUARY 1	95,478.81	95,478.81	96,200.01	96,200.01	-	-	-	-
CASH, DECEMBER 31	<u>\$ 20,478.81</u>	<u>\$ 104,075.42</u>	<u>\$ 11,583.10</u>	<u>\$ 95,478.81</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
(the Primary Government)
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	LE SALES TAX FUND				CERF			
	2012		2011		2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	130,000.00	128,117.92	125,000.00	132,778.21	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	6,255.25	-	6,424.00
Interest	1,000.00	834.47	550.00	1,153.45	-	11.68	-	8.92
Other	7,500.00	2,438.92	3,000.00	4,875.82	-	19,632.56	-	16,213.02
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	138,500.00	131,391.31	128,550.00	138,807.48	-	25,899.49	-	22,645.94
DISBURSEMENTS								
Salaries	119,157.51	119,424.04	113,983.67	106,851.35	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	-	25,395.03	-	22,746.31
Capital Outlay	-	-	-	-	-	-	-	-
Jail	30,000.00	29,733.47	18,800.00	23,364.72	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	149,157.51	149,157.51	132,783.67	130,216.07	-	25,395.03	-	22,746.31
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,657.51)	(17,766.20)	(4,233.67)	8,591.41	-	504.46	-	(100.37)
CASH, JANUARY 1	29,019.07	29,019.07	20,427.66	20,427.66	340.95	340.95	441.32	441.32
CASH, DECEMBER 31	\$ 18,361.56	\$ 11,252.87	\$ 16,193.99	\$ 29,019.07	\$ 340.95	\$ 845.41	\$ 441.32	\$ 340.95

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

THE COUNTY OF MERCER
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BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	LLEBG FUND				RESTITUTION FUND			
	2012		2011		2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	465.97
Interest	-	-	-	-	-	241.98	-	316.52
Other	-	-	-	-	-	2,500.00	-	4,750.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	-	-	-	-	-	2,741.98	-	5,532.49
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	-	5,541.78	-	5,300.77
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
To Agency Funds	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	-	-	-	-	5,541.78	-	5,300.77
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	-	(2,799.80)	-	231.72
CASH, JANUARY 1	6.07	6.07	6.07	6.07	8,898.56	8,898.56	8,666.84	8,666.84
CASH, DECEMBER 31	\$ 6.07	\$ 6.07	\$ 6.07	\$ 6.07	\$ 8,898.56	\$ 6,098.76	\$ 8,666.84	\$ 8,898.56

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
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COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	SHERIFF'S SPECIAL FUND				RECORDER'S SPECIAL FUND			
	2012		2011		2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	9,200.00	7,624.45	8,500.00	9,588.13	3,000.00	3,417.25	2,500.00	3,196.25
Interest	350.00	371.53	180.00	392.98	200.00	160.99	160.00	243.87
Other	-	-	-	1,911.89	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	9,550.00	7,995.98	8,680.00	11,893.00	3,200.00	3,578.24	2,660.00	3,440.12
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	6,879.00	5,185.38	5,580.00	1,453.59
Training and Other	21,242.31	7,610.60	15,000.10	6,520.79	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	21,242.31	7,610.60	15,000.10	6,520.79	6,879.00	5,185.38	5,580.00	1,453.59
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(11,692.31)	385.38	(6,320.10)	5,372.21	(3,679.00)	(1,607.14)	(2,920.00)	1,986.53
CASH, JANUARY 1	11,692.31	11,692.31	6,320.10	6,320.10	7,039.78	7,039.78	5,053.25	5,053.25
CASH, DECEMBER 31	\$ -	\$ 12,077.69	\$ -	\$ 11,692.31	\$ 3,360.78	\$ 5,432.64	\$ 2,133.25	\$ 7,039.78

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
(the Primary Government)
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	LEPC FUND				TAX MAINTENANCE FUND			
	2012		2011		2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	7,500.00	6,966.43	6,900.00	7,745.90
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	400.00	342.09	210.00	449.04
Other	-	-	-	7,178.74	-	-	-	-
Transfers In	-	-	4,103.45	1,000.00	-	-	-	-
TOTAL RECEIPTS	-	-	4,103.45	8,178.74	7,900.00	7,308.52	7,110.00	8,194.94
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	9,100.00	7,079.75	7,700.00	7,459.43
Services and Other	-	1,353.09	-	2,030.61	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	1,353.09	-	2,030.61	9,100.00	7,079.75	7,700.00	7,459.43
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	-	(1,353.09)	4,103.45	6,148.13	(1,200.00)	228.77	(590.00)	735.51
CASH, JANUARY 1	10,868.16	10,868.16	4,720.03	4,720.03	8,528.45	8,528.45	7,792.94	7,792.94
CASH, DECEMBER 31	<u>\$ 10,868.16</u>	<u>\$ 9,515.07</u>	<u>\$ 8,823.48</u>	<u>\$ 10,868.16</u>	<u>\$ 7,328.45</u>	<u>\$ 8,757.22</u>	<u>\$ 7,202.94</u>	<u>\$ 8,528.45</u>

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
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COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	SHERIFF'S REVOLVING FUND				LAW ENFORCEMENT TRAINING FUND			
	2012		2011		2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	1,500.00	2,210.00	2,000.00	1,530.00	800.00	607.97	765.00	834.00
Interest	200.00	195.35	100.00	214.90	30.00	12.61	20.00	33.97
Other	-	-	-	-	500.00	500.00	500.00	500.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	1,700.00	2,405.35	2,100.00	1,744.90	1,330.00	1,120.58	1,285.00	1,367.97
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Training	-	-	-	-	1,796.60	1,427.38	2,219.78	1,926.15
Services and Other	6,908.65	541.34	7,270.82	1,707.07	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	6,908.65	541.34	7,270.82	1,707.07	1,796.60	1,427.38	2,219.78	1,926.15
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(5,208.65)	1,864.01	(5,170.82)	37.83	(466.60)	(306.80)	(934.78)	(558.18)
CASH, JANUARY 1	5,208.65	5,208.65	5,170.82	5,170.82	466.60	466.60	1,024.78	1,024.78
CASH, DECEMBER 31	\$ -	\$ 7,072.66	\$ -	\$ 5,208.65	\$ -	\$ 159.80	\$ 90.00	\$ 466.60

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THE COUNTY OF MERCER
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COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	FEMA FUND				LEPC SIREN FUND			
	2012		2011		2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	99,400.00	99,319.65	473,888.34	476,687.96	-	-	4,103.45	1,000.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	99,400.00	99,319.65	473,888.34	476,687.96	-	-	4,103.45	1,000.00
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	100,892.49	100,812.14	692,488.84	693,795.97	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Other	-	-	-	-	1,029.73	1,029.73	9,051.45	4,918.27
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	100,892.49	100,812.14	692,488.84	693,795.97	1,029.73	1,029.73	9,051.45	4,918.27
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(1,492.49)	(1,492.49)	(218,600.50)	(217,108.01)	(1,029.73)	(1,029.73)	(4,948.00)	(3,918.27)
CASH, JANUARY 1	1,492.49	1,492.49	218,600.50	218,600.50	1,029.73	1,029.73	4,948.00	4,948.00
CASH, DECEMBER 31	\$ -	\$ -	\$ -	\$ 1,492.49	\$ -	\$ -	\$ -	\$ 1,029.73

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THE COUNTY OF MERCER
PRINCETON, MISSOURI
(the Primary Government)
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	LINDLEY TWP. FUND				SENIOR CITIZENS FUND			
	2012		2011		2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ 18,600.00	\$ 22,165.02	\$ 22,700.00	\$ 18,689.79	\$ 28,000.00	\$ 28,190.22	\$ 26,000.00	\$ 28,521.14
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	48,231.65	48,231.66	151,425.77	151,434.12	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	66,831.65	70,396.68	174,125.77	170,123.91	28,000.00	28,190.22	26,000.00	28,521.14
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	200.00	-	500.00	56.25
Services and Other	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Other	66,831.65	66,831.65	174,125.77	170,123.91	29,404.00	27,352.00	31,000.00	24,562.00
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	66,831.65	66,831.65	174,125.77	170,123.91	29,604.00	27,352.00	31,500.00	24,618.25
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	3,565.03	-	-	(1,604.00)	838.22	(5,500.00)	3,902.89
CASH, JANUARY 1	-	-	-	-	15,035.71	15,035.71	11,132.82	11,132.82
CASH, DECEMBER 31	\$ -	\$ 3,565.03	\$ -	\$ -	\$ 13,431.71	\$ 15,873.93	\$ 5,632.82	\$ 15,035.71

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
(the Primary Government)
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	DEPUTY SHERIFF FUND				INMATE SECURITY FUND			
	2012		2011		2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	576.00	-	586.00
Interest	-	-	-	-	-	-	-	-
Other	3,909.61	4,889.64	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	3,909.61	4,889.64	-	-	-	576.00	-	586.00
DISBURSEMENTS								
Salaries	3,909.61	5,145.70	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	3,909.61	5,145.70	-	-	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(256.06)	-	-	-	576.00	-	586.00
CASH, JANUARY 1	-	-	-	-	586.00	586.00	-	-
CASH, DECEMBER 31	\$ -	\$ (256.06)	\$ -	\$ -	\$ 586.00	\$ 1,162.00	\$ -	\$ 586.00

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THE COUNTY OF MERCER
PRINCETON, MISSOURI
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COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	JUVENILE FUND			
	2012		2011	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	2,030.00	-	-	-
Interest	50.00	64.15	-	77.51
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	2,080.00	64.15	-	77.51
DISBURSEMENTS				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	-	-	-	-
Capital Outlay	-	-	-	-
Other	2,000.00	-	-	-
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	2,000.00	-	-	-
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	80.00	64.15	-	77.51
CASH, JANUARY 1	2,036.49	2,036.49	1,958.98	1,958.98
CASH, DECEMBER 31	<u>\$ 2,116.49</u>	<u>\$ 2,100.64</u>	<u>\$ 1,958.98</u>	<u>\$ 2,036.49</u>

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2012

	Collector Funds	Recorders Funds	Prosecutors Funds	Unclaimed Fees Fund
ASSETS				
Cash and Cash Equivalents	\$ 3,571,328.74	\$ 3,486.50	\$ 585.74	\$ 807.51
Total Assets	3,571,328.74	3,486.50	585.74	807.51
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	3,571,328.74	3,486.50	585.74	807.51
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,571,328.74</u>	<u>\$ 3,486.50</u>	<u>\$ 585.74</u>	<u>\$ 807.51</u>
			Grand Total	
	Criminal Costs Fund	Surplus Tax Fund	Agency Funds	
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 3,295.67	\$ 3,579,504.16	
Total Assets	-	3,295.67	3,579,504.16	
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	
UNRESERVED FUND BALANCES	-	3,295.67	3,579,504.16	
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 3,295.67</u>	<u>\$ 3,579,504.16</u>	

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2011

	Collector Funds	Recorders Funds	Prosecutors Funds	Unclaimed Fees Fund
ASSETS				
Cash and Cash Equivalents	<u>\$ 3,263,312.22</u>	<u>\$ 2,916.25</u>	<u>\$ 29.90</u>	<u>\$ 792.69</u>
Total Assets	3,263,312.22	2,916.25	29.90	792.69
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
UNRESERVED FUND BALANCES	<u>3,263,312.22</u>	<u>2,916.25</u>	<u>29.90</u>	<u>792.69</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,263,312.22</u>	<u>\$ 2,916.25</u>	<u>\$ 29.90</u>	<u>\$ 792.69</u>

	Criminal Costs Fund	Surplus Tax Fund	Grand Total Agency Funds
ASSETS			
Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 5,194.52</u>	<u>\$ 3,272,245.58</u>
Total Assets	-	5,194.52	3,272,245.58
LIABILITIES AND FUND BALANCES			
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
UNRESERVED FUND BALANCES	<u>-</u>	<u>5,194.52</u>	<u>3,272,245.58</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 5,194.52</u>	<u>\$ 3,272,245.58</u>

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Mercer, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1845 by an Act of the Missouri Territory. In addition to the three board members, there are eight elected Constitutional Officers: Assessor, County Clerk, Collector of Revenue/Treasurer, Coroner, Circuit Clerk/Recorder of Deeds, Prosecuting Attorney, Public Administrator, and Sheriff.

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

A. Reporting Entity

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

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

The financial statements referred to above include only the primary government of Mercer County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

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

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

Governmental Fund Types

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Fiduciary Fund Types

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

C. Basis of Accounting

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

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

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

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

D. Budget and Budgetary Accounting

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

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting (concluded)

2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.
4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.
5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

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

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

E. Property Taxes

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

E. Property Taxes (concluded)

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2012 and 2011, for purposes of taxation was:

	<u>2012</u>	<u>2011</u>
Real Estate	\$ 30,880,150	\$ 30,416,368
Personal Property	19,859,176	18,451,027
Railroad and Utilities	<u>10,751,664</u>	<u>10,341,970</u>
	<u>\$ 61,490,990</u>	<u>\$ 59,209,365</u>

During 2012 and 2011, the County Commission approved a \$0.3144 and \$0.3282 tax levy, respectively, per \$100 of assessed valuation of tangible taxable property for the calendar year 2012 and 2011, for purpose of County taxation, as follows:

	<u>2012</u>	<u>2011</u>
General Revenue Fund	\$ 0.2644	\$ 0.2782
Senior Citizens Fund	<u>0.0500</u>	<u>0.0500</u>
	<u>\$ 0.3144</u>	<u>\$ 0.3282</u>

F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer Funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash 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 investment 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 the County's name at third-party banking institutions. Details of these cash balances are presented in Note II.

G. Interfund Transactions

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

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

II. DEPOSITS AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed as "Cash and Investments" under each fund's caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2012 and 2011, the carrying amount of the County's deposits was \$1,174,833.30 and \$982,538.94 and the bank balance was \$4,867,180.95, and \$4,364,458.04, respectively. The total bank balance as of December 31, 2012, and December 31, 2011, was insured through the Federal Deposit Insurance Corporation and securities set by the County's financial institutions.

SUMMARY OF CARRYING VALUES

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

Included in the following fund financial statement captions:

<u>Statements of Receipts, Disbursements and</u>	
<u>Changes in Cash:</u>	
Deposits and Cash Equivalents	\$ 1,174,833.30
Investments	<u>-</u>
Total Deposits & Investments as of December 31, 2012	\$ <u>1,174,833.30</u>

The carrying values of deposits and investments at December 31, 2011, are as follows:

Included in the following fund financial statement captions:

<u>Statements of Receipts, Disbursements and</u>	
<u>Changes in Cash:</u>	
Deposits and Cash Equivalents	\$ 982,538.94
Investments	<u>-</u>
Total Deposits & Investments as of December 31, 2011	\$ <u>982,538.94</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. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the years ended December 31, 2012, and 2011.

Custodial Credit Risk – Investments

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

II. DEPOSITS AND INVESTMENTS (concluded)

Investment Interest Rate Risk

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

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's deposits were not exposed to concentration of investment credit risk for the years ended December 31, 2012 and 2011.

III. CAPITAL LEASES

On December 20, 2007, Mercer County Road and Bridge entered into a municipal lease agreement with Farmers Bank of Northern Missouri for one Komatsu DL200LL-8 Trac-Hoe, with a purchase price of \$140,300 requiring one down payment at signing for \$27,500 and five annual payments of \$26,238.33 beginning 12/20/08 and ending 12/20/12. The interest rate is 5.25% and the equipment has a purchase option of \$1 at the end of the lease term.

On October 24, 2008, Mercer County entered into a lease agreement with Deere Credit, Inc. for one 2001 JD 310S Backhoe, with a purchase price of \$45,500 requiring 5 annual payments of \$10,359.05 from 3/24/09 through 4/24/13. The interest rate is 5.50% and the equipment has a purchase option of \$1 at the end of the lease term.

On February 1, 2009, Mercer County Sheriff's Department entered into a lease agreement with Grand River Mutual Telephone Corporation for the right to install, maintain and operate certain equipment on a Tower and adjacent building owned and operated by GRMTC at Princeton, MO for the purpose of providing Two-Way Radio Dispatch and associated dispatch related services. Rent is \$35 per month payable in advance and billed on the Sheriff Department's telephone bill. The lease term shall terminate on the 5th anniversary of the effective date unless otherwise terminated as provided therein. The Sheriff's Department shall have the right to extend the term for 5 successive 5 year periods on the same terms and conditions. The agreement shall automatically be extended for each successive renewal term unless the Sheriff's Department notifies the GRMTC of its intention not to renew prior to commencement of the succeeding renewal term.

On May 24, 2010, Mercer County entered into a lease agreement with Deere Credit, Inc. for one 2000 JD 672CH Motorgrader, for a purchase price of \$69,500, requiring 10 semi-annual payments of \$6,911.41 starting 5/25/10 through 10/25/15. FG 85 A Motorgrader was traded in for \$10,000 thereby having to only finance \$59,500. The interest rate is 4.95% and the equipment has a purchase option of \$1 at the end of the lease term.

THE COUNTY OF MERCER
PRINCETON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

III. CAPITAL LEASES (continued)

As of December 31, 2012, the unpaid principal balances for capital leases were \$48,330.91. The payments for the lease purchase agreement of the County are as follows.

Description	Balance 12/31/2011	Additions	Payments	Balance 12/31/2012	Interest Paid
2007 Trac-Hoe	\$ 24,888.12	\$ -	\$ (24,888.12)	\$ -	\$ 1,303.05
2001 Backhoe	19,089.17	-	(9,282.25)	9,806.92	92.01
Antenna Site	875.00	-	(420.00)	455.00	-
Motorgrader	49,555.22	-	(11,486.23)	38,068.99	393.45
TOTAL	<u>\$ 94,407.51</u>	<u>\$ -</u>	<u>\$ (46,076.60)</u>	<u>\$ 48,330.91</u>	<u>\$ 1,788.51</u>

As of December 31, 2012, the schedule of future payments for the capital leases of the County are as follows:

Year Ending December 31,	Interest	Principal	Total
2013	\$ 342.78	\$ 22,293.75	\$ 22,636.53
2014	192.61	12,715.04	12,907.65
2015	84.50	13,321.03	13,405.53
2016	-	1.09	1.09
	<u>\$ 619.89</u>	<u>\$ 48,330.91</u>	<u>\$ 48,950.80</u>

As of December 31, 2011, the unpaid principal balances for capital leases were \$94,407.51. The future payments for the lease purchase agreements of the County are as follows.

Description	Balance 12/31/2010	Additions	Payments	Balance 12/31/2011	Interest Paid
2007 Trac-Hoe	\$ 48,656.00	\$ -	\$ (23,767.88)	\$ 24,888.12	\$ 2,470.45
2001 Backhoe	27,875.81	-	(8,786.64)	19,089.17	134.36
Antenna Site	1,295.00	-	(420.00)	875.00	-
Motorgrader	59,500.00	-	(9,944.78)	49,555.22	486.67
TOTAL	<u>\$ 137,326.81</u>	<u>\$ -</u>	<u>\$ (42,919.30)</u>	<u>\$ 94,407.51</u>	<u>\$ 3,091.48</u>

THE COUNTY OF MERCER
PRINCETON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

III. CAPITAL LEASES (concluded)

As of December 31, 2011, the schedule of future payments for the capital leases of the County are as follows:

Year Ended December 31,	Interest	Principal	Total
2012	\$ 1,788.51	\$ 46,076.60	\$ 47,865.11
2013	342.78	22,293.75	22,636.53
2014	192.61	12,715.04	12,907.65
2015	84.41	13,321.12	13,405.53
2016	-	1.00	1.00
	<u>\$ 2,408.31</u>	<u>\$ 94,407.51</u>	<u>\$ 96,815.82</u>

IV. OPERATING LEASES

On October 22, 2009, the County entered into an operating lease with Xerox for a W5135 Copier W/HCTT. Half of the total monthly payment of \$79.80 is paid out of the General Revenue Fund and the other half is paid out of the Recorder's Special Fund. The lease is for 60 months.

The future payments for operating leases entered into by the County for the year ended December 31, 2012, are as follows:

Year Ending December 31	Copier
2013	\$ 957.60
2014	798.00
	<u>\$ 1,755.60</u>

The future payments for operating leases entered into by the County for the year ended December 31, 2011, are as follows:

Year Ending December 31	Copiers
2012	\$ 957.60
2013	957.60
2014	798.00
	<u>\$ 2,713.20</u>

THE COUNTY OF MERCER
PRINCETON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

V. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2012 and 2011 are as follows:

	2012		2011	
	TRANSFERS IN	TRANSFERS OUT	TRANSFERS IN	TRANSFERS OUT
General Revenue	\$ 40,000.00	\$ -	\$ 40,000.00	\$ -
Special Road & Bridge	-	40,000.00	-	40,000.00
TOTAL	<u>\$ 40,000.00</u>	<u>\$ 40,000.00</u>	<u>\$ 40,000.00</u>	<u>\$ 40,000.00</u>

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

VI. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

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

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

THE COUNTY OF MERCER
PRINCETON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

VI. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (concluded)

A. Plan Description (concluded)

be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

B. Contributions

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

The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. During 2012 and 2011, the County collected and remitted to CERF, employee contributions of approximately \$30,851.53 and \$30,186.72, respectively, for the years then ended.

VII. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$2,244.00 and \$2,244.00, respectively, for the years ended December 31, 2012 and 2011.

VIII. POST EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. There were no participants at December 31, 2012 and no participants at December 31, 2011.

IX. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is involved in litigation as of the audit report date. The first case is being defended in federal court by the County's insurance carrier. No estimate is available at this time of claims to be paid out, if any. The second case involves a dispute over road issues and tax problems. This claim is under \$3,000 and a motion to dismiss has been filed.

THE COUNTY OF MERCER
PRINCETON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

IX. CLAIMS COMMITMENTS AND CONTINGENCIES (concluded)

B. Compensated Absences (Vacation and Sick Time)

Mercer 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 not reimbursed for unused vacation and overtime. Sick time is paid for at a rate of 50% for any unused sick pay up to 120 hours at the end of every year. These have not been subjected to auditing procedures.

C. Federal and State Assisted Programs

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

X. SUBSEQUENT EVENTS

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

XI. RISK MANAGEMENT

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

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

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

**SUPPLEMENTARY SCHEDULES
AND
AUDITOR'S REPORT**

STATE COMPLIANCE SECTION

THE COUNTY OF MERCER
PRINCETON, MISSOURI
SCHEDULE OF STATE FINDINGS
DECEMBER 31, 2012 AND 2011

SCHEDULE OF STATE FINDINGS

- I. For the year ended December 31, 2011, actual expenses exceeded budgeted expenses for the PA Training Fund, PA Bad Check Fund, Recorder Trust Fund, CERF, Restitution Fund, LEPC Fund and the FEMA Fund.
- II. For the year ended December 31, 2012, actual expenses exceeded budgeted expenses for the PA Training Fund, Recorder Trust Fund, CERF, Restitution Fund, LEPC Fund and the Deputy Sheriff Fund.
- III. For the year ended December 31, 2012, there is no budget for the PA Training Fund, Recorder Trust Fund, CERF, Restitution Fund, LEPC Fund and the Inmate Security Fund.
- IV. For the year ended December 31, 2011, there is no budget for the PA Training Fund, Recorder Trust Fund, CERF, Restitution Fund and the Inmate Security Fund.
- V. For the year ended December 31, 2012, the Deputy Sheriff Fund had a negative fund balance.

FEDERAL COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Independent Auditor's Report

To the County Commission
The County of Mercer, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Mercer ("County") as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 25, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 questioned costs that we consider to be significant deficiencies. [FS 12/11-01, FS 12/11-02, FS 12/11-03, FS 12/11-04, FS 12/11-05]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Daniel Jones & Associates

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

June 25, 2013



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

To The County Commission
The County of Mercer, Missouri

Report on Compliance for Each Major Federal Program

We have audited the County of Mercer's ("the County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the years ended December 31, 2012 and 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2012 and 2011.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the County as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 25, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Daniel Jones & Associates

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

June 25, 2013

THE COUNTY OF MERCER
PRINCETON, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2012 AND 2011

FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA	PASS-THROUGH ENTITY	DECEMBER 31,	
	NUMBER	NUMBER	2012 EXPENDITURES	2011 EXPENDITURES
<u>U.S. Department of Transportation</u>				
Passed Through the Missouri Highway and Transportation Commission				
Highway Planning and Construction	20.205	BRO-B065(28)	2,027.17	110,535.38
	20.205	BRO-B065(29)	225,485.21	31,081.41
	20.205	BRO-B065(30)	2,758.25	208,191.67
	20.205	BRO-B065(31)	239,041.52	-
	20.205	IBRD-990(253)	23,881.28	-
Total Department of Transportation			493,193.43	349,808.46
<u>Election Assistance Commission</u>				
Passed Through the State Office of the Secretary of State				
Help America Vote Act Requirements Payments	90.401		1,398.21	2,618.21
Total Election Assistance Commission			1,398.21	2,618.21
<u>U.S. Department of Homeland Security</u>				
Passed through the State Department of Public Safety				
Presidentially Declared Disaster Grant	97.036	FEMA 1934-DR-MO	-	693,795.97
Total Department of Homeland Security			-	693,795.97
TOTAL FEDERAL EXPENDITURES			\$ 494,591.64	\$ 1,046,222.64

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this statement.

THE COUNTY OF MERCER
PRINCETON, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2012 AND 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each major program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Mercer County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards. Mercer County had no instances of noncash awards for the years ending December 31, 2012 and 2011.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

NOTE 2 – SUBRECIPIENTS

The County did provide federal awards to subrecipients for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) during the years ended December 31, 2012 and 2011 as follows:

<u>Township</u>	<u>2011</u>
Somerset	\$ 88,188.98
Marion	64,953.02
Lindley	122,825.77
Harrison	3,859.82
Morgan	47,339.29
Ravanna	16,570.57
Medicine	91,893.08
Washington	103,816.72
Madison	51,748.85
Total	<u>\$ 591,196.10</u>

THE COUNTY OF MERCER
PRINCETON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2012 AND 2011

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified - Regulatory Basis
2. Internal control over financial reporting:
 - a. Any material weakness(es) identified?

2012	___ Yes	___X___ No
2011	___ Yes	___X___ No
 - b. Any significant deficiencies identified that are not considered to be material weaknesses?

2012	___X___ Yes	___ None Reported
2011	___X___ Yes	___ None Reported
3. Any noncompliance material to financial statements noted?

2012	___ Yes	___X___ No
2011	___ Yes	___X___ No

B. Federal Awards

1. Internal control over major programs:

Any material weakness(es) identified?	2012 ___ Yes	___X___ No
	2011 ___ Yes	___X___ No
2. Any significant deficiencies identified that are not considered to be material weaknesses?

2012	___ Yes	___X___ None Reported
2011	___ Yes	___X___ None Reported
3. Type of auditor's report issued on compliance for major programs:

2012	- Unmodified
2011	- Unmodified
4. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of *Circular A-133*?

2012	___ Yes	___X___ No
2011	___ Yes	___X___ No

THE COUNTY OF MERCER
PRINCETON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2012 AND 2011

II. FINANCIAL STATEMENT FINDINGS (continued)

FS 12/11-02 Condition: Documentation of the County's internal controls has not been prepared.

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

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

Cause: The County did not prepare the required documentation.

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

Views of Responsible Officials and Planned Corrective Actions: The County Clerk's (Judy Hamilton) office is in the process of preparing the needed documentation to document their internal control structure and risk assessment in conformity with the COSO framework. The expected completion date is December 31, 2013. The County Clerk's office phone number is 660-748-3425.

FS 12/11-03 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

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

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

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

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring, by performing assessments to identify, analyze, and manage these risks.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk's (Judy Hamilton) office is in the process of preparing the needed documentation to document their internal control structure and risk assessment in conformity with the COSO framework. The expected completion date is December 31, 2013. The County Clerk's office phone number is 660-748-3425.

THE COUNTY OF MERCER
PRINCETON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2012 AND 2011

II. FINANCIAL STATEMENT FINDINGS (concluded)

FS 12/11-04 Criteria: Bank reconciliations must be prepared monthly on a timely basis by the Prosecuting Attorney's office.

Condition: We noted that there were no bank reconciliations for the Prosecuting Attorney's office.

Context: This deficiency became apparent through our testing of the Prosecuting Attorney's cash accounts and the related reconciliations.

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

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

Recommendation: We recommend that the Prosecuting Attorney's office prepare monthly bank reconciliations and adjustments to the cash accounts.

Views of Responsible Officials and Planned Corrective Actions: The Prosecuting Attorney's (John Young) office is in the process of preparing a written monthly bank reconciliation to review all monthly cash transactions. The expected completion date is December 31, 2013. The phone number for the Prosecuting Attorney's office is 660-748-3332.

FS 12/11-05 Criteria: All revenue received by the County must be properly receipted.

Condition: During our audit, we noted that the Financial Institution Tax revenue was not properly receipted and disbursed through the Collector/Treasurer's office.

Context: During the testing of revenues, we noted that the Financial Institution Tax was not properly receipted by the County.

Effect: Revenue could be improperly stated if receipts are not maintained for all revenue transactions.

Cause: Management did not properly receipt Financial Institution Tax revenue when received.

Recommendation: We recommend that the Collector/Treasurer's office receipt all revenue as it is received.

Views of Responsible Officials and Planned Corrective Actions: The Treasurer/Collector's (Susan Moore) office will take measures to ensure that all ACH Tax Deposits are properly receipted into the Collector computer system when received in the Collector's Bank Account; this will consist of having a check list of all expected ACH's made and a folder to hold copies of ACH receipted deposits. This will be implemented starting with the 2013 Tax Collecting season, November 1, 2013. The Collector/Treasurer's office phone number is 660-748-3435.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no single audit findings noted for the years ended December 31, 2012 and 2011.

THE COUNTY OF MERCER
PRINCETON, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2012 AND 2011

I. FOLLOW-UP PRIOR YEAR FINDINGS

There was no audit performed for the fiscal year ending December 31, 2010, and 2009, therefore we have no prior year audit findings to report.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There was no audit performed for the fiscal year ending December 31, 2010, and 2009, therefore we have no prior year audit findings to report.



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

June 25, 2013

To the Board of Commissioners
County of Mercer

In planning and performing our audit of the regulatory based financial statements of the County of Mercer (the "County") as of and for the years ended December 31, 2012, and December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the County's internal control to be significant deficiencies as noted in section I:

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

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

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

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

Very truly yours,

Daniel Jones & Associates

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

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 12/11-01 Criteria: Amounts recorded for cash and fund balances must be reconciled to the financial statements monthly and in a timely manner. Reviewing account balances ensures that sufficient funds are available for approved expenditures.

Condition: We noted a negative cash balance in the Deputy Sheriff Fund for the year ended December 31, 2012.

Context: This deficiency became apparent through our testing of the cash accounts and the related reconciliations.

Effect: Sufficient funds are not available to cover all outstanding checks of this fund.

Cause: Expenditures exceeded the revenues and budget limitations of this fund.

Recommendation: We recommend special revenue funds be held to their budget limitations and available fund balance.

Views of Responsible Officials and Planned Corrective Actions: The Deputy Sheriff Fund has to pay out payroll and then get reimbursed from the State of Missouri after their receipt of proper documentation of payout on 27th day of following month. That is why there is a negative balance at end of year until reimbursement the following month. County Clerk, Judy Hamilton, will do a reverse accrual or a reverse transaction at end of year from General Revenue Fund to Deputy Sheriff Fund to offset this at end of year. The expected completion date is December 31, 2013. The County Clerk's office phone number is 660-748-3425.

FS 12/11-02 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122 *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

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

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

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

Cause: The County did not prepare the required documentation.

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

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

FS 12/11-02 Views of Responsible Officials and Planned Corrective Actions: The County Clerk's (Judy Hamilton) office is in the process of preparing the needed documentation to document their internal control structure and risk assessment in conformity with the COSO framework. The expected completion date is December 31, 2013. The County Clerk's office phone number is 660-748-3425.

FS 12/11-03 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

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

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

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

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring, by performing assessments to identify, analyze, and manage these risks.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk's (Judy Hamilton) office is in the process of preparing the needed documentation to document their internal control structure and risk assessment in conformity with the COSO framework. The expected completion date is December 31, 2013. The County Clerk's office phone number is 660-748-3425.

FS 12/11-04 Criteria: Bank reconciliations must be prepared monthly on a timely basis by the Prosecuting Attorney's office.

Condition: We noted that there were no bank reconciliations for the Prosecuting Attorney's office.

Context: This deficiency became apparent through our testing of the Prosecuting Attorney's cash accounts and the related reconciliations.

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

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

Recommendation: We recommend that the Prosecuting Attorney's office prepare monthly bank reconciliations and adjustments to the cash accounts.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (concluded)

- FS 12/11-04 Views of Responsible Officials and Planned Corrective Actions: The Prosecuting Attorney's (John Young) office is in the process of preparing a written monthly bank reconciliation to review all monthly cash transactions. The expected completion date is December 31, 2013. The phone number for the Prosecuting Attorney's office is 660-748-3332.
- FS 12/11-05 Criteria: All revenue received by the County must be properly receipted.
- Condition: During our audit, we noted that the Financial Institution Tax revenue was not properly receipted and disbursed through the Collector/Treasurer's office.
- Context: During the testing of revenues, we noted that the Financial Institution Tax was not properly receipted by the County.
- Effect: Revenue could be improperly stated if receipts are not maintained for all revenue transactions.
- Cause: Management did not properly receipt Financial Institution Tax revenue when received.
- Recommendation: We recommend that the Collector/Treasurer's office receipt all revenue as it is received.
- Views of Responsible Officials and Planned Corrective Actions: The Treasurer/Collector's (Susan Moore) office will take measures to ensure that all ACH Tax Deposits are properly receipted into the Collector computer system when received in the Collector's Bank Account; this will consist of having a check list of all expected ACH's made and a folder to hold copies of ACH receipted deposits. This will be implemented starting with the 2013 Tax Collecting season, November 1, 2013. The Collector/Treasurer's office phone number is 660-748-3435.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

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

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 4, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2012-2013 fiscal year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (continued)

Significant Audit Findings (concluded)

Qualitative Aspects of Accounting Practices (concluded)

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 25, 2013.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with a regulatory basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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