



THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Pike County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Pike County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the year ended December 31, 2012, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Casey-Beard-Boehmer PC, Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Thomas A. Schweich".

Thomas A. Schweich
State Auditor

November 2013
Report No. 2013-129

AUDITED FINANCIAL STATEMENTS

PIKE COUNTY, MISSOURI

FOR THE YEAR ENDED
DECEMBER 31, 2012

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CASEY-BEARD-BOEHMER PC
CERTIFIED PUBLIC ACCOUNTANTS
COLUMBIA, MISSOURI

**PIKE COUNTY, MISSOURI
TABLE OF CONTENTS**

Page

FINANCIAL SECTION

Independent Auditors' Report	1 – 2
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FINANCIAL STATEMENTS:

Statement of Receipts, Disbursements, and Changes in Cash— All Governmental Funds—Regulatory Basis For the Year Ended December 31, 2012.....	3
Comparative Statements of Receipts, Disbursements, and Changes in Cash— Budget and Actual—Regulatory Basis For the Year Ended December 31, 2012.....	4 – 13
Notes to Financial Statements.....	14 – 21

COMPLIANCE SECTION

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	22 – 23
Schedule of Findings and Responses	
Financial Statement Findings	24 – 28
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	29

CASEY-BEARD-BOEHMER PC



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October 21, 2013

INDEPENDENT AUDITORS' REPORT

To the County Commission
and Officeholders of
Pike County, Missouri

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri Law. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

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

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

MEMBER
•
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•
Missouri
Society of
Certified
Public
Accountants
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PIKE COUNTY, MISSOURI
INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of each fund of Pike County, Missouri, as of December 31, 2012, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of the financial reporting provisions of Missouri Law as described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2013, on our consideration of Pike County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Pike County, Missouri's internal control over financial reporting and compliance.

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

Casey-Beard-Boehmer PC

Casey-Beard-Boehmer PC
Certified Public Accountants

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

Fund	Cash January 1, 2012	Receipts	Disbursements	Cash December 31, 2012
General Revenue	\$ 1,320,382	2,047,049	2,326,138	1,041,293
Special Road and Bridge	266,451	2,660,262	2,854,916	71,797
Assessment	103,227	284,920	290,259	97,888
Law Enforcement Sales Tax	72,609	1,608,045	1,621,053	59,601
Law Enforcement Training	7,469	5,837	10,308	2,998
Recorder	37,029	10,902	24,597	23,334
Prosecuting Attorney Bad Check (1)	20,161	13,996	10,064	24,093
911	129,225	166,522	141,678	154,069
Prosecuting Attorney Training	691	1,535	1,660	566
Prosecuting Attorney Tax	830	-	-	830
5% Statute Cost Election	2,187	1,753	3,313	627
Special Election	22,125	76,216	90,553	7,788
Domestic Violence	13,344	4,984	13,232	5,096
Hospital	68,526	753,505	695,570	126,461
Help America Vote Act (HAVA)	1,020	2,120	2,120	1,020
Tax Maintenance (2)	86,738	21,961	17,646	91,053
Sheriff Revolving	15,889	14,093	12,355	17,627
Inmate Security	2,840	3,078	2,152	3,766
Law Enforcement Restitution (3)	11,602	8,821	5,012	15,411
Totals	\$ <u>2,182,345</u>	<u>7,685,599</u>	<u>8,122,626</u>	<u>1,745,318</u>

(1) No budget for 2012 was prepared by the Prosecuting Attorney.

(2) No budget for 2012 was prepared by the County Collector.

(3) No budget for 2012 was prepared by the County.

PIKE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

General Revenue Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Property taxes	\$ 735,000	755,803	20,803
Sales taxes	730,000	752,936	22,936
Intergovernmental	76,400	55,858	(20,542)
Charges for services	358,950	357,291	(1,659)
Interest	-	11,240	11,240
Other	138,222	113,921	(24,301)
Total Receipts	\$ 2,038,572	2,047,049	8,477
DISBURSEMENTS			
General County Government-			
County Commission	\$ 121,449	120,322	(1,127)
County Clerk	107,631	109,178	1,547
Elections	82,336	81,588	(748)
Buildings and grounds	89,620	92,499	2,879
Employee fringe benefits	283,843	292,494	8,651
County Treasurer	58,926	52,480	(6,446)
County Collector	93,806	77,703	(16,103)
Recorder of Deeds	71,168	71,705	537
Circuit Clerk	39,836	30,556	(9,280)
Court Administration	75,500	47,602	(27,898)
Public Administrator	49,316	47,612	(1,704)
Public Safety-			
Prosecuting Attorney	275,316	228,557	(46,759)
Juvenile Officer	57,899	40,605	(17,294)
County Coroner	32,566	23,264	(9,302)
General Government	142,888	141,791	(1,097)
Miscellaneous	169,000	400,883	231,883
Pike County Development Authority	49,880	50,401	521
Public Defender	4,200	4,086	(114)
Health and welfare	3,000	1,700	(1,300)
Transfers out	411,112	411,112	-
Emergency Fund	60,000	-	(60,000)
Total Disbursements	\$ 2,279,292	2,326,138	46,846
RECEIPTS OVER (UNDER) DISBURSEMENTS	(240,720)	(279,089)	(38,369)
CASH, JANUARY 1	\$ 1,320,382	1,320,382	-
CASH, DECEMBER 31	\$ 1,079,662	1,041,293	(38,369)

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

PIKE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Special Road and Bridge Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Property taxes	\$ 565,000	566,675	1,675
Sales taxes	820,000	825,480	5,480
Intergovernmental	882,000	1,019,709	137,709
Interest	3,000	1,228	(1,772)
Other	327,000	247,170	(79,830)
Total Receipts	\$ 2,597,000	2,660,262	63,262
DISBURSEMENTS			
Salaries	\$ 558,707	520,626	(38,081)
Employee fringe benefits	173,975	157,454	(16,521)
Supplies	240,000	232,343	(7,657)
Insurance	44,000	54,304	10,304
Road and bridge materials	575,000	707,280	132,280
Equipment repairs	115,000	84,647	(30,353)
Equipment purchases	657,500	561,507	(95,993)
Road and bridge construction	310,000	485,702	175,702
Other	12,000	51,053	39,053
Total Disbursements	\$ 2,686,182	2,854,916	168,734
RECEIPTS OVER (UNDER) DISBURSEMENTS	(89,182)	(194,654)	(105,472)
CASH, JANUARY 1	\$ 285,436	266,451	(18,985)
CASH, DECEMBER 31	\$ 196,254	71,797	(124,457)

Assessment Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Intergovernmental	\$ 208,016	244,086	36,070
Interest	700	528	(172)
Other	7,200	14,194	6,994
Transfers in	26,112	26,112	-
Total Receipts	\$ 242,028	284,920	42,892
DISBURSEMENTS			
Assessor	\$ 327,372	290,259	(37,113)
Total Disbursements	\$ 327,372	290,259	(37,113)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(85,344)	(5,339)	80,005
CASH, JANUARY 1	\$ 103,227	103,227	-
CASH, DECEMBER 31	\$ 17,883	97,888	80,005

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

PIKE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Law Enforcement Sales Tax Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Sales taxes	\$ 816,000	825,530	9,530
Intergovernmental	266,853	297,371	30,518
Charges for services	44,300	39,977	(4,323)
Interest	500	354	(146)
Other	43,500	35,813	(7,687)
Transfers in	409,000	409,000	-
Total Receipts	\$ 1,580,153	1,608,045	27,892
DISBURSEMENTS			
Salaries	\$ 893,716	837,681	(56,035)
Employee fringe benefits	265,000	229,592	(35,408)
Office	219,038	288,386	69,348
Jail	192,000	214,328	22,328
Other	8,500	51,066	42,566
Total Disbursements	\$ 1,578,254	1,621,053	42,799
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,899	(13,008)	(14,907)
CASH, JANUARY 1	\$ 73,109	72,609	(500)
CASH, DECEMBER 31	\$ 75,008	59,601	(15,407)

Law Enforcement Training Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Charges for services	\$ 9,000	4,818	(4,182)
Interest	50	19	(31)
Transfers in	-	1,000	1,000
Total Receipts	\$ 9,050	5,837	(3,213)
DISBURSEMENTS			
Sheriff	\$ 9,050	10,308	1,258
Total Disbursements	\$ 9,050	10,308	1,258
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(4,471)	(4,471)
CASH, JANUARY 1	\$ 7,469	7,469	-
CASH, DECEMBER 31	\$ 7,469	2,998	(4,471)

PIKE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Recorder Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Charges for services	\$ 12,000	10,882	(1,118)
Interest	-	20	20
Total Receipts	\$ 12,000	10,902	(1,098)
DISBURSEMENTS			
Office	\$ 34,000	24,597	(9,403)
Total Disbursements	\$ 34,000	24,597	(9,403)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,000)	(13,695)	8,305
CASH, JANUARY 1	\$ 37,029	37,029	-
CASH, DECEMBER 31	\$ 15,029	23,334	8,305

Prosecuting Attorney Bad Check Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS	No budget prepared by official		
Collections and other		\$ 13,996	
Total Receipts		\$ 13,996	
DISBURSEMENTS			
Office		\$ 10,064	
Total Disbursements		\$ 10,064	
RECEIPTS OVER (UNDER) DISBURSEMENTS		3,932	
CASH, JANUARY 1		\$ 20,161	
CASH, DECEMBER 31		\$ 24,093	

PIKE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

911 Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Charges for services	\$ 145,000	166,433	21,433
Interest	-	89	89
Total Receipts	\$ 145,000	166,522	21,522
DISBURSEMENTS			
Salary	\$ 26,728	24,790	(1,938)
Employee fringe benefits	9,298	4,248	(5,050)
Other	55,992	87,174	31,182
Mileage and training	500	466	(34)
Transfers out	50,000	25,000	(25,000)
Total Disbursements	\$ 142,518	141,678	(840)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,482	24,844	22,362
CASH, JANUARY 1	\$ 129,225	129,225	-
CASH, DECEMBER 31	\$ 131,707	154,069	22,362

Prosecuting Attorney Training Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Other	\$ 1,491	1,535	44
Total Receipts	\$ 1,491	1,535	44
DISBURSEMENTS			
Training and tuition	\$ 1,400	1,660	260
Total Disbursements	\$ 1,400	1,660	260
RECEIPTS OVER (UNDER) DISBURSEMENTS	91	(125)	(216)
CASH, JANUARY 1	\$ 691	691	-
CASH, DECEMBER 31	\$ 782	566	(216)

PIKE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Prosecuting Attorney Tax Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Other	\$ -	-	-
Total Receipts	\$ -	-	-
DISBURSEMENTS			
Office	\$ 830	-	(830)
Total Disbursements	\$ 830	-	(830)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(830)	-	830
CASH, JANUARY 1	\$ 830	830	-
CASH, DECEMBER 31	\$ -	830	830

5% Statute Cost Election Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Other	\$ 2,000	1,753	(247)
Total Receipts	\$ 2,000	1,753	(247)
DISBURSEMENTS			
Office	\$ 2,000	-	(2,000)
Equipment	-	3,313	3,313
Total Disbursements	\$ 2,000	3,313	1,313
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(1,560)	(1,560)
CASH, JANUARY 1	\$ 2,187	2,187	-
CASH, DECEMBER 31	\$ 2,187	627	(1,560)

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

PIKE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Special Election Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Interest	\$ -	22	22
Other	70,000	74,074	4,074
Transfers in	-	2,120	2,120
Total Receipts	\$ 70,000	76,216	6,216
DISBURSEMENTS			
Office	\$ 85,000	90,553	5,553
Total Disbursements	\$ 85,000	90,553	5,553
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,000)	(14,337)	663
CASH, JANUARY 1	\$ 21,313	22,125	812
CASH, DECEMBER 31	\$ 6,313	7,788	1,475

Domestic Violence Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Other	\$ 5,500	4,984	(516)
Total Receipts	\$ 5,500	4,984	(516)
DISBURSEMENTS			
Other	\$ 5,000	13,232	8,232
Total Disbursements	\$ 5,000	13,232	8,232
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	(8,248)	(8,748)
CASH, JANUARY 1	\$ 13,344	13,344	-
CASH, DECEMBER 31	\$ 13,844	5,096	(8,748)

PIKE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Hospital Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Sales taxes	\$ 732,000	752,580	20,580
Interest	-	925	925
Total Receipts	\$ 732,000	753,505	21,505
DISBURSEMENTS			
Debt principal and interest (construction)	\$ 435,000	574,014	139,014
Other payments to Hospital	280,000	121,556	(158,444)
Total Disbursements	\$ 715,000	695,570	(19,430)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 17,000	57,935	40,935
CASH, JANUARY 1	68,526	68,526	-
CASH, DECEMBER 31	\$ 85,526	126,461	40,935

Help America Vote Act (HAVA) FUND			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Intergovernmental	\$ 1,500	2,120	620
Total Receipts	\$ 1,500	2,120	620
DISBURSEMENTS			
Transfers out	\$ 1,500	2,120	620
Total Disbursements	\$ 1,500	2,120	620
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	-	-
CASH, JANUARY 1	1,020	1,020	-
CASH, DECEMBER 31	\$ 1,020	1,020	-

PIKE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Tax Maintenance Fund			
	Final Budget	Actual	Actual Over (Under) Budget
No budget prepared by official			
RECEIPTS			
Delinquent fees on taxes		\$ 21,961	
Total Receipts		\$ 21,961	
DISBURSEMENTS			
Office		\$ 17,646	
Total Disbursements		\$ 17,646	
RECEIPTS OVER (UNDER) DISBURSEMENTS		\$ 4,315	
CASH, JANUARY 1		86,738	
CASH, DECEMBER 31		\$ 91,053	

Sheriff Revolving Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Charges for services	\$ 19,000	14,093	(4,907)
Interest	70	-	(70)
Total Receipts	\$ 19,070	14,093	(4,977)
DISBURSEMENTS			
Office	\$ 20,000	12,355	(7,645)
Total Disbursements	\$ 20,000	12,355	(7,645)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (930)	1,738	2,668
CASH, JANUARY 1	15,889	15,889	-
CASH, DECEMBER 31	\$ 14,959	17,627	2,668

PIKE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Inmate Security Fund			
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Intergovernmental	\$ 3,000	1,626	(1,374)
Charges for services	-	1,452	1,452
Interest	50	-	(50)
Total Receipts	\$ 3,050	3,078	28
DISBURSEMENTS			
Office	\$ 3,050	2,152	(898)
Total Disbursements	\$ 3,050	2,152	(898)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	926	926
CASH, JANUARY 1	2,840	2,840	-
CASH, DECEMBER 31	\$ 2,840	3,766	926

Law Enforcement Restitution Fund			
	Final Budget	Actual	Actual Over (Under) Budget
No budget prepared by County			
RECEIPTS			
Fees and other		\$ 8,821	
Total Receipts		\$ 8,821	
DISBURSEMENTS			
Sheriff		\$ 5,012	
Total Disbursements		\$ 5,012	
RECEIPTS OVER (UNDER) DISBURSEMENTS		\$ 3,809	
CASH, JANUARY 1		11,602	
CASH, DECEMBER 31		\$ 15,411	

PIKE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

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

1. A. REPORTING ENTITY

The County's operations include tax assessments and collections, state/county courts administration, recording of deeds and other instruments, public safety and 911, economic development, road and bridge maintenance, public welfare, and social and human services. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The Senate Bill 40 Board Fund, with a separate appointed board, is separately audited by an independent certified public accounting firm and, therefore, is not included in this report.

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

1. B. BASIS OF PRESENTATION

Governmental Funds - Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, net assets, revenues/receipts, and expenditures/disbursements. The county's funds are governmental funds. Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds.

Fiduciary (Agency) Funds - Certain county officials may collect fees from services, remit the monies to the county, state, or to other parties or hold monies in a trustee capacity as an agent of individuals, taxing units, or other governments. These assets, which are held for the benefit of external parties, are held in fiduciary (agency) funds which are custodial in nature, and are not reported on the accompanying financial statements.

1. C. BASIS OF ACCOUNTING

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

PIKE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1. D. BUDGETS AND BUDGETARY ACCOUNTING

The County follows these procedures in establishing the budget information:

1. In accordance with Chapter 50 RSMo, the County's policy is to adopt a budget for each governmental fund.
2. On or before the second Monday in January, each elected officer or department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the cash basis of accounting, for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated fund balance at the beginning of the year as well as estimated revenues to be received.
4. A public hearing is conducted to obtain public comment on the budget documents. Prior to approval by the County Commission, the budget documents are available for public inspection.
5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
6. Budgets are prepared and adopted on the cash basis of accounting.
7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote. Budgeted amounts are as originally adopted, or as amended by the County Commission during the year. The County Commission did not prepare any amended budgets for the year ended December 31, 2012.
8. Although adoption of a formal budget is required by law, county officials did not adopt formal budgets for the Law Enforcement Restitution Fund, Prosecuting Attorney Bad Check Fund, and Tax Maintenance Fund for the year ended December 31, 2012.
9. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. No county funds had a deficit budgeted cash balance for the year ended December 31, 2012.
10. Section 50.740, RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds for 2012.

General Revenue	5% Statute Cost Election
Special Road and Bridge	Special Election
Law Enforcement Sales Tax	Domestic Violence
Law Enforcement Training	Help America Vote Act (HAVA)
Prosecuting Attorney Training	

1. E. PROPERTY TAXES

Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in September and payable by December 31. Taxes paid after December 31 are delinquent and subject to penalties. The County bills and collects its own property taxes and also taxes for most other local governments in the county. The assessed valuation of the tangible property for the calendar year 2012 for purposes of local taxation was:

Real Estate	\$ 141,051,430
Personal Property	57,916,842
Railroad and Utilities	56,654,489
Total Assessed Valuation	<u>\$ 255,622,761</u>

PIKE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

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

General Revenue Fund	\$	0.2954
Special Road and Bridge Fund *		0.3083
Hospital Fund (Maintenance)		0.2117
Pike County Developmental Disability		0.1914

* The County retains all tax proceeds from areas not within special road districts. The County has one road district that receives four-fifths of the tax collections from property within this district, and the Special Road and Bridge Fund retains one-fifth. The road district also has an additional levy approved by the voters.

1. F. CASH DEPOSITS

Cash deposits are stated at cost, which approximates market. Cash balances for the County Treasurer funds are invested in separate interest-bearing bank accounts to the extent possible. Interest earned from such investments is recorded in each of the funds as appropriate. Cash equivalents may include repurchase agreements and any other instruments with an original maturity of ninety days or less; however, nonnegotiable certificates of deposit with original maturity of greater than ninety days is considered as cash equivalents. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, purchased at a price at or below par.

Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

1. G. INTERFUND ACTIVITY

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing. Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. Transfers between funds for the year ended December 31, 2012 were as follows:

	Transfers In	Transfers Out
FUNDS:		
General Revenue	\$ -	\$ 411,112
Law Enforcement Sales Tax	409,000	-
Assessment	26,112	-
911	-	25,000
Law Enforcement Training	1,000	-
Special Election	2,120	-
Help America Vote Act (HAVA)	-	2,120
Totals	\$ <u>438,232</u>	\$ <u>438,232</u>

PIKE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1. H. PUBLISHED FINANCIAL STATEMENTS

Under Section 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. For the year ended December 31, 2012, the published financial statements included all funds and required information except information for the Law Enforcement Restitution Fund.

NOTE 2. CASH AND INVESTMENTS

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

Disclosures are provided below regarding the risk of potential loss of cash deposits. For the purpose of the disclosures, deposits with financial institutions are demand accounts, including negotiable order of withdrawal accounts in banks. The County did not invest in any nonnegotiable certificates of deposit or other investment vehicles during the year ended December 31, 2012.

Insured and Collateralized Deposits

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

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

In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted a written investment policy in accordance with applicable state law.

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS

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

PIKE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS (CONTINUED)

A. Missouri Local Government Employees Retirement System (LAGERS)

1) Plan Description

Pike County participates in the Missouri Local Government Employees' Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state statutes, section RSMo 70.600 – 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax-exempt. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-477-4334.

2) Pension Benefits

Upon termination of employment, any member who is vested is entitled to either an unreduced benefit annuity, payable at age sixty (police and fire fighters, age fifty-five), or a reduced benefit annuity, payable at age fifty-five (police and fire fighters, age fifty). Any member with less than five years of creditable service will be refunded accumulated plan contributions.

3) Funding Policy

The County's full-time employees are required to contribute 4% to the LAGERS pension plan. The County is required by state statute to contribute at an actuarially determined rate: the rate for 2012 was 10.3% (general) and 1.2% (police) of annual covered payroll. The County Commission determines the contribution requirements of plan members. The contribution provisions of the county are established by state statute.

4) Annual Pension Cost

For 2012, total payments to LAGERS were \$186,801.

B. County Employees' Retirement Fund (CERF)

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

1) Plan Description

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

**PIKE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

2) Pension Benefits

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

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

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling toll-free 1-877-632-2373.

3) Funding Policy

In accordance with state statutes, the Fund is partially funded through various fees collected by counties and remitted to the CERF. A contribution to CERF of 2% of annual salary is required for eligible employees hired before February 25, 2002 and not in LAGERS, and a contribution of 6% of annual salary is required of employees hired after February 25, 2002, effective January 1, 2003, in order to participate in CERF. During 2012, the County collected and remitted to CERF \$118,273 for the year then ended.

C. Prosecuting Attorney Retirement Fund

In accordance with state statute chapter 56.807 RSMo, the County contributed to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County contributed \$7,106 for the year ended December 31, 2012.

NOTE 4. POST- EMPLOYMENT BENEFITS

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

PIKE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 5. CLAIMS, COMMITMENTS, AND CONTINGENCIES

1) Compensated Absences

Regular full-time employees who have completed the introductory period are eligible to receive vacation time as follows per each pay period: 0 to 4 years of service, 3 hours; 5 to 9 years of service, 4 hours; 10 to 14 years of service, 5 hours; 15 to 24 years of service, 6 hours; and after 25 years of service, 7 hours. Employees may accumulate and carry forward vacation leave up to the maximum of 200 hours. Upon termination of employment, an employee will receive equivalent cash reimbursement for all unused accrued vacation leave. Regular full-time employees earn 4 hours of sick leave per pay period. Sick leave may accrue to a maximum of 960 hours. Upon termination of employment, an employee will receive equivalent cash reimbursement for all unused sick leave.

2) Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

3) Litigation

The County is involved in a litigation matter at which time the probable outcome is not readily obtainable. The County's management and legal counsel anticipate that the potential claim against the County not covered by insurance, if any, resulting from such matter would not materially affect the financial position of the County.

NOTE 6. RISK MANAGEMENT

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

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

NOTE 7. LONG-TERM DEBT OBLIGATION

Hospital debt

The County memorial hospital's prior Certificates of Participation on hospital construction were refinanced through refunding Certificates of Participation in August 2012 funded by a regional bank in the amount of \$3,655,000. Principal was paid totaling \$300,000 in December 2012. The interest rate on the repayments is 2.870% and ends December 1, 2021.

PIKE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 7. LONG-TERM DEBT OBLIGATION (CONTINUED)

The annual debt service requirements for the hospital including principal and interest at December 31, 2012 are as follows:

<u>Year Ended December 31,</u>		<u>Principal</u>		<u>Interest</u>
2013	\$	335,000	\$	96,288
2014		340,000		86,674
2015		355,000		76,916
2016		365,000		66,728
2017		375,000		56,252
2018-2021		<u>1,585,000</u>		<u>114,513</u>
Totals	\$	<u><u>3,355,000</u></u>	\$	<u><u>497,371</u></u>

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October 21, 2013

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

To the County Commission
and Officeholders of
Pike County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the various county funds of Pike County, Missouri, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Pike County, Missouri's basic financial statements and have issued our report thereon dated October 21, 2013.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses as items 12-01 and 12-02.

MEMBER
•
American
Institute of
Certified
Public
Accountants
•
Missouri
Society of
Certified
Public
Accountants
•

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency as item 12-03.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pike County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards, and which is described in the accompanying schedule of findings and responses as item 12-04.

Pike County, Missouri's Responses to Findings

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

Purpose of this Report

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

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

Casey-Beard-Boehmer PC

Casey-Beard-Boehmer PC
Certified Public Accountants

PIKE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2012

FINANCIAL STATEMENT FINDINGS

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

MATERIAL WEAKNESSES IN INTERNAL CONTROL

12-01 County Budget Documents and Treasurer's Reconciled Cash Misstated

Condition: The County's budget documents for the year ended December 31, 2012 materially misstated the cash balances at December 31, 2012 causing the cash balance presented to be materially different than the actual audited cash balances in several county funds. The cash balances presented on the budget document also did not agree to the reconciled balances of the County Treasurer mainly in the disbursement area for not agreeing the amounts and for not properly balancing the fund. The major funds' cash balances that were not properly presented and which required audit adjustments are as follows:

Fund	Per Budget Document	Per Treasurer	Per Audited Financial Statements
General Revenue	\$ 1,430,539	\$ 1,097,621	\$ 1,041,293
Special Road and Bridge	87,769	81,271	71,797
Law Enforcement Sales Tax	75,518	70,056	59,601
911	154,831	154,642	154,069
Tax Maintenance	90,724	91,053	91,053

The reconciled balance at December 31, 2012 per the budget document and the Treasurer were in agreement for the Assessment Fund, Law Enforcement Training Fund, Special Election Fund, and Sheriff's Revolving Fund; however, an audit adjustment was made to each of these funds due to the differences in the cash balances on the budget document presented at December 31, 2011.

Criteria: Strong internal controls over financial information require that cash and disbursements be properly reconciled within the respective funds and an independent review performed of the budget documents to ensure that the classification and total of disbursements along with the cash balances in all funds are properly stated.

Cause: The County had a lack of controls over the preparation of the budget documents and a lack of independent verification of amounts recorded on the budget documents. It also appeared that the County's software system was creating problems for which the County updated in August 2012.

Effect: The budget documents presented to the public and submitted to the State Auditor's Office contained material misstatements of cash balances and disbursements in various county funds.

Recommendation:

The County Commission and respective officials take more care in preparation of the budget document each year to ensure that the disbursements and cash balances of all county funds are properly stated.

**PIKE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012**

Auditee Response: The present County Clerk responded as follows:

The County Clerk at the period the audit covered was not the County Clerk at the time the audit was performed. The new financial software was not put into place until August 2012 and the County had many issues with the previous software. The vast majority of issues will be corrected with the new software. Now that the Treasurer's office and County Clerk's office have different software verification of figures reconciliations can easily be compared and differences reconciled. As the former Deputy Clerk, I was not allowed to balance the books per the previous County Clerk's orders.

12-02 Treasurer's Settlements and Reconciliations Not Accurately Stated

Condition: The Treasurer maintains a separate ledger for each fund that consists of monthly receipts and deposits and total disbursements for the month that represents total bank disbursements and not actual book disbursements. Consequently, the Treasurer's ledgers for each fund and settlements do not agree with the ending cash balances reported on the budget documents for county funds. The bank reconciliation was prepared through the use of the computer system but the audit noted that the listing of outstanding checks contained voided checks or cleared checks in error and also did not include all checks written at the end of the year. Therefore, the actual bank reconciliations were not accurate and could not be properly reconciled to the amount by fund presented on the budget documents.

Criteria: Strong internal controls and good business practices dictate that financial records should be accurately prepared and properly balanced to ensure that the financial statements prepared by the County are presented fairly.

Cause: The Treasurer did not properly include all checks written on the bank reconciliations or did not ensure that the listings of outstanding checks were accurately prepared for all county funds. This was also probably caused by the County's software system, which the County replaced in August 2012.

Effect: The settlements prepared and presented to the County Commission for review did not properly reflect the actual cash balances in the various county funds.

Recommendation:

The County Treasurer ensure that the settlements are properly prepared and presented for all county funds to agree with the actual reconciled cash balances and also to the County's budget documents.

Response: The County Treasurer responded as follows:

My Treasurer's ledgers are like checkbooks for each of the funds. During fiscal year 2012, I was balancing each fund to the best of my ability. The former County Clerk told me often that all funds "balanced to the penny". Had I realized that there were mistakes with outstanding checks and voided items I would have cleared those up immediately, but my figures were not reconciled with the County Clerk and the office staff was told "not to balance" that it "wasn't their job". There was no way I could reconcile without their input. I fully agree that all financial records should be accurately prepared and balanced. I could only work with information that I was given. I did not have access to reports as I do now with the new system.

The Treasurer's office already had new procedures in place to ensure that all settlements are accurate and all bank statements are balanced and presented to the County Clerk's office for verification. This will ensure that all balances are properly reflected on budget documents. With the new software system in place I am very confident that these issues have all been taken care of.

PIKE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

12-03 Budgetary Procedures Not in Compliance With State Law

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

- A. The County Commission, County Clerk, and other county officials did not exercise adequate budgetary control over several funds during the audit period. Expenditures were approved for payment that exceeded the approved budget for the following funds as shown below:

<u>Fund</u>	<u>Amount</u>
General Revenue	\$ 46,846
Special Road and Bridge	168,734
Law Enforcement Sales Tax	42,799
Law Enforcement Training	1,258
Prosecuting Attorney Training	260
5% Statute Cost Election	1,313
Special Election	5,553
Domestic Violence	8,232
Help America Vote Act (HAVA)	620

This same condition was also noted in the prior independent audit report for the two years ended December 31, 2011.

- B. The County Commission and County Clerk did not prepare budget documents for the Law Enforcement Restitution Fund for the year ended December 31, 2012. This same condition was also noted in the prior independent audit report for the two years ended December 31, 2011.

In addition, the County Collector and Prosecuting Attorney did not prepare a budget document for the 2012 year for the Tax Maintenance Fund controlled by the County Collector and the Prosecuting Attorney Bad Check Fund maintained by the Prosecuting Attorney. These officials did not present a budget to the County Commission or County Clerk to include in the overall County budget document.

- C. In October 2012, the County Commission minutes included notations of a budget amendment for the General Revenue Fund and the Special Road and Bridge Fund; however, no formal amendment was made with any changes to the original budget document for either fund and no budget amendment was submitted to the State Auditor's Office.
- D. The County budget document did not properly show the transfers in and out between the various county funds. The budget document showed total transfers in of \$436,112 and transfers out of \$463,487 or a difference of \$27,375. It was noted that some disbursements were coded in error to transfers out that should have been under other disbursement areas. Adjustments to the General Revenue Fund and the Law Enforcement Sales Tax Fund have been made to the financial statements to correctly show the actual amount of transfers in and out.

Criteria: Section 50.540 RSMo, requires that a budget be prepared for all county funds that receive monies from the General Fund in whole or in part, and that the budget be revised prior to authorizing expenditures in excess of the budget. Transfers in should balance with the amount of transfers out in the budget document.

**PIKE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012**

Cause: County officials did not consider the importance of preparing proper amended budgets and preparing budget documents in 2012 for all applicable County operating funds. County officials also did not properly balance out the amount of transfers in with transfers out.

Effect: The County Commission, County Clerk, and other county officials did not follow state law and budgetary guidelines on the preparation of budget documents.

Recommendation:

- A. The County Commission should not approve expenditures in excess of budgeted amounts. The County Commission should properly amend the budgets in a public meeting when unforeseen circumstances arise that necessitate increased expenditures in any fund.
- B. The County Commission, County Clerk, and other county officials properly prepare annual budgets for all County funds in accordance with state law.
- C. The County Commission and County Clerk ensure that any budget amendments discussed are properly approved with appropriate changes to the budget document and filed with the State Auditor's Office.
- D. County officials ensure that the total amount of transfers in and transfers out are properly balanced between all County funds. This would include the budgeted amounts as well as the actual amounts disbursed.

Auditee Response: The present County Clerk responded as follows:

As the current County Clerk, I cannot speak for the former County Clerk. Going forward all accounts will at the very least have requested information from the respective officials in order to provide a budget for those accounts. Budgets will be properly amended before expenses occur and forwarded to the State Auditor's Office and transfers in and out will be properly balanced.

ITEM OF NONCOMPLIANCE AND OTHER MATTERS

12-04 All County Funds not Presented in Annual Published Financial Statements

Condition: Not all applicable County funds were published in the newspaper as required by state law. For 2012, the Law Enforcement Restitution Fund was not shown. This condition was also noted in the prior independent audit report for the two years ended December 31, 2011.

Criteria: Under Section 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

Cause: The County Commission did not ensure that all financial information for all County funds was included in the annual published financial statements.

Effect: The County Commission did not follow state law on publishing the annual financial statements each year.

Recommendation:

The County Commission ensure that all funds of the County are included in the annual published financial statements.

PIKE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

Auditee Response: The present County Clerk responded as follows:

The County will ensure that all efforts are used to obtain information necessary to include all funds in the annual financial statements.

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

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

11-01 County Budget Documents Materially Misstated County's Financial Statements

Condition: The County's budget documents for the years ended December 31, 2011 and 2010 materially misstated the various receipt classifications for the General Revenue Fund and 911 Fund. The Special Road and Bridge Fund, Hospital Fund, and other funds also had misclassifications of receipts recorded on the budget documents.

Status: Partially implemented. Receipt classifications have been properly classified for the year ended December 31, 2012 but the disbursements and ending cash balances for several County funds have been misstated requiring audit adjustments to the financial statements. See current finding 12-01.

11-02 Treasurer's Annual Settlements Not Accurately Stated

Condition: The Treasurer's annual settlements contain material differences in several County funds between the reconciled bank balance amounts and the amount recorded on the settlements at December 31, 2011 and 2010.

Status: Not implemented for cash reconciliations in various County funds. See current finding 12-02.

11-03 Budgetary Procedures Not in Compliance With State Law

Condition:

- A. Expenditures were approved for payment that exceeded the approved budget for various County funds.
- B. The County Commission, County Clerk, and other elected officials did not prepare budgets for all county funds.
- C. The County Commission budgeted a deficit balance for the Hospital Fund in 2011 and 2010.
- D. The County Commission approved expenditures from the Emergency Fund that were not considered emergency according to state law.

Status: A. and B. Not implemented. See current finding 12-03. C. and D. Implemented.

11-04 All County Funds not Presented in Annual Published Financial Statements

Condition: Not all applicable County funds were published in the newspaper as required by state law.

Status: Not implemented. See current finding 12-04.