



NICOLE GALLOWAY, CPA
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, 2016, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Stopp & VanHoy, Certified Public Accountants, and Business Advisors, LLC, is attached.

Nicole R. Galloway, CPA
State Auditor

October 2017
Report No. 2017-119

**The County of Mercer
Princeton, Missouri
Financial Statements, Independent Auditor's Reports and Supplementary Information
December 31, 2016 & 2015**



**The County of Mercer
Princeton, Missouri
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INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of Mercer County, Missouri

We have audited the accompanying financial statements of Mercer County, Missouri, as of and for the years ended December 31, 2016 and 2015, which collectively comprise the County's basic financial statements and the related notes to the financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1, the financial statements are prepared by Mercer 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 Mercer County, Missouri, as of December 31, 2016 and 2015, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Mercer County, Missouri, as of December 31, 2016 and 2015, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mercer County, Missouri’s basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental 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. 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 supplemental information 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 July 25, 2017, on our consideration of Mercer 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 Mercer County, Missouri’s internal control over financial reporting and compliance.



Creve Coeur, Missouri
July 25, 2017

The County of Mercer
Princeton, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

<u>Fund</u>	Cash and Equivalents January 1, 2016	Receipts 2016	Disbursements 2016	Cash and Equivalents December 31, 2016
General Revenue	\$ 1,029,925	\$ 907,799	\$ 862,910	\$ 1,074,814
Road and Bridge	155,638	1,175,175	1,054,697	276,116
Use Tax	211,225	88,564	185,441	114,348
Assessment	13,462	124,532	127,575	10,419
LEA	17,455	10,390	15,548	12,297
Prosecuting Attorney Training	1,312	145	280	1,177
Prosecuting Attorney Admin Handling Cost	240	4,599	943	3,896
Recreational	148,981	140,499	126,191	163,289
Recorder Trust	-	173	173	-
Law Enforcement Sales Tax	62,666	185,782	164,289	84,159
Jail Commissary	2,080	6,289	3,325	5,044
Local Law Enforcement Block Grant	6	-	-	6
Restitution	5,511	1,867	2,262	5,116
Sheriff's Special	15,085	8,391	10,261	13,215
Recorder's Special	3,950	2,744	2,898	3,796
LEPC	4,171	2,500	2,207	4,464
Tax Maintenance	5,393	7,943	8,113	5,223
Sheriff's Revolving	10,494	9,304	5,802	13,996
Law Enforcement Training	1,563	1,913	1,269	2,207
FEMA	-	304,147	304,147	-
Lindley Township	1,775	71,880	63,638	10,017
Deputy Sheriff	-	5,065	5,065	-
Inmate Security	3,204	384	-	3,588
Senior Citizens'	28,450	33,163	50,200	11,413
Total	<u>\$ 1,722,586</u>	<u>\$ 3,093,248</u>	<u>\$ 2,997,234</u>	<u>\$ 1,818,600</u>

See Notes to the Financial Statements

The County of Mercer
Princeton, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2015

<u>Fund</u>	Cash and Equivalents January 1, 2015	Receipts 2015	Disbursements 2015	Cash and Equivalents December 31, 2015
General Revenue	\$ 911,910	\$ 893,196	\$ 775,181	\$ 1,029,925
Road and Bridge	112,767	1,306,946	1,264,075	155,638
Use Tax	217,623	81,183	87,581	211,225
Assessment	26,061	111,810	124,409	13,462
LEA	18,015	2,425	2,985	17,455
Prosecuting Attorney Training	1,155	157	-	1,312
Prosecuting Attorney Admin Handling Cost	81	4,138	3,979	240
Recreational	130,777	149,786	131,582	148,981
Recorder Trust	-	120	120	-
Law Enforcement Sales Tax	32,710	194,858	164,902	62,666
Jail Commissary	487	4,206	2,613	2,080
Local Law Enforcement Block Grant	6	-	-	6
Restitution	3,906	5,427	3,822	5,511
Sheriff's Special	17,471	7,002	9,388	15,085
Recorder's Special	6,089	2,771	4,910	3,950
LEPC	5,483	2,500	3,812	4,171
Tax Maintenance	6,213	7,746	8,566	5,393
Sheriff's Revolving	12,809	8,047	10,362	10,494
Law Enforcement Training	2,216	1,801	2,454	1,563
FEMA	-	86,223	86,223	-
Lindley Township	-	61,134	59,359	1,775
Deputy Sheriff	-	4,859	4,859	-
Inmate Security	2,606	598	-	3,204
Senior Citizens'	19,318	31,296	22,164	28,450
Total	<u>\$ 1,527,703</u>	<u>\$ 2,968,229</u>	<u>\$ 2,773,346</u>	<u>\$ 1,722,586</u>

See Notes to the Financial Statements

**The County of Mercer
Princeton, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015**

	General Revenue Fund			
	2016		2015	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ 139,100	\$ 140,002	\$ 146,500	\$ 138,391
Sales Taxes	338,500	310,427	320,000	338,411
Intergovernmental	245,830	259,399	244,015	245,542
Charges for Services	58,925	57,279	71,035	67,520
Interest	4,200	4,743	3,700	4,711
Other	69,675	63,309	56,970	53,496
Transfers In	115,000	72,640	150,000	45,125
Total Receipts	<u>\$ 971,230</u>	<u>\$ 907,799</u>	<u>\$ 992,220</u>	<u>\$ 893,196</u>
 <u>Disbursements</u>				
County Commission	\$ 80,149	\$ 79,476	\$ 77,849	\$ 70,729
County Clerk	104,315	93,618	101,593	86,552
Elections	63,440	64,926	14,341	12,916
Building and Grounds	94,331	72,400	95,955	61,133
Employee Fringe Benefits	150,900	121,662	140,081	108,360
County Treasurer	68,916	63,738	68,622	61,994
Circuit Clerk	16,800	10,941	16,100	15,017
Court Administration	86,736	38,262	121,736	11,665
Public Administrator	28,703	28,409	28,039	27,426
Sheriff	174,929	148,242	206,756	166,705
Prosecuting Attorney	77,113	66,415	75,719	73,264
Juvenile Officer	20,253	3,195	20,253	6,740
Coroner	9,455	4,333	9,180	9,180
Court Reporter	780	46	780	101
Other	83,051	67,247	80,450	63,399
Transfers Out	-	-	-	-
Emergency Fund	29,137	-	29,767	-
Total Disbursements	<u>\$ 1,089,008</u>	<u>\$ 862,910</u>	<u>\$ 1,087,221</u>	<u>\$ 775,181</u>
 Receipts Over (Under)				
Disbursements	\$ (117,778)	\$ 44,889	\$ (95,001)	\$ 118,015
 Cash and Cash Equivalents				
January 1	<u>1,029,925</u>	<u>1,029,925</u>	<u>911,910</u>	<u>911,910</u>
 Cash and Cash Equivalents				
December 31	<u>\$ 912,147</u>	<u>\$ 1,074,814</u>	<u>\$ 816,909</u>	<u>\$ 1,029,925</u>

See Notes to the Financial Statements

**The County of Mercer
Princeton, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015**

	Road and Bridge Fund			
	2016		2015	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ 92,600	\$ 97,567	\$ 90,900	\$ 92,406
Sales Taxes	84,500	77,628	80,000	84,595
Intergovernmental	1,194,456	877,084	1,815,452	1,022,187
Charges for Services	7,637	24,217	15,100	3,845
Interest	680	912	650	686
Other	25,140	16,936	31,297	19,745
Transfers In	140,000	80,831	140,000	83,482
Total Receipts	<u>\$ 1,545,013</u>	<u>\$ 1,175,175</u>	<u>\$ 2,173,399</u>	<u>\$ 1,306,946</u>
 <u>Disbursements</u>				
Salaries	\$ 105,942	\$ 105,621	\$ 115,336	\$ 107,524
Employee Fringe Benefits	46,355	31,821	41,710	30,533
Supplies	36,762	24,072	43,962	25,362
Insurance	8,500	7,675	6,500	7,894
Road and Bridge Materials	512,588	386,383	513,133	428,340
Equipment Repairs	25,000	24,468	25,500	15,379
Equipment Purchases	26,000	24,311	16,324	13,983
Road & Bridge Construction	806,044	410,346	1,436,800	595,060
Other	-	-	-	-
Transfers Out	40,000	40,000	40,000	40,000
Total Disbursements	<u>\$ 1,607,191</u>	<u>\$ 1,054,697</u>	<u>\$ 2,239,265</u>	<u>\$ 1,264,075</u>
 Receipts Over (Under)				
Disbursements	\$ (62,178)	\$ 120,478	\$ (65,866)	\$ 42,871
 Cash and Cash Equivalents				
January 1	<u>155,638</u>	<u>155,638</u>	<u>112,767</u>	<u>112,767</u>
 Cash and Cash Equivalents				
December 31	<u>\$ 93,460</u>	<u>\$ 276,116</u>	<u>\$ 46,901</u>	<u>\$ 155,638</u>

See Notes to the Financial Statements

**The County of Mercer
Princeton, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015**

	Use Tax Fund			
	2016		2015	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	80,000	87,779	125,000	80,302
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	890	785	800	881
Other	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 80,890</u>	<u>\$ 88,564</u>	<u>\$ 125,800</u>	<u>\$ 81,183</u>
 <u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	102,200	75,612	65,000	12,087
Equipment	-	34,689	28,254	27,869
Transfers Out	117,500	75,140	152,500	47,625
Emergency Fund	2,435	-	3,774	-
Total Disbursements	<u>\$ 222,135</u>	<u>\$ 185,441</u>	<u>\$ 249,528</u>	<u>\$ 87,581</u>
 Receipts Over (Under)				
Disbursements	\$ (141,245)	\$ (96,877)	\$ (123,728)	\$ (6,398)
 Cash and Cash Equivalents				
January 1	<u>211,225</u>	<u>211,225</u>	<u>217,623</u>	<u>217,623</u>
 Cash and Cash Equivalents				
December 31	<u>\$ 69,980</u>	<u>\$ 114,348</u>	<u>\$ 93,895</u>	<u>\$ 211,225</u>

See Notes to the Financial Statements

The County of Mercer
Princeton, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Assessment Fund				LEA Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	112,814	122,599	108,949	108,534	-	-	-	-
Charges for Services	2,500	1,618	1,200	2,831	10,370	10,352	1,025	2,352
Interest	200	166	250	201	15	38	55	73
Other	100	149	100	244	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	\$ 115,614	\$ 124,532	\$ 110,499	\$ 111,810	\$ 10,385	\$ 10,390	\$ 1,080	\$ 2,425
Disbursements								
Salaries	\$ 82,427	\$ 81,917	\$ 80,026	\$ 80,221	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	27,090	27,088	24,416	24,160	-	-	-	-
Materials and Supplies	5,000	4,775	6,000	5,036	2,000	548	2,000	985
Services and Other	14,420	13,795	16,100	14,239	-	-	-	-
Equipment	-	-	1,500	753	15,000	15,000	4,000	2,000
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 128,937	\$ 127,575	\$ 128,042	\$ 124,409	\$ 17,000	\$ 15,548	\$ 6,000	\$ 2,985
Receipts Over (Under)								
Disbursements	\$ (13,323)	\$ (3,043)	\$ (17,543)	\$ (12,599)	\$ (6,615)	\$ (5,158)	\$ (4,920)	\$ (560)
Cash and Cash Equivalents								
January 1	13,462	13,462	26,061	26,061	17,455	17,455	18,015	18,015
Cash and Cash Equivalents								
December 31	<u>\$ 139</u>	<u>\$ 10,419</u>	<u>\$ 8,518</u>	<u>\$ 13,462</u>	<u>\$ 10,840</u>	<u>\$ 12,297</u>	<u>\$ 13,095</u>	<u>\$ 17,455</u>

See Notes to the Financial Statements

The County of Mercer
Princeton, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Prosecuting Attorney Training Fund				Prosecuting Attorney Admin Handling Cost Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	185	140	180	152	5,240	3,999	4,508	3,572
Interest	5	5	10	5	1	10	1	1
Other	-	-	-	-	650	590	650	565
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 190</u>	<u>\$ 145</u>	<u>\$ 190</u>	<u>\$ 157</u>	<u>\$ 5,891</u>	<u>\$ 4,599</u>	<u>\$ 5,159</u>	<u>\$ 4,138</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	1,502	280	750	-	840	943	5,240	3,979
Equipment	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 1,502</u>	<u>\$ 280</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ 840</u>	<u>\$ 943</u>	<u>\$ 5,240</u>	<u>\$ 3,979</u>
Receipts Over (Under)								
Disbursements	\$ (1,312)	\$ (135)	\$ (560)	\$ 157	\$ 5,051	\$ 3,656	\$ (81)	\$ 159
Cash and Cash Equivalents								
January 1	<u>1,312</u>	<u>1,312</u>	<u>1,155</u>	<u>1,155</u>	<u>240</u>	<u>240</u>	<u>81</u>	<u>81</u>
Cash and Cash Equivalents								
December 31	<u>\$ -</u>	<u>\$ 1,177</u>	<u>\$ 595</u>	<u>\$ 1,312</u>	<u>\$ 5,291</u>	<u>\$ 3,896</u>	<u>\$ -</u>	<u>\$ 240</u>

See Notes to the Financial Statements

The County of Mercer
Princeton, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Recreational Fund				Recorder Trust Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	140,000	135,782	120,000	148,565	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	173	-	120
Interest	-	-	-	-	-	-	-	-
Other	-	4,717	-	1,221	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 140,000</u>	<u>\$ 140,499</u>	<u>\$ 120,000</u>	<u>\$ 149,786</u>	<u>\$ -</u>	<u>\$ 173</u>	<u>\$ -</u>	<u>\$ 120</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Recreational Grants	220,000	126,191	210,000	131,582	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	-	173	-	120
Equipment	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 220,000</u>	<u>\$ 126,191</u>	<u>\$ 210,000</u>	<u>\$ 131,582</u>	<u>\$ -</u>	<u>\$ 173</u>	<u>\$ -</u>	<u>\$ 120</u>
Receipts Over (Under)								
Disbursements	\$ (80,000)	\$ 14,308	\$ (90,000)	\$ 18,204	\$ -	\$ -	\$ -	\$ -
Cash and Cash Equivalents								
January 1	<u>148,981</u>	<u>148,981</u>	<u>130,777</u>	<u>130,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents								
December 31	<u>\$ 68,981</u>	<u>\$ 163,289</u>	<u>\$ 40,777</u>	<u>\$ 148,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to the Financial Statements

**The County of Mercer
Princeton, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015**

	Law Enforcement Sales Tax Fund				Jail Commissary Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	150,000	135,766	140,000	148,562	-	-	-	-
Intergovernmental	37,000	47,489	28,000	43,667	-	-	-	-
Charges for Services	-	-	-	-	4,200	6,289	1,500	4,206
Interest	188	352	95	211	-	-	-	-
Other	2,482	2,175	2,839	2,418	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 189,670</u>	<u>\$ 185,782</u>	<u>\$ 170,934</u>	<u>\$ 194,858</u>	<u>\$ 4,200</u>	<u>\$ 6,289</u>	<u>\$ 1,500</u>	<u>\$ 4,206</u>
<u>Disbursements</u>								
Salaries	\$ 154,329	\$ 145,554	\$ 150,837	\$ 144,080	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	36,000	18,735	34,500	20,822	6,280	3,325	1,500	2,613
Equipment	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 190,329</u>	<u>\$ 164,289</u>	<u>\$ 185,337</u>	<u>\$ 164,902</u>	<u>\$ 6,280</u>	<u>\$ 3,325</u>	<u>\$ 1,500</u>	<u>\$ 2,613</u>
Receipts Over (Under)								
Disbursements	\$ (659)	\$ 21,493	\$ (14,403)	\$ 29,956	\$ (2,080)	\$ 2,964	\$ -	\$ 1,593
Cash and Cash Equivalents								
January 1	<u>62,666</u>	<u>62,666</u>	<u>32,710</u>	<u>32,710</u>	<u>2,080</u>	<u>2,080</u>	<u>487</u>	<u>487</u>
Cash and Cash Equivalents								
December 31	<u>\$ 62,007</u>	<u>\$ 84,159</u>	<u>\$ 18,307</u>	<u>\$ 62,666</u>	<u>\$ -</u>	<u>\$ 5,044</u>	<u>\$ 487</u>	<u>\$ 2,080</u>

See Notes to the Financial Statements

The County of Mercer
Princeton, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Local Law Enforcement Block Grant Fund				Restitution Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	552	-	455
Interest	-	-	-	-	-	19	-	18
Other	-	-	-	-	-	1,296	-	4,954
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,867</u>	<u>\$ -</u>	<u>\$ 5,427</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	-	2,262	-	3,822
Equipment	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,262</u>	<u>\$ -</u>	<u>\$ 3,822</u>
Receipts Over (Under)								
Disbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (395)	\$ -	\$ 1,605
Cash and Cash Equivalents								
January 1	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>5,511</u>	<u>5,511</u>	<u>3,906</u>	<u>3,906</u>
Cash and Cash Equivalents								
December 31	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 5,511</u>	<u>\$ 5,116</u>	<u>\$ 3,906</u>	<u>\$ 5,511</u>

See Notes to the Financial Statements

The County of Mercer
Princeton, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Sheriff's Special Fund				Recorder's Special Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	7,000	8,332	10,500	6,933	3,000	2,731	3,000	2,748
Interest	65	59	55	69	30	13	30	23
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 7,065</u>	<u>\$ 8,391</u>	<u>\$ 10,555</u>	<u>\$ 7,002</u>	<u>\$ 3,030</u>	<u>\$ 2,744</u>	<u>\$ 3,030</u>	<u>\$ 2,771</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	4,500	1,517	4,000	4,340	6,550	2,898	7,600	4,015
Training	4,500	2,017	4,500	1,058	-	-	-	-
Services and Other	1,050	911	1,000	947	-	-	1,000	895
Equipment	12,100	5,816	18,526	3,043	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 22,150</u>	<u>\$ 10,261</u>	<u>\$ 28,026</u>	<u>\$ 9,388</u>	<u>\$ 6,550</u>	<u>\$ 2,898</u>	<u>\$ 8,600</u>	<u>\$ 4,910</u>
Receipts Over (Under)								
Disbursements	\$ (15,085)	\$ (1,870)	\$ (17,471)	\$ (2,386)	\$ (3,520)	\$ (154)	\$ (5,570)	\$ (2,139)
Cash and Cash Equivalents								
January 1	<u>15,085</u>	<u>15,085</u>	<u>17,471</u>	<u>17,471</u>	<u>3,950</u>	<u>3,950</u>	<u>6,089</u>	<u>6,089</u>
Cash and Cash Equivalents								
December 31	<u>\$ -</u>	<u>\$ 13,215</u>	<u>\$ -</u>	<u>\$ 15,085</u>	<u>\$ 430</u>	<u>\$ 3,796</u>	<u>\$ 519</u>	<u>\$ 3,950</u>

See Notes to the Financial Statements

**The County of Mercer
Princeton, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015**

	LEPC Fund				Tax Maintenance Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	7,600	7,864	7,500	7,548
Interest	-	-	-	-	40	34	40	38
Other	-	-	-	-	100	45	5	160
Transfers In	2,500	2,500	2,500	2,500	-	-	-	-
Total Receipts	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 7,740</u>	<u>\$ 7,943</u>	<u>\$ 7,545</u>	<u>\$ 7,746</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	12,200	8,113	12,600	8,566
Training	4,500	1,621	4,500	1,638	-	-	-	-
Services and Other	2,171	586	3,483	2,174	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 6,671</u>	<u>\$ 2,207</u>	<u>\$ 7,983</u>	<u>\$ 3,812</u>	<u>\$ 12,200</u>	<u>\$ 8,113</u>	<u>\$ 12,600</u>	<u>\$ 8,566</u>
Receipts Over (Under)								
Disbursements	\$ (4,171)	\$ 293	\$ (5,483)	\$ (1,312)	\$ (4,460)	\$ (170)	\$ (5,055)	\$ (820)
Cash and Cash Equivalents								
January 1	<u>4,171</u>	<u>4,171</u>	<u>5,483</u>	<u>5,483</u>	<u>5,393</u>	<u>5,393</u>	<u>6,213</u>	<u>6,213</u>
Cash and Cash Equivalents								
December 31	<u>\$ -</u>	<u>\$ 4,464</u>	<u>\$ -</u>	<u>\$ 4,171</u>	<u>\$ 933</u>	<u>\$ 5,223</u>	<u>\$ 1,158</u>	<u>\$ 5,393</u>

See Notes to the Financial Statements

The County of Mercer
Princeton, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Sheriff's Revolving Fund				Law Enforcement Training Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	8,000	9,120	5,000	7,969	1,300	1,407	1,350	1,295
Interest	35	52	40	35	10	6	10	6
Other	195	132	150	43	500	500	500	500
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 8,230</u>	<u>\$ 9,304</u>	<u>\$ 5,190</u>	<u>\$ 8,047</u>	<u>\$ 1,810</u>	<u>\$ 1,913</u>	<u>\$ 1,860</u>	<u>\$ 1,801</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	18,724	5,802	17,999	10,362	3,373	1,269	4,076	2,454
Equipment	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 18,724</u>	<u>\$ 5,802</u>	<u>\$ 17,999</u>	<u>\$ 10,362</u>	<u>\$ 3,373</u>	<u>\$ 1,269</u>	<u>\$ 4,076</u>	<u>\$ 2,454</u>
Receipts Over (Under)								
Disbursements	\$ (10,494)	\$ 3,502	\$ (12,809)	\$ (2,315)	\$ (1,563)	\$ 644	\$ (2,216)	\$ (653)
Cash and Cash Equivalents								
January 1	<u>10,494</u>	<u>10,494</u>	<u>12,809</u>	<u>12,809</u>	<u>1,563</u>	<u>1,563</u>	<u>2,216</u>	<u>2,216</u>
Cash and Cash Equivalents								
December 31	<u>\$ -</u>	<u>\$ 13,996</u>	<u>\$ -</u>	<u>\$ 10,494</u>	<u>\$ -</u>	<u>\$ 2,207</u>	<u>\$ -</u>	<u>\$ 1,563</u>

See Notes to the Financial Statements

**The County of Mercer
Princeton, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015**

	FEMA Fund				Lindley Township Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 23,200	\$ 27,370	\$ 21,700	\$ 23,475
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	460,000	304,147	500,000	86,223	38,663	44,510	37,659	37,659
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 460,000</u>	<u>\$ 304,147</u>	<u>\$ 500,000</u>	<u>\$ 86,223</u>	<u>\$ 61,863</u>	<u>\$ 71,880</u>	<u>\$ 59,359</u>	<u>\$ 61,134</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	38,664	27,667	37,659	38,004
Services and Other	410,000	263,316	450,000	42,741	24,974	35,971	21,700	21,355
Equipment	-	-	-	-	-	-	-	-
Transfers Out	50,000	40,831	50,000	43,482	-	-	-	-
Total Disbursements	<u>\$ 460,000</u>	<u>\$ 304,147</u>	<u>\$ 500,000</u>	<u>\$ 86,223</u>	<u>\$ 63,638</u>	<u>\$ 63,638</u>	<u>\$ 59,359</u>	<u>\$ 59,359</u>
Receipts Over (Under)								
Disbursements	\$ -	\$ -	\$ -	\$ -	\$ (1,775)	\$ 8,242	\$ -	\$ 1,775
Cash and Cash Equivalents								
January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,775</u>	<u>1,775</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents								
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,017</u>	<u>\$ -</u>	<u>\$ 1,775</u>

See Notes to the Financial Statements

The County of Mercer
Princeton, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Deputy Sheriff Fund				Inmate Security Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	6,826	2,895	5,891	2,641	-	-	-	-
Charges for Services	2,900	2,170	2,715	2,218	-	384	700	598
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 9,726</u>	<u>\$ 5,065</u>	<u>\$ 8,606</u>	<u>\$ 4,859</u>	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 700</u>	<u>\$ 598</u>
<u>Disbursements</u>								
Salaries	\$ 9,726	\$ 5,065	\$ 8,606	\$ 4,859	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 9,726</u>	<u>\$ 5,065</u>	<u>\$ 8,606</u>	<u>\$ 4,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts Over (Under)								
Disbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384	\$ 700	\$ 598
Cash and Cash Equivalents								
January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,204</u>	<u>3,204</u>	<u>2,606</u>	<u>2,606</u>
Cash and Cash Equivalents								
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,204</u>	<u>\$ 3,588</u>	<u>\$ 3,306</u>	<u>\$ 3,204</u>

See Notes to the Financial Statements

**The County of Mercer
Princeton, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015**

	Senior Citizens' Fund			
	2016		2015	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ 30,000	\$ 32,263	\$ 29,000	\$ 31,296
Sales Tax	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other	-	900	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 30,000</u>	<u>\$ 33,163</u>	<u>\$ 29,000</u>	<u>\$ 31,296</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	250	-	250	24
Grants	48,200	50,200	25,500	22,140
Services and Other	-	-	-	-
Equipment	-	-	-	-
Transfers Out	-	-	-	-
Emergency Reserves	10,000	-	22,568	-
Total Disbursements	<u>\$ 58,450</u>	<u>\$ 50,200</u>	<u>\$ 48,318</u>	<u>\$ 22,164</u>
Receipts Over (Under)				
Disbursements	\$ (28,450)	\$ (17,037)	\$ (19,318)	\$ 9,132
Cash and Cash Equivalents				
January 1	<u>28,450</u>	<u>28,450</u>	<u>19,318</u>	<u>19,318</u>
Cash and Cash Equivalents				
December 31	<u>\$ -</u>	<u>\$ 11,413</u>	<u>\$ -</u>	<u>\$ 28,450</u>

See Notes to the Financial Statements

**The County of Mercer
Princeton, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 1 - 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, County Collector-Treasurer, Coroner, Circuit Clerk and ex-officio Recorder of Deeds, Prosecuting Attorney, Public Administrator, and Sheriff.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

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

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. The Mercer County Senior Citizens' Service Board is controlled by a separate board and is included under the control of Mercer County.

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

Basis of Presentation

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

Basis of Accounting

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

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.

**The County of Mercer
Princeton, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

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.

Budget and Budgetary Accounting

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

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

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes 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.

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

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

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

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.

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

During our audit, we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The following fund had actual expenditures that exceeded the budgeted expenditures in 2015: Jail Commissary Fund. We noted the following fund without a prepared budget for 2016 and 2015: Recorder Trust Fund.

Taxes

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

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2016 and 2015, for the purposes of taxation was:

**The County of Mercer
Princeton, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes (continued)

	2016	2015
Real Estate	\$ 39,021,078	\$ 36,196,896
Personal Property	24,219,987	21,842,819
Railroad and Utilities	14,927,254	14,157,805
	<u>\$ 78,168,319</u>	<u>\$ 72,197,520</u>

The tax levy per \$100 assessed valuation of tangible taxable property for the calendar year 2016 and 2015, respectively, for the purpose of County taxation, was as follows:

	2016	2015
General Revenue Fund	\$ 0.2615	\$ 0.2480
Road and Bridge Fund	0.1350	0.1403
Senior Citizens' Fund	0.0450	0.0468
	<u>\$ 0.4415</u>	<u>\$ 0.4351</u>

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

Lindley Township, which is managed by Mercer County, also receives property tax based on the assessed valuation of the tangible taxable property included within the Township's boundaries.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Collector-Treasurer's Funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

**The County of Mercer
Princeton, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 2 - 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 on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. The total bank balance as of December 31, 2016 and December 31, 2015, was insured through the Federal Deposit Insurance Corporation and securities set by the County's financial institutions.

The carrying values and bank balances of deposits and investments shown above are included in the financial statements at December 31, 2016, as follows:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits and Cash Equivalents	\$ 1,818,600	\$ 1,899,789
Investments	-	-
Total Deposits and Investments as of December 31, 2016	<u>\$ 1,818,600</u>	<u>\$ 1,899,789</u>

The carrying values and bank balances of deposits and investments shown above are included in the financial statements at December 31, 2015, as follows:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits and Cash Equivalents	\$ 1,722,586	\$ 1,807,445
Investments	-	-
Total Deposits and Investments as of December 31, 2015	<u>\$ 1,722,586</u>	<u>\$ 1,807,445</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, 2016, and 2015.

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to 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.

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.

**The County of Mercer
Princeton, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 2 - Deposits and Investments (continued)

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.

Note 3 - Capital Leases

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 May 25, 2010 through October 25, 2015. 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.

<u>Debt</u>	<u>Balance at 1/1/2015</u>	<u>Amount Borrowed</u>	<u>Amount Repaid</u>	<u>Balance at 12/31/2015</u>	<u>Interest Paid During Year</u>
Backhoe Loader	\$ 13,297	\$ -	\$ 13,297	\$ -	\$ 527

Note 4 - Interfund Transfers

Transfers between funds for the years ended December 31, 2016 and 2015 are as follows:

<u>Fund</u>	<u>2016</u>		<u>2015</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Revenue	\$ 72,640	\$ -	\$ 45,125	\$ -
Road and Bridge	80,831	40,000	83,482	40,000
Use Tax		75,140		47,625
LEPC	2,500	-	2,500	-
FEMA	-	40,831	-	43,482
Total	<u>\$ 155,971</u>	<u>\$ 155,971</u>	<u>\$ 131,107</u>	<u>\$ 131,107</u>

**The County of Mercer
Princeton, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 5 - State of Missouri County Employees Retirement Fund (CERF)

Plan Description

Benefit eligible employees of the County are provided with pensions through County Employees' Retirement Fund (CERF) – a mandatory cost-sharing, multiple-employer defined benefit pension plan established in 1994. Laws governing CERF are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes. As such, it is CERF'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. The responsibility for the operations and administration of CERF is vested in the Board of Directors consisting of eleven members. CERF issues a publicly available Annual Financial Report that can be obtained at www.mocerf.org.

Benefits Provided

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 of 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 be amended only by action of the Missouri Legislature.

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. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees.

In addition to the above contributions required of employees, the following fees and penalties prescribed under Missouri law are required to be collected and remitted to CERF by counties covered by the plan:

- Late fees on filing of personal property tax declarations,
- Twenty dollars on each merchants and manufacturers license issued,
- Six dollars on each document recorded or filed with county recorders of deeds, with an additional one on each document recorded,
- Three sevenths of the fee on delinquent property taxes, and
- Interest earned on investment of the above collections prior to remittance to CERF.

**The County of Mercer
Princeton, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 5 - State of Missouri County Employees Retirement Fund (CERF) (continued)

Further information related to required contributions, pension benefits, other plan terms, and investments and related return and financial information can be found in the notes to the financial statements of CERF's Annual Financial Report.

The County's required contribution rate for the year ended December 31, 2016 and 2015, was 0% of annual payroll. Contributions and statutory charges remitted to the pension plan from the County were \$0 and \$30,978, respectively, for the year ended December 31, 2016 and \$0 and \$25,411, respectively, for the year ended December 31, 2015.

At December 31, 2016, the County had a liability of \$246,064 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and was based on the most recent actuarial valuation by CERF's independent actuary as of December 31, 2014 projected forward to December 31, 2015, and financial information of the Plan as of December 31, 2015.

The County's proportion of the net pension liability was based on the County's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for CERF's plan year ended December 31, 2015. At December 31, 2015, the County's proportion was 0.12726%, which decreased by 0.0118% from the percentage used to allocate the liability as of December 31, 2014.

There were no changes in benefit terms during the CERF plan year ended December 31, 2016, that affected the measurement of total pension liability.

For the year ended December 31, 2016 and 2015, the County recognized pension expense of \$0 and \$0, respectively.

Actuarial Assumptions

The total pension liability in the December 31, 2015, actuarial valuation, which is also the date of measurement, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Compensation increases	2.5% plus merit
Inflation	2.5%
Investment rate of return	7.5%

Mortality rates were based on the RP-2000 Combined Mortality projected to 2010 using Scale AA.

The following actuarial assumptions and methods were changed for the actuarial valuation used for the reporting period: a) compensation increases were changed from inflation plus an age-graded allowance for merit, promotion, and seniority (total average increases, including inflation, were approximately 5.3% to 2.5%, plus merit, as indicated above; b) inflation was reduced from 3% to 2.5%, as indicated above; c) the investment rate of return was reduced from 8% to 7.5% as indicated above; and mortality rates were changed from the RP-2000 Separate Mortality projected to 2010 to the RP-2000 Combined Mortality projected to 2010, as indicated above.

**The County of Mercer
Princeton, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 5 - State of Missouri County Employees Retirement Fund (CERF) (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 to December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of pension plan investment expense and tuition) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in CERF target asset allocation as of December 31, 2015 are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Plus	15.00%	2.66%
Absolute Return	15.00%	4.18%
U.S. Large Cap Equity	25.00%	6.38%
U.S. Small Cap Equity	10.00%	6.96%
Non-U.S. Equity	15.00%	6.58%
Long/Short Equity	10.00%	6.85%
Private Equity	5.00%	7.34%
Core Real Estate	5.00%	5.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current statutory rates and that contributions from employers will be made based on the Plan's current revenue sources (various fees and penalties collected by the counties). Such revenue was assumed to increase at the rate of 1% per year. This increase assumption has been used by the Plan in prior funding status projections. Historically, revenue increases have averaged more than 1% per year. Based on the assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. The projections covered an 80-year period into the future. The long-term expected rate of return on the Plan's investments was applied to projected benefit payments.

**The County of Mercer
Princeton, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 5 - State of Missouri County Employees Retirement Fund (CERF) (continued)

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	Current Single Discount		
	1% Decrease (6.5%)	Rate Assumption (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability	\$ 349,975	\$ 246,064	\$ 159,507

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERF Annual Financial Report.

Note 6 - Prosecuting Attorney Retirement Fund

In accordance with state statute Section 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 \$2,618 and \$2,244, respectively, for the years ended December 31, 2016 and 2015.

Note 7 - 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 Primary Government. There were no participants at December 31, 2016 and no participants at December 31, 2015.

Note 8 - Claims, Commitments, and Contingencies

Litigation

The County is not involved in pending litigation as of the audit report date.

Compensated Absences

The County provides employees with up to three weeks of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is 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.

**The County of Mercer
Princeton, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 8 - Claims, Commitments, and Contingencies (continued)

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.

Note 9 - Risk Management

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

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

The County is also a member of the Missouri Association of Counties Self-Injured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$500,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

Note 10 - Subsequent Events

The County has evaluated events subsequent to December 31, 2016 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through July 25, 2017, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

Supplementary Information

**The County of Mercer
Princeton, Missouri
Schedule of the County's Proportionate Share of the Net Pension Liability - Last 10 Fiscal Years
County Employees' Retirement Fund (CERF)**

	2016	2015
County's proportion of the net pension liability	0.1273%	0.1391%
County's proportionate share of the net pension liability	\$ 246,064	\$ 162,293
County's covered-employee payroll	\$ 662,133	\$ 647,329
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.16%	25.07%
Plan fiduciary net position as a percentage of the total pension liability	69.11%	78.83%

Notes:

Information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is January 1 prior to the end of the fiscal year.

**The County of Mercer
Princeton, Missouri
Schedule of Pension Contributions - Last 10 Fiscal Years
County Employees' Retirement Fund (CERF)**

	2016	2015
Required contribution	\$ 25,412	\$ 27,510
Contributions in relation to the required contribution	25,412	27,510
Contribution deficiency (excess)	\$ -	\$ -
County's covered employee payroll	\$ 662,133	\$ 647,329
Contributions as a percentage of covered-employee payroll	3.84%	4.25%

Notes:

Information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is January 1 prior to the end of the fiscal year.

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

To the County Commission and
Officeholders of Mercer County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Mercer County, Missouri, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise Mercer County, Missouri's basic financial statements and have issued our report thereon dated July 25, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mercer County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance and 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 items 16/15-001.

Mercer County, Missouri's Response to Findings

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

Purpose of this Report

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

A handwritten signature in dark ink, appearing to read "Stopp & VanHoy", with a stylized flourish at the end.

Creve Coeur, Missouri
July 25, 2017

**The County of Mercer
Princeton, Missouri
Schedule of Findings and Responses
For the years ended December 31, 2016 & 2015**

Financial Statement Findings

16/15-001 **Criteria:** Missouri statutes require Counties to prepare an annual budget and expenditures are not to exceed the budget.

Condition: During our audit, we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The following fund had actual expenditures that exceeded the budgeted expenditures in 2015: Jail Commissary Fund. We noted the following fund without a prepared budget for 2016 and 2015: Recorder Trust Fund.

Effect: Missouri statutes require Counties to prepare an annual balanced budget, and expenditures are not to exceed the budget. Due to exceeding budget and not preparing a budget in certain funds, the County is in violation of Missouri Revised Statutes.

Cause: Oversight

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

Management's Response: The County Clerk will perform a detailed review of budgetary schedules and actual expenditures in order to ensure budgetary compliance, and amendments to the budget will be prepared and approved by the County Commission, if necessary. The phone number for the Clerk's office is (660) 748-3425.

**The County of Mercer
Princeton, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Mercer County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2012.

Prior Year Financial Statement Findings

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.

Status: Management has corrected this issue.

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.

**The County of Mercer
Princeton, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Prior Year Financial Statement Findings (continued)

FS 12/11-02 **Views of Responsible Officials and Planned Corrective Actions:** The County Clerk's (Judy Hamilton) office is in
cont. 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.

Status: Management has corrected this issue.

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.

Status: Management has corrected this issue.

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.

**The County of Mercer
Princeton, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Prior Year Financial Statement Findings (continued)

FS 12/11-04 **Recommendation:** We recommend that the Prosecuting Attorney's office prepare monthly bank reconciliations and
cont. 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.

Status: Management has corrected this issue.

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.

Status: Management has corrected this issue.

Prior Year Federal Award Findings and Questioned Costs

None