



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Randolph County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Randolph 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 Beard-Boehmer & Associates, PC, Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA
State Auditor

October 2017
Report No. 2017-115

AUDITED FINANCIAL STATEMENTS
RANDOLPH COUNTY, MISSOURI
FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015

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BEARD-BOEHMER & ASSOCIATES, PC
CERTIFIED PUBLIC ACCOUNTANTS
COLUMBIA, MISSOURI

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September 12, 2017

INDEPENDENT AUDITORS' REPORT

To the County Commission
and Officeholders of
Randolph County, Missouri

Report on the Financial Statements

We have audited the accompanying special purpose regulatory cash basis financial statements of Randolph County, Missouri, which comprise the statement of revenues, expenditures, and changes in cash – regulatory basis, of each fund as of December 31, 2016 and 2015, and the related statement of revenues, expenditures, and changes in cash – regulatory basis – budget and actual for each fund for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 *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 opinion.

**RANDOLPH 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 Randolph 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 Randolph County, Missouri, as of December 31, 2016 and 2015, and the changes in its financial position.

Basis for Qualified Opinion on Regulatory Basis of Accounting

Randolph County, Missouri, has not properly presented the revenues and expenditures and cash balances in the county budgets for the Justice Center Bond Accounts Fund, the Waterfall Account Fund, the Administration Building Bond Accounts Fund, and the Quarter Cent Capital Improvement Fund for the years ended December 31, 2016 and 2015. The amount by which the revenues and expenditures are misstated is material but not readily determinable.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the matter described in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of each fund of Randolph County, Missouri, as of December 31, 2016 and 2015, and their respective cash revenues and expenditures, and budgetary results for the years 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 September 12, 2017, on our consideration of Randolph 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 Randolph 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 state of Missouri 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.

Beard-Boehmer & Associates, PC

Beard-Boehmer & Associates, PC
Certified Public Accountants

RANDOLPH COUNTY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Fund	Cash			Cash			Cash		
	January 1, 2015	REVENUES	EXPENDITURES	December 31, 2015	REVENUES	EXPENDITURES	December 31, 2016		
General Revenue	\$ 1,616,248	4,260,096	3,384,547	\$ 2,491,797	3,946,606	4,520,502	\$ 1,917,901		
Special Road and Bridge Assessment	1,125,486	1,910,044	2,119,535	915,995	1,487,897	1,520,417	883,475		
Prosecuting Attorney Training	623,840	461,684	404,656	680,868	463,736	551,475	593,129		
Law Enforcement Training	1,394	1,114	2,218	290	1,068	0	1,358		
Domestic Abuse	16,388	7,036	12,570	10,854	6,308	13,457	3,705		
User	1,680	6,805	1,590	6,895	9,824	7,815	8,904		
Sheriff	13,134	7,941	7,259	13,816	9,011	5,867	16,960		
Local Emergency Planning Committee (LEPC)	28,781	41,122	54,543	15,360	53,827	42,434	26,753		
Election Service	5,697	4,235	236	9,696	129	1,027	8,798		
Emergency 911	65,994	8,597	23,918	50,673	24,891	24,522	51,042		
Recorder Tech	-	87,539	87,539	-	89,211	89,211	-		
Prosecuting Attorney Admin Handling Cost	2,077	4,470	-	6,547	4,714	4,150	7,111		
Collector Tech	11,350	11,843	11,202	11,991	8,190	8,486	11,695		
Cemetery Trust	78,226	39,661	55,493	62,394	36,510	67,386	31,518		
Prosecuting Attorney Grant	19,514	991	768	19,737	679	1,010	19,406		
Justice Center	2,331	41,107	40,006	3,432	42,251	40,766	4,917		
Sheriff Restitution	-	1,460,464	1,460,464	-	1,630,668	1,630,041	627		
Capital	6,117	6,108	3,698	8,527	3,108	2,674	8,961		
Building	21,089	-	21,089	-	-	-	-		
Court Appointed Special Advocates (CASA)	9,436	-	9,436	-	-	-	-		
Inmate Security	3,229	10,039	10,055	3,213	10,016	8,671	4,558		
Sheriff Conceal and Carry Weapons (CCW)	60,807	99,452	83,180	77,079	99,271	131,828	44,522		
Justice Center Bond Accounts	55,460	34,330	38,283	51,507	45,313	17,733	79,087		
Waterfall Account	1 568,596	569,889	1,138,482	3	510,800	510,800	3		
Administration Building Bond Accounts	2 -	1,443,705	935,853	507,852	1,376,432	1,543,214	341,070		
Quarter Cent Capital Improvement	3 -	6,821,115	2,531,350	4,289,765	647,331	4,926,596	10,500		
Totals	4 5,001	699,853	155,920	548,934	687,543	647,875	588,602		
	\$ <u>4,341,875</u>	<u>18,039,240</u>	<u>12,593,890</u>	\$ <u>9,787,225</u>	<u>11,195,334</u>	<u>16,317,957</u>	\$ <u>4,664,602</u>		

- 1 Accounts established in a separate banking facility for Justice Center receipt of sales tax revenues and payment of expenditures.
- 2 Separate bank account established in 2015 by the county for receiving sales tax revenues and making transfers to General Revenue and payment of expenditures.
- 3 Accounts established in a separate banking facility for new administration building for payment of principal, interest and fees on bonds.
- 4 Separate bank account established by the county for passage of quarter cent sales tax for new administration building for sales tax revenue and payment of expenditures.

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH
REGULATORY BASIS - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	General Revenue Fund					
	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Property taxes	\$ 876,120	787,870	(88,250)	\$ 923,952	873,934	(50,018)
Sales tax	1,732,175	1,773,676	41,501	1,604,410	1,785,010	180,600
Intergovernmental	354,213	318,828	(35,385)	358,683	310,871	(47,812)
Charges for services	721,843	700,392	(21,451)	686,106	706,806	20,700
Interest	23,000	48,412	25,412	14,000	34,501	20,501
Other	213,535	281,638	68,103	194,174	518,449	324,275
Transfers in	1,667,728	35,790	(1,631,938)	721,162	30,525	(690,637)
Total Revenues	\$ 5,588,614	3,946,606	(1,642,008)	\$ 4,502,487	4,260,096	(242,391)
EXPENDITURES						
General County Government -						
County Commission	\$ 137,316	118,935	(18,381)	\$ 113,684	110,123	(3,561)
County Clerk	153,249	150,918	(2,331)	149,015	147,857	(1,158)
Elections	122,050	101,102	(20,948)	67,450	31,454	(35,996)
Buildings and grounds	1,377,619	973,287	(404,332)	763,269	396,373	(366,896)
Employee fringe benefits	458,533	452,232	(6,301)	442,145	415,490	(26,655)
County Treasurer	54,592	53,982	(610)	52,712	52,653	(59)
County Collector	131,447	130,113	(1,334)	128,242	127,967	(275)
Recorder of Deeds	137,630	117,843	(19,787)	109,761	104,985	(4,776)
Circuit Clerk	66,037	48,960	(17,077)	66,772	38,134	(28,638)
Court Administration	38,520	26,882	(11,638)	38,520	23,073	(15,447)
Public Administrator	79,232	76,538	(2,694)	76,889	75,905	(984)
Public Safety -						
Sheriff	789,754	798,706	8,952	792,253	731,877	(60,376)
Prosecuting Attorney	403,981	380,704	(23,277)	376,940	361,366	(15,574)
Juvenile Officer	273,421	253,497	(19,924)	273,414	239,463	(33,951)
County Coroner	45,259	50,944	5,685	44,225	36,336	(7,889)
Other General County Government -						
Director of Emergency Planning	30,000	30,000	-	30,000	5,000	(25,000)
Insurance	27,521	27,510	(11)	26,854	26,843	(11)
Randolph County 4-H	28,000	28,000	-	25,000	25,000	-
Economic development	60,000	60,000	-	30,000	30,000	-
Drug task force	122,360	143,548	21,188	122,360	128,603	6,243
Public Defender	12,800	10,823	(1,977)	12,700	11,991	(709)
Other	60,012	26,079	(33,933)	58,452	49,962	(8,490)
Transfers out	811,368	439,071	(372,297)	566,845	203,845	(363,000)
Emergency Fund	167,656	20,828	(146,828)	-	10,247	10,247
Total Expenditures	\$ 5,588,357	4,520,502	(1,067,855)	\$ 4,367,502	3,384,547	(982,955)
REVENUES OVER (UNDER) EXPENDITURES	\$ 257	(573,896)	(574,153)	\$ 134,985	875,549	740,564
CASH, JANUARY 1	2,491,797	2,491,797	-	1,616,248	1,616,248	-
CASH, DECEMBER 31	\$ 2,492,054	1,917,901	(574,153)	\$ 1,751,233	2,491,797	740,564

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

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH
REGULATORY BASIS - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Special Road and Bridge Fund

	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Property taxes	\$ 524,436	533,073	8,637	\$ 498,450	525,446	26,996
Intergovernmental	790,100	864,467	74,367	1,026,000	1,233,543	207,543
Charges for services	4,000	3,630	(370)	4,000	7,796	3,796
Interest	16,500	15,600	(900)	17,500	16,858	(642)
Other	89,073	71,127	(17,946)	83,947	126,401	42,454
Total Revenues	\$ 1,424,109	1,487,897	63,788	\$ 1,629,897	1,910,044	280,147
EXPENDITURES						
Salaries	\$ 477,707	433,265	(44,442)	\$ 431,492	432,095	603
Employee fringe benefits	161,449	152,747	(8,702)	156,216	148,263	(7,953)
Supplies	41,500	35,288	(6,212)	41,500	12,016	(29,484)
Insurance	25,592	25,592	-	23,798	23,798	-
Road and bridge materials	620,500	523,474	(97,026)	468,000	483,035	15,035
Equipment repairs	66,300	49,642	(16,658)	161,000	116,027	(44,973)
Rentals	7,500	-	(7,500)	50,000	130	(49,870)
Equipment purchases	316,372	155,061	(161,311)	300,000	408,555	108,555
Road and bridge construction	205,000	10,000	(195,000)	261,000	318,659	57,659
Other	175,200	135,348	(39,852)	232,450	176,957	(55,493)
Transfers out	101,728	-	(101,728)	90,637	-	(90,637)
Total Expenditures	\$ 2,198,848	1,520,417	(678,431)	\$ 2,216,093	2,119,535	(96,558)
REVENUES OVER (UNDER) EXPENDITURES	\$ (774,739)	(32,520)	742,219	\$ (586,196)	(209,491)	376,705
CASH, JANUARY 1	915,995	915,995	-	1,125,486	1,125,486	-
CASH, DECEMBER 31	\$ 141,256	883,475	742,219	\$ 539,290	915,995	376,705

Assessment Fund

	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Intergovernmental	\$ 451,206	449,015	(2,191)	\$ 422,284	451,040	28,756
Charges for services	350	325	(25)	250	350	100
Interest	10,000	11,413	1,413	8,600	10,294	1,694
Other	-	2,983	2,983	-	-	-
Transfers In	162,248	-	(162,248)	-	-	-
Total Revenues	\$ 623,804	463,736	(160,068)	\$ 431,134	461,684	30,550
EXPENDITURES						
Salaries	\$ 240,572	230,828	(9,744)	\$ 230,719	214,679	(16,040)
Fringe benefits	62,584	60,741	(1,843)	52,445	52,434	(11)
Appraisal and legal fees	45,000	51,680	6,680	25,000	42,143	17,143
Aerial photos	35,000	36,086	1,086	24,500	24,353	(147)
Software-new	20,000	15,440	(4,560)	20,000	12,521	(7,479)
Software maintenance	25,000	13,649	(11,351)	18,000	23,504	5,504
Equipment-new	40,000	40,049	49	15,000	966	(14,034)
Other	155,650	103,002	(52,648)	36,013	34,056	(1,957)
Total Expenditures	\$ 623,806	551,475	(72,331)	\$ 421,677	404,656	(17,021)
REVENUES OVER (UNDER) EXPENDITURES	\$ (2)	(87,739)	(87,737)	\$ 9,457	57,028	47,571
CASH, JANUARY 1	680,868	680,868	-	623,840	623,840	-
CASH, DECEMBER 31	\$ 680,866	593,129	(87,737)	\$ 633,297	680,868	47,571

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH
REGULATORY BASIS - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Prosecuting Attorney Training Fund

	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Charges for services	\$ 1,400	1,068	(332)	\$ 1,400	1,114	(286)
Total Revenues	\$ 1,400	1,068	(332)	\$ 1,400	1,114	(286)
EXPENDITURES						
Training	\$ 1,400	-	(1,400)	\$ 2,794	2,218	(576)
Total Expenditures	\$ 1,400	-	(1,400)	\$ 2,794	2,218	(576)
REVENUES OVER (UNDER) EXPENDITURES	\$ -	1,068	1,068	\$ (1,394)	(1,104)	290
CASH, JANUARY 1	290	290	-	1,394	1,394	-
CASH, DECEMBER 31	\$ 290	1,358	1,068	\$ -	290	290

Law Enforcement Training Fund

	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Charges for services	\$ 8,000	6,215	(1,785)	\$ 10,000	6,872	(3,128)
Interest	200	93	(107)	200	164	(36)
Total Revenues	\$ 8,200	6,308	(1,892)	\$ 10,200	7,036	(3,164)
EXPENDITURES						
Mileage and training	\$ 14,000	13,457	(543)	\$ 12,000	12,570	570
Total Expenditures	\$ 14,000	13,457	(543)	\$ 12,000	12,570	570
REVENUES OVER (UNDER) EXPENDITURES	\$ (5,800)	(7,149)	(1,349)	\$ (1,800)	(5,534)	(3,734)
CASH, JANUARY 1	10,854	10,854	-	16,388	16,388	-
CASH, DECEMBER 31	\$ 5,054	3,705	(1,349)	\$ 14,588	10,854	(3,734)

Domestic Abuse Fund

	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Charges for services	\$ 7,000	9,824	2,824	\$ 1,750	6,805	5,055
Total Revenues	\$ 7,000	9,824	2,824	\$ 1,750	6,805	5,055
EXPENDITURES						
Abuse shelter	\$ 6,895	7,815	920	\$ -	1,590	1,590
Total Expenditures	\$ 6,895	7,815	920	\$ -	1,590	1,590
REVENUES OVER (UNDER) EXPENDITURES	\$ 105	2,009	1,904	\$ 1,750	5,215	3,465
CASH, JANUARY 1	6,895	6,895	-	1,680	1,680	-
CASH, DECEMBER 31	\$ 7,000	8,904	1,904	\$ 3,430	6,895	3,465

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH
REGULATORY BASIS - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	User Fund					
	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Charges for services	\$ 8,000	8,806	806	\$ 8,000	7,787	(213)
Interest	150	205	55	150	154	4
Total Revenues	<u>\$ 8,150</u>	<u>9,011</u>	<u>861</u>	<u>\$ 8,150</u>	<u>7,941</u>	<u>(209)</u>
EXPENDITURES						
Recorder of Deeds	\$ 21,900	5,867	(16,033)	\$ 21,000	7,259	(13,741)
Total Expenditures	<u>\$ 21,900</u>	<u>5,867</u>	<u>(16,033)</u>	<u>\$ 21,000</u>	<u>7,259</u>	<u>(13,741)</u>
REVENUES OVER (UNDER) EXPENDITURES	\$ (13,750)	3,144	16,894	\$ (12,850)	682	13,532
CASH, JANUARY 1	13,816	13,816	-	13,134	13,134	-
CASH, DECEMBER 31	<u>\$ 66</u>	<u>16,960</u>	<u>16,894</u>	<u>\$ 284</u>	<u>13,816</u>	<u>13,532</u>

	Sheriff Fund					
	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Intergovernmental	\$ 10,000	9,988	(12)	\$ 15,500	-	(15,500)
Charges for services	35,000	31,548	(3,452)	40,000	33,955	(6,045)
Interest	300	335	35	250	304	54
Other	5,000	11,956	6,956	7,700	6,863	(837)
Total Revenues	<u>\$ 50,300</u>	<u>53,827</u>	<u>3,527</u>	<u>\$ 63,450</u>	<u>41,122</u>	<u>(22,328)</u>
EXPENDITURES						
Equipment	\$ 50,000	42,434	(7,566)	\$ 50,600	50,257	(343)
Other	12,000	-	(12,000)	12,400	4,286	(8,114)
Total Expenditures	<u>\$ 62,000</u>	<u>42,434</u>	<u>(19,566)</u>	<u>\$ 63,000</u>	<u>54,543</u>	<u>(8,457)</u>
REVENUES OVER (UNDER) EXPENDITURES	\$ (11,700)	11,393	23,093	\$ 450	(13,421)	(13,871)
CASH, JANUARY 1	15,360	15,360	-	28,781	28,781	-
CASH, DECEMBER 31	<u>\$ 3,660</u>	<u>26,753</u>	<u>23,093</u>	<u>\$ 29,231</u>	<u>15,360</u>	<u>(13,871)</u>

	Local Emergency Planning Committee (LEPC) Fund					
	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Intergovernmental	\$ -	-	-	\$ 9,000	4,110	(4,890)
Interest	-	129	129	50	125	75
Total Revenues	<u>\$ -</u>	<u>129</u>	<u>129</u>	<u>\$ 9,050</u>	<u>4,235</u>	<u>(4,815)</u>
EXPENDITURES						
Training and equipment	\$ 4,000	1,027	(2,973)	\$ 4,500	236	(4,264)
Total Expenditures	<u>\$ 4,000</u>	<u>1,027</u>	<u>(2,973)</u>	<u>\$ 4,500</u>	<u>236</u>	<u>(4,264)</u>
REVENUES OVER (UNDER) EXPENDITURES	\$ (4,000)	(898)	3,102	\$ 4,550	3,999	(551)
CASH, JANUARY 1	9,696	9,696	-	5,697	5,697	-
CASH, DECEMBER 31	<u>\$ 5,696</u>	<u>8,798</u>	<u>3,102</u>	<u>\$ 10,247</u>	<u>9,696</u>	<u>(551)</u>

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH
REGULATORY BASIS - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Election Service Fund						
	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Charges for services	\$ 9,000	22,236	13,236	\$ 2,800	7,941	5,141
Interest	300	547	247	250	656	406
Other	2,000	2,108	108	2,000	-	(2,000)
Total Revenues	<u>\$ 11,300</u>	<u>24,891</u>	<u>13,591</u>	<u>\$ 5,050</u>	<u>8,597</u>	<u>3,547</u>
EXPENDITURES						
Elections	\$ 32,000	24,522	(7,478)	\$ 27,000	23,918	(3,082)
Total Expenditures	<u>\$ 32,000</u>	<u>24,522</u>	<u>(7,478)</u>	<u>\$ 27,000</u>	<u>23,918</u>	<u>(3,082)</u>
REVENUES OVER (UNDER) EXPENDITURES	\$ (20,700)	369	21,069	\$ (21,950)	(15,321)	6,629
CASH, JANUARY 1	50,673	50,673	-	65,994	65,994	-
CASH, DECEMBER 31	<u>\$ 29,973</u>	<u>51,042</u>	<u>21,069</u>	<u>\$ 44,044</u>	<u>50,673</u>	<u>6,629</u>

Emergency 911 Fund						
	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Charges for services	\$ 78,959	76,266	(2,693)	\$ 77,000	76,294	(706)
Interest	50	-	(50)	50	-	(50)
Other	200	325	125	250	100	(150)
Transfers in	11,791	12,620	829	25,589	11,145	(14,444)
Total Revenues	<u>\$ 91,000</u>	<u>89,211</u>	<u>(1,789)</u>	<u>\$ 102,889</u>	<u>87,539</u>	<u>(15,350)</u>
EXPENDITURES						
Salaries	\$ -	-	-	\$ 18,644	466	(18,178)
Benefits	-	-	-	56	69	13
Equipment	-	-	-	150	20	(130)
Admin Fee	2,000	-	(2,000)	4,039	-	-
Operations	89,000	89,211	211	80,000	86,984	6,984
Total Expenditures	<u>\$ 91,000</u>	<u>89,211</u>	<u>(1,789)</u>	<u>\$ 102,889</u>	<u>87,539</u>	<u>(11,311)</u>
REVENUES OVER (UNDER) EXPENDITURES	\$ -	-	-	\$ -	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>

Recorder Tech Fund						
	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Charges for services	\$ 4,000	4,609	609	\$ 4,000	4,412	412
Interest	-	105	105	35	58	23
Total Revenues	<u>\$ 4,000</u>	<u>4,714</u>	<u>714</u>	<u>\$ 4,035</u>	<u>4,470</u>	<u>435</u>
EXPENDITURES						
Equipment	\$ 6,000	4,150	(1,850)	\$ 6,000	-	(6,000)
Total Expenditures	<u>\$ 6,000</u>	<u>4,150</u>	<u>(1,850)</u>	<u>\$ 6,000</u>	<u>-</u>	<u>(6,000)</u>
REVENUES OVER (UNDER) EXPENDITURES	\$ (2,000)	564	2,564	\$ (1,965)	4,470	6,435
CASH, JANUARY 1	6,547	6,547	-	2,077	2,077	-
CASH, DECEMBER 31	<u>\$ 4,547</u>	<u>7,111</u>	<u>2,564</u>	<u>\$ 112</u>	<u>6,547</u>	<u>6,435</u>

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

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH
REGULATORY BASIS - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Prosecuting Attorney Admin Handling Cost Fund

	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Charges for services	\$ 10,100	8,043	(2,057)	\$ 5,900	11,843	5,943
Interest	-	147	147	-	-	-
Total Revenues	\$ 10,100	8,190	(1,910)	\$ 5,900	11,843	5,943
EXPENDITURES						
Prosecuting Attorney	\$ 17,850	8,486	(9,364)	\$ 9,710	11,202	1,492
Total Expenditures	\$ 17,850	8,486	(9,364)	\$ 9,710	11,202	1,492
REVENUES OVER (UNDER) EXPENDITURES	\$ (7,750)	(296)	7,454	\$ (3,810)	641	4,451
CASH, JANUARY 1	11,991	11,991	-	11,350	11,350	-
CASH, DECEMBER 31	\$ 4,241	11,695	7,454	\$ 7,540	11,991	4,451

Collector Tech Fund

	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Charges for services	\$ 33,000	35,517	2,517	\$ 33,000	38,810	5,810
Interest	-	993	993	-	851	851
Total Revenues	\$ 33,000	36,510	3,510	\$ 33,000	39,661	6,661
EXPENDITURES						
County Collector	\$ 95,380	37,386	(57,994)	\$ 109,630	55,493	(54,137)
Transfers out	-	30,000	-	-	-	-
Total Expenditures	\$ 95,380	67,386	(57,994)	\$ 109,630	55,493	(54,137)
REVENUES OVER (UNDER) EXPENDITURES	\$ (62,380)	(30,876)	31,504	\$ (76,630)	(15,832)	60,798
CASH, JANUARY 1	62,394	62,394	-	78,226	78,226	-
CASH, DECEMBER 31	\$ 14	31,518	31,504	\$ 1,596	62,394	60,798

Cemetery Trust Fund

	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Interest	\$ 75	79	4	\$ -	80	80
Other	-	600	600	75	911	836
Total Revenues	\$ 75	679	604	\$ 75	991	836
EXPENDITURES						
Cemetery maintenance	\$ 525	1,010	485	\$ 400	768	368
Total Expenditures	\$ 525	1,010	485	\$ 400	768	368
REVENUES OVER (UNDER) EXPENDITURES	\$ (450)	(331)	119	\$ (325)	223	548
CASH, JANUARY 1	19,737	19,737	-	19,514	19,514	-
CASH, DECEMBER 31	\$ 19,287	19,406	119	\$ 19,189	19,737	548

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH
REGULATORY BASIS - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Prosecuting Attorney Grant Fund

	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Intergovernmental	\$ 49,400	42,251	(7,149)	\$ 48,773	41,107	(7,666)
Total Revenues	\$ 49,400	42,251	(7,149)	\$ 48,773	41,107	(7,666)
EXPENDITURES						
Salaries	\$ 39,500	35,782	(3,718)	\$ 35,501	34,780	(721)
Benefits	9,750	3,596	(6,154)	8,687	3,969	(4,718)
Telephone	1,200	1,388	188	1,131	1,257	126
Total Expenditures	\$ 50,450	40,766	(9,684)	\$ 45,319	40,006	(5,313)
REVENUES OVER (UNDER) EXPENDITURES	\$ (1,050)	1,485	2,535	\$ 3,454	1,101	(2,353)
CASH, JANUARY 1	3,432	3,432	-	2,331	2,331	-
CASH, DECEMBER 31	\$ 2,382	4,917	2,535	\$ 5,785	3,432	(2,353)

Justice Center Fund

	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Intergovernmental	\$ 200,000	225,745	25,745	\$ 300,000	172,040	(127,960)
Charges for services	155,000	113,230	(41,770)	140,000	148,163	8,163
Other	30,000	15,242	(14,758)	21,000	26,561	5,561
Transfers in	1,645,779	1,276,451	(369,328)	1,086,256	1,113,700	27,444
Total Revenues	\$ 2,030,779	1,630,668	(400,111)	\$ 1,547,256	1,460,464	(86,792)
EXPENDITURES						
Salaries	\$ 882,442	798,585	(83,857)	\$ 686,789	693,355	6,566
Fringe benefits	318,849	290,783	(28,066)	246,885	233,191	(13,694)
Office	14,500	15,719	1,219	14,500	11,641	(2,859)
Operating	257,398	211,204	(46,194)	268,500	211,217	(57,283)
Building and grounds	215,199	159,448	(55,751)	235,191	187,281	(47,910)
Equipment	299,000	114,077	(184,923)	50,000	94,898	44,898
Other	43,391	40,225	(3,166)	45,391	28,881	(16,510)
Total Expenditures	\$ 2,030,779	1,630,041	(400,738)	\$ 1,547,256	1,460,464	(86,792)
REVENUES OVER (UNDER) EXPENDITURES	\$ -	627	627	\$ -	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	627	627	\$ -	-	-

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH
REGULATORY BASIS - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Sheriff Restitution Fund					
	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Charges for services	\$ -	2,981	2,981	\$ 3,000	6,025	3,025
Interest	-	127	127	-	83	83
Total Revenues	<u>\$ -</u>	<u>3,108</u>	<u>3,108</u>	<u>\$ 3,000</u>	<u>6,108</u>	<u>3,108</u>
EXPENDITURES						
Equipment	\$ 4,200	1,123	(3,077)	\$ 1,000	2,027	1,027
Supplies	900	1,551	651	500	1,671	1,171
Total Expenditures	<u>\$ 5,100</u>	<u>2,674</u>	<u>(2,426)</u>	<u>\$ 1,500</u>	<u>3,698</u>	<u>2,198</u>
REVENUES OVER (UNDER) EXPENDITURES	\$ (5,100)	434	5,534	\$ 1,500	2,410	910
CASH, JANUARY 1	8,527	8,527	-	6,117	6,117	-
CASH, DECEMBER 31	<u>\$ 3,427</u>	<u>8,961</u>	<u>5,534</u>	<u>\$ 7,617</u>	<u>8,527</u>	<u>910</u>

	Capital Fund					
	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Other	\$ -	-	-	\$ -	-	-
Total Revenues	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Transfers out	\$ -	-	-	\$ 21,089	21,089	-
Total Expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ 21,089</u>	<u>21,089</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	\$ -	-	-	\$ (21,089)	(21,089)	-
CASH, JANUARY 1	-	-	-	21,089	21,089	-
CASH, DECEMBER 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>

	Building Fund					
	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Other	\$ -	-	-	\$ -	-	-
Total Revenues	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Transfers out	\$ -	-	-	\$ 9,436	9,436	-
Total Expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ 9,436</u>	<u>9,436</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	\$ -	-	-	\$ (9,436)	(9,436)	-
CASH, JANUARY 1	-	-	-	9,436	9,436	-
CASH, DECEMBER 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH
REGULATORY BASIS - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Court Appointed Special Advocates (CASA) Fund

	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Intergovernmental	\$ 10,000	10,016	16	\$ 10,000	10,039	39
Total Revenues	\$ 10,000	10,016	16	\$ 10,000	10,039	39
EXPENDITURES						
Juvenile Officer	\$ 10,000	8,671	(1,329)	\$ 10,000	10,055	55
Total Expenditures	\$ 10,000	8,671	(1,329)	\$ 10,000	10,055	55
REVENUES OVER (UNDER) EXPENDITURES	\$ -	1,345	1,345	\$ -	(16)	(16)
CASH, JANUARY 1	3,213	3,213	-	3,229	3,229	-
CASH, DECEMBER 31	\$ 3,213	4,558	1,345	\$ 3,229	3,213	(16)

Inmate Security Fund

	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Charges for services	\$ 102,000	98,388	(3,612)	\$ 114,000	98,612	(15,388)
Interest	750	883	133	500	840	340
Total Revenues	\$ 102,750	99,271	(3,479)	\$ 114,500	99,452	(15,048)
EXPENDITURES						
Security expenditures	\$ 75,000	114,945	39,945	\$ 70,000	70,647	647
Live scan expenditures	4,000	-	(4,000)	3,500	3,518	18
Jail supplies	15,000	16,883	1,883	15,000	9,015	(5,985)
Total Expenditures	\$ 94,000	131,828	37,828	\$ 88,500	83,180	(5,320)
REVENUES OVER (UNDER) EXPENDITURES	\$ 8,750	(32,557)	(41,307)	\$ 26,000	16,272	(9,728)
CASH, JANUARY 1	77,079	77,079	-	60,807	60,807	-
CASH, DECEMBER 31	\$ 85,829	44,522	(41,307)	\$ 86,807	77,079	(9,728)

Sheriff Conceal and Carry Weapons (CCW) Fund

	2016			2015		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUES						
Charges for services	\$ 35,000	44,331	9,331	\$ 30,000	33,626	3,626
Interest	750	982	232	500	704	204
Total Revenues	\$ 35,750	45,313	9,563	\$ 30,500	34,330	3,830
EXPENDITURES						
Sheriff	\$ 51,000	11,943	(39,057)	\$ 44,000	38,283	(5,717)
Transfers out	-	5,790	5,790	-	-	-
Total Expenditures	\$ 51,000	17,733	(33,267)	\$ 44,000	38,283	(5,717)
REVENUES OVER (UNDER) EXPENDITURES	\$ (15,250)	27,580	42,830	\$ (13,500)	(3,953)	9,547
CASH, JANUARY 1	51,507	51,507	-	55,460	55,460	-
CASH, DECEMBER 31	\$ 36,257	79,087	42,830	\$ 41,960	51,507	9,547

RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

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

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 Collector Tech Fund is under the control of the County Collector. 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 Randolph County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise the County's legal entity. The financial statements do not include the Law Library Fund, Drug Court Fund, Parenting Fund, and the Circuit Court Over/Under Fund since they are controlled by the Circuit Court.

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, and expenditures. 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.

C. BASIS OF ACCOUNTING

The financial statements are prepared on the regulatory 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.

**RANDOLPH COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

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. Budgets are prepared and adopted on the cash basis of accounting.
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. 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.
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.
4. 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. For 2015 and 2016, the County did not budget a deficit fund balance in any fund.
5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote. Budgeted amounts are as originally adopted, or as amended by the County Commission during the year. The County did not amend any budgets in 2016 or 2015.
7. Adoption of a formal budget is required by law. The County did not adopt formal budgets for the Justice Center Bond Accounts Fund, Waterfall Account Fund, Administration Building Bond Accounts Fund, and Quarter Cent Capital Improvement Fund for 2016 and 2015.
8. Section 50.740, RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds for 2016 and 2015.

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training	2015
Domestic Abuse	2016 and 2015
Prosecuting Attorney Admin Handling Cost	2015
Cemetery Trust	2016 and 2015
Sheriff Restitution	2015
Court Appointed Special Advocates	2015
Inmate Security	2016

**RANDOLPH COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

E. COUNTY SALES TAX AND USE TAX RATES

The County has the following sales tax rates:

General sales tax	1/2%	1	.0500%
Capital improvement sales tax	1/2%	2	.0500%
General sales tax	1/4%	3	<u>.0250%</u>
Total sales tax rate			<u>1.250%</u>
Local use tax			<u>1.000%</u>
Total			<u><u>2.250%</u></u>

- 1 Initial sales tax subject to sales tax rollback.
- 2 For justice center bond payments-good until 2020.
- 3 New sales tax passed in 2014 for payment of bonds on new building-good through September 30, 2027, or when the final payment occurs on the financing.

F. 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 2016 and 2015 for purposes of local taxation was:

	<u>2016</u>	<u>2015</u>
Real Estate	\$ 306,370,000	\$ 303,168,660
Personal Property	91,535,504	88,307,325
Railroad and Utilities	<u>86,530,455</u>	<u>87,182,790</u>
Total Assessed Valuation	<u>\$ 484,435,959</u>	<u>\$ 478,658,775</u>

The levies per \$100 of the assessed valuation of tangible property for the calendar year 2016 and 2015 for purposes of local taxation were:

	<u>2016</u>	<u>2015</u>
General Revenue	\$ 0.2081	\$ 0.2125
Special Road and Bridge	0.1929	0.1924

* The county retains all tax proceeds from the area not within the special road district. 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.

**RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

G. CASH DEPOSITS AND INVESTMENTS

Cash deposits and investments are stated at cost, which approximates market. Cash balances for the County Treasurer funds are invested in interest-bearing bank accounts, and in certificates of deposit 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.

H. 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 of the primary government for the years ended December 31, 2016 and 2015 are as follows:

FUNDS:	<u>Year Ended December 31, 2016</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Revenue	\$ 35,790	\$ 439,071
Emergency 911	12,620	-
Justice Center	1 1,276,451	-
Collector Tech	-	30,000
Sheriff Conceal and Carry Weapons	-	5,790
Totals	<u>\$ 1,324,861</u>	<u>\$ 474,861</u>
FUNDS:	<u>Year Ended December 31, 2015</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Revenue	30,525	203,845
Emergency 911	11,145	-
Justice Center	2 1,113,700	-
Capital	-	21,089
Building	-	9,436
Totals	<u>\$ 1,155,370</u>	<u>\$ 234,370</u>

1 \$850,000 transfer in from Waterfall Account for operations.

2 \$921,000 transfer in from Waterfall Account for operations.

**RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

I. 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 revenues, expenditures, and beginning and ending balances for each fund. For the years ended December 31, 2016 and 2015, the published financial statements did not include the financial activity of the Justice Center Bond Accounts Fund; Waterfall Account Fund; Administration Building Bond Accounts Fund; and the Quarter Cent Capital Improvement Fund.

NOTE 2. CASH AND INVESTMENTS

The County has determined through experience that business checking accounts, savings accounts, repurchase agreements, and certificates of deposits are appropriate types of accounts or instruments for its needs. The County invests each fund's cash balance in interest-bearing bank accounts, repurchase agreements, and in certificates of deposit to the extent possible at two different depository banks. 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. The County has eight checking accounts with six being interest-bearing. Five of the eight checking accounts are individual cemetery trust funds. Two checking accounts represent the amounts received for the Justice Center sales tax (Waterfall Account) and the Administration Building sales tax (quarter cent account) and corresponding expenditures. The County also had on deposit with a trustee bank some remaining funds from the 2013 refunding bond issue and from the 2015 bond issue totaling \$10,504 at December 31, 2016.

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.

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, 2016 and 2015, 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.

**RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS

A. Missouri Local Government Employees Retirement System (LAGERS)

1) Plan Description

Randolph 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 in 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 2016 was 2.4% (general) and 3.0% (police) and for 2015 the rate contributed was 3.0% (general) and 4.2% (police) of annual covered payroll. The County Commission determines the contribution requirements of plan members. At December 31, 2016, the County had 88 employees enrolled in LAGERS.

4) Annual Pension Cost

For 2016 and 2015, total payments to LAGERS were \$72,929 and \$83,566, respectively.

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 elected 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.

**RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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. 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 and remitted to 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% (not in LAGERS) or 4% (in LAGERS) of annual salary is required of employees hired after February 25, 2002, effective January 1, 2003, in order to participate in CERF. During 2016 and 2015, the County collected and remitted to CERF contributions of \$227,619 and \$215,134, respectively, for the years then ended, equal to the required contributions. At December 31, 2016, the County had 98 employees enrolled in CERF.

NOTE 4. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Section 56.807 RSMo, the County contributed annually (instead of 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 contributed \$6,464 and \$7,752 for the years ended December 31, 2016 and 2015, respectively.

NOTE 5. 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.

**RANDOLPH COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 6. COMMITMENTS, AND CONTINGENCIES

1) Compensated Absences

Regular full-time employees who have completed the introductory period are eligible to receive vacation time as follows: 0 to 1 year of service, 5 days; 1 to 5 years of service, 10 days; 5 to 15 years of service, 15 days; and after 15 years of service, 20 days. No more than 10 days of fully earned vacation may be carried over from year to year. Upon termination of employment, an employee will receive equivalent cash reimbursement for any accrued, unused, and fully earned vacation leave. Regular full-time employees earn 1 day of sick leave per complete calendar month. A maximum of 16 hours of sick leave may be used as personal time. Upon termination of employment, no payment will be made for unused sick leave.

2) Litigation

The County is not involved in any litigation matters.

3) 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.

NOTE 7. LONG-TERM DEBT

The County had the following debt outstanding at December 31, 2016:

A. In 2004, the County issued \$6,800,000 in Public Facilities Authority Leasehold Revenue Bonds, for the construction of the Justice Center scheduled maturity of April 1, 2020. In February 2013, the County issued \$2,380,000 in Lease Refunding Certificates of Participation, Series 2013, for the purpose of refunding the 2004 Leasehold Revenue Bonds on the county Justice Center to mature also in 2020. The certificates of participation bear interest at varying interest rates between 0.85% and 2.10%. The County pays the principal and interest for the long-term debt out of revenues generated from the sales tax approved by the voters in April 2002. The balance remaining as of December 31, 2016, is \$1,375,000.

The annual debt service requirements for the remaining debt on the Justice Center, including principal and interest are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 445,000	\$ 19,371
2018	435,000	12,888
2019	395,000	5,754
2020	100,000	1,050
Totals	<u>\$ 1,375,000</u>	<u>\$ 39,063</u>

B. In April 2015, the County authorized the issuance of \$6,901,000 in Lease Certificates of Participation for the administration building project. The certificates of participation bear interest at a rate of 3.10% to mature in 2025. The balance remaining as of December 31, 2016, is \$6,410,000.

RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 7. LONG-TERM DEBT (CONTINUED)

The approximate annual debt service requirements for the remaining debt on the administration building, including principal and interest are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 500,000	\$ 141,700
2018	535,000	135,856
2019	550,000	128,388
2020	550,000	119,450
2021	550,000	109,138
2022 - 2025	<u>3,725,000</u>	<u>339,419</u>
Totals	\$ <u>6,410,000</u>	\$ <u>973,951</u>

NOTE 8. LEASES

The County has entered into the following lease agreements:

- A. The County entered into a lease agreement in March 2012 to run May 1 2015, through April 30, 2018, for the rental of its farm land at a price of \$5,700 per year, payable in two equal installments due on or before May 1 and December 1 yearly.
- B. In November 2009, the County entered into a lease purchase agreement with a local banking facility in the amount of \$145,000 for the purpose of installing a computerized temperature control system at the Randolph County Justice Center building. The rate of interest was 3.95% for ten years with an annual rental payment of \$17,853. The principal balance of the lease purchase agreement at December 31, 2016, was \$49,591.
- C. In November 2011, the County entered into a promissory note with a local banking facility in the amount of \$100,000 for the purpose of a storage building for the Circuit Clerk. The rate of interest was 3.4% for eight years with an annual payment of \$16,391. The principal balance of the note at December 31, 2016, was \$31,148.
- D. In August 2013, the County entered into a purchase agreement with a business entity in the net amount of \$186,190 for the purchase of a new Caterpillar motor grader after trade-in. The first payment was not due until February 2015. The principal balance of the purchase agreement at December 31, 2016 was \$165,838.

A table of principal and interest on the remaining lease debt is as follows:

	<u>Temp Control System</u>	<u>Storage Building</u>	<u>Caterpillar</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 17,853	\$ 16,391	\$ 15,509	\$ 41,902	\$ 7,852	\$ 49,753
2018	17,853	16,391	15,509	43,372	6,381	49,753
2019	<u>17,853</u>	<u>-</u>	<u>148,309</u>	<u>161,303</u>	<u>4,858</u>	<u>166,162</u>
Totals	\$ <u>53,559</u>	\$ <u>32,782</u>	\$ <u>179,327</u>	\$ <u>246,577</u>	\$ <u>19,091</u>	\$ <u>265,668</u>

**RANDOLPH COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 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. The County maintains a commercial liability coverage and commercial audit fleet insurance package with liability limits the same as the Missouri Sovereign Immunity Law under RSMo Section 537.610. The policy limits are increased annually along with the Sovereign Immunity Limits based on an index as applied by the Department of Insurance.

The County is a member participant in a public entity risk pool (MoPERM), which is a corporate and political body created pursuant to Section 537.700 RSMo. The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is 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 10. PRIOR PERIOD ADJUSTMENT

The prior audit report for the two years ended December 31, 2014, prepared by an independent certified public accounting firm did not present the required funds held by the County Treasurer and controlled by the County Commission as of December 31, 2014. The audit report excluded the Cemetery Trust Fund controlled by the County Commission on cemetery maintenance and showed two agency funds controlled by the County Treasurer, which are the Unclaimed Fees Fund and Financial Institution Tax Fund. The ending balance also did not include an amount in the new quarter cent capital improvement bank account. The prior audit cash balance at December 31, 2014, has been adjusted as follows:

Total cash balance per prior audit report (rounded)	\$ 4,378,350
Add: Cemetery Trust Fund	19,514
Quarter cent bank account	5,001
Subtract: Unclaimed Fees Fund	(8,448)
Financial Institution Tax Fund	<u>(52,542)</u>
Adjusted beginning cash balance	<u>\$ 4,341,875</u>

September 12, 2017

**INDEPENDENT AUDITORS' 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
Randolph 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 Randolph 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 Randolph County, Missouri's basic financial statements and have issued our report thereon dated September 12, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Randolph 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 Randolph County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Randolph 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 deficiency described in the accompanying schedule of findings and responses to be a material weakness as item 2016-001.

INDEPENDENT AUDITORS' 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 deficiencies described in the accompany schedule of findings and responses to be significant deficiencies as items 2016-002 and 2016-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Randolph 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 2016-003.

Randolph County, Missouri's Responses to Findings

Randolph County, Missouri's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Randolph 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 state of Missouri 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.

Beard-Boehmer & Associates, PC

Beard-Boehmer & Associates, PC
Certified Public Accountants

**RANDOLPH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINANCIAL STATEMENT FINDINGS

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

MATERIAL WEAKNESS IN INTERNAL CONTROL

2016-001: County Budget Documents Materially Misstated County's Financial Statements

Condition: The County's budget documents for the years ended December 31, 2016 and 2015, materially misstated and did not include revenue and expenditure classifications in various county accounts established as follows:

The County has not prepared budget documents or financial statements for the following accounts established for the receipt of sales tax and the corresponding bond principal and interest payments and any other necessary expenditures to be made; Justice Center Bond accounts, Waterfall account, Administration Building Bond account, and the Quarter Cent Capital Improvement account. These accounts have been added to the County's audited financial statements to include all financial activity related to these accounts since the total activity had not been presented in the Justice Center Fund or a new fund for activity of the Administration Building not established by the County. The financial activity of the Justice Center Bond accounts was controlled by a trustee bank outside of the county related to the original bond issue. The Justice Center Fund only recorded sales tax revenues when taken from the bond accounts that were necessary for operational purposes. The County later opened separate bank accounts for the Justice Center and the Administration building to receive all sales tax monies and make appropriate expenditures from these bank accounts.

Criteria: Chapter 50 RSMo, related to the County Budget Law requires the preparation of a budget that should include all funds and financial activity of the County for the budget year. Also, strong internal controls over financial information require that all revenues and expenditures be properly included and classified within the respective funds.

Cause: The County had a lack of controls over the preparation of the budget documents to not include all financial activity of all monies received and expended by the County.

Effect: The budget documents presented to the public and submitted to the State Auditor's Office contained material misstatements of financial amounts in various classifications of revenues and expenditures within various county funds or did not include all applicable funds. Financial information presented in the published financial statements is also not accurately stated for the general public.

Recommendation: The County Commission and County Clerk properly include all financial activity related to the Justice Center in the Justice Center Fund and establish a new fund for the financial activity of the Administration Building.

Auditee's Response: Randolph County will take the auditors' recommendations into consideration and take a closer look at how the funds are categorized.

**RANDOLPH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

2016-002: Accounting for Transfers Need Improvement

Condition: The financial statements of the County as represented in the annual budget document do not present the proper amount of transfers between the various county funds. Total amounts reflected on the budget documents for actual transfers in do not agree with total actual transfers out for the years ended December 31, 2016 and 2015. Total transfers in on the budget documents for 2016 and 2015 were \$1,324,861 and \$1,452,809, respectively, while total transfers out for 2016 and 2015 were \$439,071 and \$231,007. These amounts have been adjusted on the audited financial statements to properly reflect actual transfers between operating funds.

Criteria: The budget instructions issued with the budget forms by the State Auditor’s Office for preparation of the financial statements require that transfers in and out be properly reported in the various funds and are in balance.

Cause: The County Commission and County Clerk did not properly balance the budgeted and actual amounts of transfers in and out between the various funds.

Effect: The transfers in and out between various county funds are not in balance on the budget documents filed with the state and misstate the financial statements presented by the county.

Recommendation:

The County Commission and County Clerk should ensure both budgeted and actual transfers to and from other funds are in agreement each year.

Auditee’s Response: Randolph County will ensure that actual transfers are in agreement.

2016-003: Budgetary Procedures and Published Financial Statements 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 various county officials did not exercise adequate budgetary control over certain 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>Year</u>	<u>Amount</u>
Law Enforcement Training	2015	\$ 570
Domestic Abuse	2016	920
	2015	1,590
Prosecuting Attorney Admin Handling Cost	2015	1,492
Cemetery Trust	2016	485
	2015	368
Sheriff Restitution	2015	2,198
Court Appointed Special Advocates	2015	55
Inmate Security	2016	37,828

B. The County Commission and County Clerk did not present a budgeted amount for the Emergency Fund within the General Revenue Fund for the year ended December 31, 2015.

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

- C. The published financial statements did not include the Justice Center Bond Accounts activity along with the Waterfall account, the Administration Building Bond accounts, and the Quarter Cent Capital Improvement account in 2016 or 2015 as required by state law.

Criteria: Section 50.540, RSMo, requires a budget be prepared for all county funds and the budget be revised prior to authorizing expenditures in excess of the budget. Section 50.540.4, RSMo requires the budget officer shall provide in his recommendations, and the County Commission shall provide in its appropriation order, that an amount equal to no less than three percent of the total estimated general fund revenues shall be appropriated each year as an emergency fund. Section 50.815, RSMo requires that published financial statements show a summary of revenues, expenditures, transfers, beginning and ending cash balances, and a summary of warrants of each fund of the county.

Cause: County officials did not prepare proper amended budgets and preparing budget documents for all applicable county operating funds and include in the County's published financial statements.

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

Recommendations:

- 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 and County Clerk properly include an appropriated amount for the Emergency Fund within the General Revenue Fund as required by state law.
- C. The County Commission and County Clerk should assure the published financial statements include all funds.

Auditee's Response: Randolph County will take the auditors' recommendations into consideration and take necessary steps to prevent these actions.

**RANDOLPH 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 auditors' follow-up on action taken by Randolph County, Missouri, on applicable findings in the prior audit report issued for the two years ended December 31, 2014, by an independent public accounting firm.

1. Condition: Auditors of the County assisted with the preparation of the financial statements and the notes to the financial statements.

Status: The County Clerk is preparing the budget document and the Treasurer is preparing the financial statements of the County in accordance with state law for audit purposes but the County does not prepare the audit report financial statements. The audit report is prepared with the assistance from the County officials.

2. Condition: Documentation of the County's (except County Clerk's office) internal controls has not been prepared.

Status: The County has prepared and is updating its internal control documentation.

3. Condition: The County had no formal fraud risk assessment in place except by the County Clerk's office.

Status: The County has prepared and is updating its documentation regarding fraud risks of the County.

The prior audit also had one federal award finding regarding the Schedule of Expenditures of Federal Awards (SEFA). The SEFA prepared by the County contained errors that were corrected by the auditors on the preparation of the SEFA for the audit report. Since the current audit was not subject to federal audit requirements, there is no follow-up on this finding regarding the preparation of the SEFA.