



**NICOLE GALLOWAY, CPA**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Texas County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Texas County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the year ended December 31, 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.

Nicole R. Galloway, CPA  
State Auditor

October 2017  
Report No. 2017-120

**AUDITED FINANCIAL STATEMENTS**

**TEXAS COUNTY, MISSOURI**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**

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

**TEXAS COUNTY, MISSOURI  
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September 14, 2017

## INDEPENDENT AUDITORS' REPORT

To the County Commission  
and Officeholders of  
Texas County, Missouri

### Report on the Financial Statements

We have audited the accompanying special purpose regulatory cash basis financial statements of Texas County, Missouri, which collectively comprise the statement of revenues, expenditures, and changes in cash—all governmental funds as of December 31, 2016, and the related statements of revenues, expenditures, and changes in cash—budget and actual for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

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

## TEXAS COUNTY, MISSOURI INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

As described in Note 1, the special purpose financial statements are prepared by Texas 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 Texas County, Missouri, as of December 31, 2016, and the changes in its financial position.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of each fund of Texas County, Missouri as of December 31, 2016, their respective cash revenues and expenditures, and budgetary results for the year then ended, on the basis of the financial reporting provisions of Missouri Law as described in Note 1.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2017, on our consideration of Texas 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 Texas 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  
Columbia, MO

## **FINANCIAL STATEMENTS**

**TEXAS COUNTY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH**  
**ALL GOVERNMENTAL FUNDS - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

Fund	Cash January 1, 2016	Revenues	Expenditures	Cash December 31, 2016
General Revenue	\$ 436,511	3,388,899	3,350,634	\$ 474,776
Special Road and Bridge	97,062	1,022,781	1,011,386	108,457
Assessment	2,216	231,893	215,123	18,986
Capital Improvement Bond Payment	95,124	1,164,535	1,158,856	100,803
Justice Center - Jail Maintenance	554,250	1,091,190	1,071,523	573,917
Inmate Security	24,082	29,633	21,041	32,674
Law Enforcement Restitution	42,009	25,662	11,394	56,277
Law Enforcement Training	4,518	8,696	7,241	5,973
Prosecuting Attorney Training	1,436	1,566	-	3,002
Collector Tax Maintenance	30,610	24,542	4,614	50,538
Election Services	24,338	8,230	5,604	26,964
Law Enforcement Operating	37,610	12,432	33,864	16,178
Emergency Management Conference	1,300	8	-	1,308
Jury Script	-	20,374	20,374	-
Special Election	-	168,800	126,876	41,924
Recorder User Fee	13,281	19,316	17,325	15,272
Prosecutor's Administrative Handling Cost	2,024	10,277	8,600	3,701
Defense Deductible Deposit	417,168	250,438	186,539	481,067
Local Emergency Planning Committee (LEPC)	15,431	82	-	15,513
Concealed Firearms	37,708	44,826	49,096	33,438
Domestic Abuse	16,011	8,423	3,510	20,924
Texas County Historical Military Museum Fund (TCHMM) - Operating	4,263	23	-	4,286
Texas County Historical Military Museum Fund (TCHMM) - Endowment	705	4	-	709
Road and Bridge	77,474	413	-	77,887
National Forest	23,554	203,437	183,690	43,301
Garner Covert Memorial	12,958	443	1,000	12,401
Deputy Sheriff Salary Supplemental (DSSS)	-	5,330	5,330	-
Judicial Circuit Court Program	1,008	3,915	1,946	2,977
Prosecutor's Delinquent Tax	555	820	-	1,375
Senate Bill 40 Board	157,791	216,058	201,687	172,162
Totals	\$ 2,130,997	7,963,046	7,697,253	\$ 2,396,790

SEE NOTES TO THE FINANCIAL STATEMENTS

**TEXAS COUNTY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH**  
**REGULATORY BASIS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>General Revenue Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
<b>REVENUES</b>			
Property taxes	\$ 45,300	55,600	10,300
Sales and use taxes	1,025,000	1,054,207	29,207
Intergovernmental	498,750	595,623	96,873
Charges for services	485,200	534,707	49,507
Interest	3,200	3,982	782
Other	166,500	180,602	14,102
Transfers in	1,248,000	964,178	(283,822)
Total Revenues	\$ 3,471,950	3,388,899	(83,051)
<b>EXPENDITURES</b>			
General County Government -			
County Commission	\$ 88,870	87,204	(1,666)
County Clerk	144,940	135,269	(9,671)
Elections	147,800	30,017	(117,783)
Buildings and grounds	103,250	83,974	(19,276)
Employee fringe benefits	693,000	629,319	(63,681)
County Collector-Treasurer	116,734	115,141	(1,593)
Recorder of Deeds	69,664	68,271	(1,393)
Circuit Clerk	15,900	15,022	(878)
Court administration	364,748	336,765	(27,983)
Public Administrator	52,166	50,612	(1,554)
Public Safety -			
Sheriff	408,956	432,453	23,497
Jail	757,512	740,110	(17,402)
Prosecuting Attorney	249,713	241,890	(7,823)
Juvenile Officer	77,800	75,804	(1,996)
County Coroner	24,540	22,799	(1,741)
Other -			
County Surveyor	4,100	4,000	(100)
Insurance and bonds	36,500	36,462	(38)
Administrative computer system	17,000	13,723	(3,277)
Extension operations	36,000	36,000	0
Equipment purchases and supplies	35,000	27,985	(7,015)
Audit expenditures	15,000	18,900	3,900
Other general county expenditures	55,500	20,397	(35,103)
Health and welfare	2,200	1,309	(891)
Transfers out	15,000	127,208	112,208
Emergency fund	110,000	-	(110,000)
Total Expenditures	\$ 3,641,893	3,350,634	(291,259)
REVENUES OVER (UNDER) EXPENDITURES	\$ (169,943)	38,265	208,208
CASH, JANUARY 1	436,511	436,511	-
CASH, DECEMBER 31	\$ 266,568	474,776	208,208

SEE NOTES TO THE FINANCIAL STATEMENTS



**TEXAS COUNTY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH**  
**REGULATORY BASIS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Special Road and Bridge Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
<b>REVENUES</b>			
Intergovernmental	\$ 940,000	1,022,337	82,337
Interest	380	444	64
Total Revenues	\$ 940,380	1,022,781	82,401
<b>EXPENDITURES</b>			
Salaries	\$ 13,900	14,963	1,063
Employee fringe benefits	2,163	1,044	(1,119)
Supplies	8,000	-	(8,000)
Insurance	2,000	-	(2,000)
Materials	9,000	2,880	(6,120)
Road and bridge construction	943,400	941,972	(1,428)
Transfers out	50,400	50,527	127
Total Expenditures	\$ 1,028,863	1,011,386	(17,477)
REVENUES OVER (UNDER) EXPENDITURES	\$ (88,483)	11,395	99,878
CASH, JANUARY 1	97,062	97,062	-
CASH, DECEMBER 31	\$ 8,579	108,457	99,878

<b>Assessment Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
<b>REVENUES</b>			
Intergovernmental	\$ 214,400	215,186	786
Charges for services	12,500	16,297	3,797
Interest	500	410	(90)
Total Revenues	\$ 227,400	231,893	4,493
<b>EXPENDITURES</b>			
Salaries	\$ 127,108	125,795	(1,313)
Fringe benefits	52,750	52,421	(329)
Mileage and training	6,500	5,951	(549)
Computer system	15,000	14,999	(1)
Map maintenance	3,000	2,340	(660)
Web hosting	5,400	-	(5,400)
Office expenditures	15,200	13,617	(1,583)
Total Expenditures	\$ 224,958	215,123	(9,835)
REVENUES OVER (UNDER) EXPENDITURES	\$ 2,442	16,770	14,328
CASH, JANUARY 1	2,216	2,216	-
CASH, DECEMBER 31	\$ 4,658	18,986	14,328

SEE NOTES TO THE FINANCIAL STATEMENTS

**TEXAS COUNTY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH**  
**REGULATORY BASIS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Capital Improvement Bond Payment Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Sales taxes	\$ 1,025,000	1,054,265	29,265
Interest	2,500	2,398	(102)
Transfers in	50,000	107,872	57,872
Total Revenues	\$ 1,077,500	1,164,535	87,035
EXPENDITURES			
Bond payments	\$ 1,157,960	1,158,856	896
Total Expenditures	\$ 1,157,960	1,158,856	896
REVENUES OVER (UNDER) EXPENDITURES	\$ (80,460)	5,679	86,139
CASH, JANUARY 1	95,124	95,124	-
CASH, DECEMBER 31	\$ 14,664	100,803	86,139

<b>Justice Center - Jail Maintenance Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Sales taxes	\$ 1,025,000	1,054,271	29,271
Interest	4,000	3,519	(481)
Transfers in	33,400	33,400	-
Total Revenues	\$ 1,062,400	1,091,190	28,790
EXPENDITURES			
Transfers out	\$ 1,380,000	1,071,523	(308,477)
Total Expenditures	\$ 1,380,000	1,071,523	(308,477)
REVENUES OVER (UNDER) EXPENDITURES	\$ (317,600)	19,667	337,267
CASH, JANUARY 1	554,250	554,250	-
CASH, DECEMBER 31	\$ 236,650	573,917	337,267

<b>Inmate Security Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Charges for services	\$ 22,000	29,466	7,466
Interest	200	167	(33)
Total Revenues	\$ 22,200	29,633	7,433
EXPENDITURES			
Jail expenditures	\$ 46,282	21,041	(25,241)
Total Expenditures	\$ 46,282	21,041	(25,241)
REVENUES OVER (UNDER) EXPENDITURES	\$ (24,082)	8,592	32,674
CASH, JANUARY 1	24,082	24,082	-
CASH, DECEMBER 31	\$ -	32,674	32,674

SEE NOTES TO THE FINANCIAL STATEMENTS

**TEXAS COUNTY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH**  
**REGULATORY BASIS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Law Enforcement Restitution Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Charges for services	\$ 24,000	25,385	1,385
Interest	250	277	27
Total Revenues	\$ 24,250	25,662	1,412
EXPENDITURES			
Law enforcement	\$ 42,009	11,394	(30,615)
Total Expenditures	\$ 42,009	11,394	(30,615)
REVENUES OVER (UNDER) EXPENDITURES	\$ (17,759)	14,268	32,027
CASH, JANUARY 1	42,009	42,009	-
CASH, DECEMBER 31	\$ 24,250	56,277	32,027

<b>Law Enforcement Training Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Charges for services	\$ 4,800	6,188	1,388
Interest	100	29	(71)
Other	2,000	2,479	479
Total Revenues	\$ 6,900	8,696	1,796
EXPENDITURES			
Sheriff	\$ 9,750	6,308	(3,442)
County Coroner	1,500	933	(567)
Total Expenditures	\$ 11,250	7,241	(4,009)
REVENUES OVER (UNDER) EXPENDITURES	\$ (4,350)	1,455	5,805
CASH, JANUARY 1	4,518	4,518	-
CASH, DECEMBER 31	\$ 168	5,973	5,805

<b>Prosecuting Attorney Training Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Charges for services	\$ 1,200	1,554	354
Interest	10	12	2
Total Revenues	\$ 1,210	1,566	356
EXPENDITURES			
Prosecuting Attorney	\$ 1,400	-	(1,400)
Total Expenditures	\$ 1,400	-	(1,400)
REVENUES OVER (UNDER) EXPENDITURES	\$ (190)	1,566	1,756
CASH, JANUARY 1	1,436	1,436	-
CASH, DECEMBER 31	\$ 1,246	3,002	1,756

SEE NOTES TO THE FINANCIAL STATEMENTS

**TEXAS COUNTY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH**  
**REGULATORY BASIS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Collector Tax Maintenance Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Charges for services	\$ 22,000	24,283	2,283
Interest	200	259	59
Total Revenues	\$ 22,200	24,542	2,342
EXPENDITURES			
County Collector	\$ 42,900	4,614	(38,286)
Total Expenditures	\$ 42,900	4,614	(38,286)
REVENUES OVER (UNDER) EXPENDITURES	\$ (20,700)	19,928	40,628
CASH, JANUARY 1	30,610	30,610	-
CASH, DECEMBER 31	\$ 9,910	50,538	40,628

<b>Election Services Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Charges for services	\$ 7,000	8,084	1,084
Interest	100	146	46
Total Revenues	\$ 7,100	8,230	1,130
EXPENDITURES			
Elections	\$ 25,000	5,604	(19,396)
Total Expenditures	\$ 25,000	5,604	(19,396)
REVENUES OVER (UNDER) EXPENDITURES	\$ (17,900)	2,626	20,526
CASH, JANUARY 1	24,338	24,338	-
CASH, DECEMBER 31	\$ 6,438	26,964	20,526

<b>Law Enforcement Operating Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Charges for services	\$ 16,200	11,925	(4,275)
Interest	200	132	(68)
Other	3,300	375	(2,925)
Total Revenues	\$ 19,700	12,432	(7,268)
EXPENDITURES			
Sheriff	\$ 57,265	33,864	(23,401)
Total Expenditures	\$ 57,265	33,864	(23,401)
REVENUES OVER (UNDER) EXPENDITURES	\$ (37,565)	(21,432)	16,133
CASH, JANUARY 1	37,610	37,610	-
CASH, DECEMBER 31	\$ 45	16,178	16,133

SEE NOTES TO THE FINANCIAL STATEMENTS

**TEXAS COUNTY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH**  
**REGULATORY BASIS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Emergency Management Conference Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Interest	\$ 10	8	(2)
Total Revenues	\$ 10	8	(2)
EXPENDITURES			
Health and welfare	\$ 1,300	-	(1,300)
Total Expenditures	\$ 1,300	-	(1,300)
REVENUES OVER (UNDER) EXPENDITURES	\$ (1,290)	8	1,298
CASH, JANUARY 1	1,300	1,300	-
CASH, DECEMBER 31	\$ 10	1,308	1,298

<b>Jury Script Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Transfers in	\$ 15,000	20,374	5,374
Total Revenues	\$ 15,000	20,374	5,374
EXPENDITURES			
Court administration	\$ 15,000	20,374	5,374
Total Expenditures	\$ 15,000	20,374	5,374
REVENUES OVER (UNDER) EXPENDITURES	\$ -	-	-
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	-	-

<b>Special Election Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Intergovernmental	\$ 50,000	61,966	11,966
Transfers in	-	106,834	106,834
Total Revenues	\$ 50,000	168,800	118,800
EXPENDITURES			
Supplies	\$ -	33,952	33,952
Election judges	-	48,267	48,267
Publications and legal	-	35,659	35,659
Poll rent	-	2,000	2,000
Mileage and training	-	737	737
Other	-	6,261	6,261
Transfers out	50,000	-	(50,000)
Total Expenditures	\$ 50,000	126,876	76,876
REVENUES OVER (UNDER) EXPENDITURES	\$ -	41,924	41,924
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	41,924	41,924

SEE NOTES TO THE FINANCIAL STATEMENTS

**TEXAS COUNTY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH**  
**REGULATORY BASIS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Recorder User Fee Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Charges for services	\$ 15,910	19,206	3,296
Interest	90	110	20
Total Revenues	\$ 16,000	19,316	3,316
EXPENDITURES			
Recorder of Deeds	\$ 27,300	17,325	(9,975)
Total Expenditures	\$ 27,300	17,325	(9,975)
REVENUES OVER (UNDER) EXPENDITURES	\$ (11,300)	1,991	13,291
CASH, JANUARY 1	13,281	13,281	-
CASH, DECEMBER 31	\$ 1,981	15,272	13,291

<b>Prosecutor's Administrative Handling Cost Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Charges for services	\$ 6,600	10,201	3,601
Interest	50	76	26
Total Revenues	\$ 6,650	10,277	3,627
EXPENDITURES			
Prosecuting Attorney	\$ 8,600	8,600	-
Total Expenditures	\$ 8,600	8,600	-
REVENUES OVER (UNDER) EXPENDITURES	\$ (1,950)	1,677	3,627
CASH, JANUARY 1	2,024	2,024	-
CASH, DECEMBER 31	\$ 74	3,701	3,627

<b>Defense Deductible Deposit Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Intergovernmental	\$ -	2,750	2,750
Interest	2,000	2,431	431
Other	15,000	195,257	180,257
Transfer in	106,000	50,000	(56,000)
Total Revenues	\$ 123,000	250,438	127,438
EXPENDITURES			
Repairs and upkeep-equipment	\$ 450,000	140,121	(309,879)
Insurance deductible expenditure	10,000	43,945	33,945
Defense expenditures	35,000	290	(34,710)
Other	10,000	2,183	(7,817)
Total Expenditures	\$ 505,000	186,539	(318,461)
REVENUES OVER (UNDER) EXPENDITURES	\$ (382,000)	63,899	445,899
CASH, JANUARY 1	417,168	417,168	-
CASH, DECEMBER 31	\$ 35,168	481,067	445,899

SEE NOTES TO THE FINANCIAL STATEMENTS

**TEXAS COUNTY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH**  
**REGULATORY BASIS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Local Emergency Planning Committee (LEPC) Fund</b>			
	<b>Final Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Budget</b>
REVENUES			
Interest	\$ 100	82	(18)
Total Revenues	\$ 100	82	(18)
EXPENDITURES			
Health and welfare	\$ 15,351	-	(15,351)
Total Expenditures	\$ 15,351	-	(15,351)
REVENUES OVER (UNDER) EXPENDITURES	\$ (15,251)	82	15,333
CASH, JANUARY 1	15,431	15,431	-
CASH, DECEMBER 31	\$ 180	15,513	15,333
<b>Concealed Firearms Fund</b>			
	<b>Final Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Budget</b>
REVENUES			
Charges for services	28,000	44,677	16,677
Interest	\$ 250	149	(101)
Total Revenues	\$ 28,250	44,826	16,576
EXPENDITURES			
Sheriff	\$ 32,558	15,696	(16,862)
Transfers out	33,400	33,400	-
Total Expenditures	\$ 65,958	49,096	(16,862)
REVENUES OVER (UNDER) EXPENDITURES	\$ (37,708)	(4,270)	33,438
CASH, JANUARY 1	37,708	37,708	-
CASH, DECEMBER 31	\$ -	33,438	33,438
<b>Domestic Abuse Fund</b>			
	<b>Final Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Budget</b>
REVENUES			
Charges for services	\$ 7,100	8,320	1,220
Interest	100	103	3
Total Revenues	\$ 7,200	8,423	1,223
EXPENDITURES			
Health and welfare	\$ 15,000	3,510	(11,490)
Total Expenditures	\$ 15,000	3,510	(11,490)
REVENUES OVER (UNDER) EXPENDITURES	\$ (7,800)	4,913	12,713
CASH, JANUARY 1	16,011	16,011	-
CASH, DECEMBER 31	\$ 8,211	20,924	12,713

SEE NOTES TO THE FINANCIAL STATEMENTS

**TEXAS COUNTY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH**  
**REGULATORY BASIS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Texas County Historical Military Museum (TCHMM Fund) - Operating Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Interest	\$ 30	23	(7)
Other	75	-	(75)
Total Revenues	\$ 105	23	(82)
EXPENDITURES			
Museum operations	\$ 4,100	-	(4,100)
Total Expenditures	\$ 4,100	-	(4,100)
REVENUES OVER (UNDER) EXPENDITURES	\$ (3,995)	23	4,018
CASH, JANUARY 1	4,263	4,263	-
CASH, DECEMBER 31	\$ 268	4,286	4,018

<b>Texas County Historical Military Museum (TCHMM) Fund - Endowment Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Interest	\$ 10	4	(6)
Total Revenues	\$ 10	4	(6)
EXPENDITURES			
Museum endowment	\$ 10	-	(10)
Total Expenditures	\$ 10	-	(10)
REVENUES OVER (UNDER) EXPENDITURES	\$ -	4	4
CASH, JANUARY 1	705	705	-
CASH, DECEMBER 31	\$ 705	709	4

<b>Road and Bridge Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Interest	\$ 500	413	(87)
Transfers in	700	-	(700)
Total Revenues	\$ 1,200	413	(787)
EXPENDITURES			
Highways and roads	\$ 78,674	-	(78,674)
Total Expenditures	\$ 78,674	-	(78,674)
REVENUES OVER (UNDER) EXPENDITURES	\$ (77,474)	413	77,887
CASH, JANUARY 1	77,474	77,474	-
CASH, DECEMBER 31	\$ -	77,887	77,887

SEE NOTES TO THE FINANCIAL STATEMENTS



**TEXAS COUNTY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH**  
**REGULATORY BASIS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>National Forest Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Intergovernmental	\$ 210,000	203,233	(6,767)
Interest	100	204	104
Total Revenues	\$ 210,100	203,437	(6,663)
EXPENDITURES			
Distributions to political subdivisions	\$ 212,000	183,690	(28,310)
Total Expenditures	\$ 212,000	183,690	(28,310)
REVENUES OVER (UNDER) EXPENDITURES	\$ (1,900)	19,747	21,647
CASH, JANUARY 1	23,554	23,554	-
CASH, DECEMBER 31	\$ 21,654	43,301	21,647

<b>Garner Covert Memorial Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Interest	\$ 50	43	(7)
Other	400	400	-
Total Revenues	\$ 450	443	(7)
EXPENDITURES			
Health and welfare	\$ 1,200	1,000	(200)
Total Expenditures	\$ 1,200	1,000	(200)
REVENUES OVER (UNDER) EXPENDITURES	\$ (750)	(557)	193
CASH, JANUARY 1	958	12,958	12,000
CASH, DECEMBER 31	\$ 208	12,401	12,193

SEE NOTES TO THE FINANCIAL STATEMENTS

**TEXAS COUNTY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH**  
**REGULATORY BASIS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Deputy Sheriff Salary Supplemental (DSSS) Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Charges for services	\$ 7,000	5,330	(1,670)
Total Revenues	\$ 7,000	5,330	(1,670)
EXPENDITURES			
State of Missouri	\$ 7,000	5,330	(1,670)
Total Expenditures	\$ 7,000	5,330	(1,670)
REVENUES OVER (UNDER) EXPENDITURES	\$ -	-	-
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	-	-

<b>Judicial Circuit Court Program Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Charges for services	\$ 11,000	3,905	(7,095)
Interest	10	10	-
Total Revenues	\$ 11,010	3,915	(7,095)
EXPENDITURES			
Court administration	\$ 11,000	1,946	(9,054)
Total Expenditures	\$ 11,000	1,946	(9,054)
REVENUES OVER (UNDER) EXPENDITURES	\$ 10	1,969	1,959
CASH, JANUARY 1	1,008	1,008	-
CASH, DECEMBER 31	\$ 1,018	2,977	1,959

<b>Prosecutor's Delinquent Tax Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
REVENUES			
Charges for services	\$ 500	815	315
Other	10	5	(5)
Total Revenues	\$ 510	820	310
EXPENDITURES			
Prosecuting Attorney	\$ 1,000	-	(1,000)
Total Expenditures	\$ 1,000	-	(1,000)
REVENUES OVER (UNDER) EXPENDITURES	\$ (490)	820	1,310
CASH, JANUARY 1	555	555	-
CASH, DECEMBER 31	\$ 65	1,375	1,310

SEE NOTES TO THE FINANCIAL STATEMENTS

**TEXAS COUNTY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH**  
**REGULATORY BASIS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Senate Bill 40 Board Fund</b>			
	Final Budget	Actual	Actual Over (Under) Budget
<b>REVENUES</b>			
Property taxes	\$ 202,000	215,682	13,682
Interest income	100	215	115
Other	-	161	161
Total Revenues	\$ 202,100	216,058	13,958
<b>EXPENDITURES</b>			
Sheltered services	\$ 194,000	194,000	-
Mental Health Trust Fund	5,000	5,000	-
General expenditures	2,850	2,687	(163)
Total Expenditures	\$ 201,850	201,687	(163)
REVENUES OVER (UNDER) EXPENDITURES	\$ 250	14,371	14,121
CASH, JANUARY 1	157,791	157,791	-
CASH, DECEMBER 31	\$ 158,041	172,162	14,121

SEE NOTES TO THE FINANCIAL STATEMENTS

**TEXAS COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

Texas County, Missouri is governed by a County Commission with three members under a township form of government. There are 17 townships within Texas County with each having its own tax levies. In addition to the three County Commissioners, there are nine elected Officers: Assessor, Circuit Clerk, Recorder of Deeds, County Clerk, 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 Law, which 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 property tax assessments and collections, state/county courts administration, recording of instruments, public safety, emergency planning, road and bridge construction and maintenance, health and welfare services, and election services. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, and the Senate Bill 40 Board.

The financial statements referred to above include the primary government of Texas County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise the County's legal entity. This will also include the Senate Bill 40 Board Fund, but not the Texas County Health Center or the 911 Board since these entities are considered separate legal entities not under the control of the County and are not considered component units of the County.

**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, particularly the Collector/Treasurer, Public Administrator, and Sheriff may collect and 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 cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

**TEXAS COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**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 adopted on the cash basis of accounting.
2. During January, the budget officer (County Clerk) and the administrative officer of the Senate Bill 40 Board submit a proposed operating budget for the ensuing calendar year to the County Commission or to the Senate Bill 40 Board.
3. 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 fund balance at the beginning of the year as well as estimated revenues to be received.
4. State law requires at the individual fund level budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. No funds had a deficit budgeted cash balance for 2016.
5. A public hearing is conducted to obtain public comment on the budget documents. Prior to approval by the County Commission and Senate Bill 40 Board, the budget documents are available for public inspection. The approved budgets for the County and Senate Bill 40 Board are to be submitted to the County budget officer (County Clerk) and filed with the State Auditor's Office by January 31.
6. Prior to February 1, the budget is legally enacted by a vote of the County Commission and the Senate Bill 40 Board.
7. Subsequent to the budget hearings, the budgets (as amended and approved) are adopted by the County Commission and the Senate Bill 40 Board. The County Commission and Senate Bill 40 Board did not amend the budgets for 2016.
8. Adoption of a formal budget is required by state statute. The County budgeted for all funds during the year ended December 31, 2016.
9. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the Capital Improvement Bond Payment Fund, Jury Script Fund, and the Special Election Fund.

**E. SALES TAX RATES**

The County has the following sales tax rates:

General sales tax	1	1/2%	\$	0.00500
General sales tax	2	1/2%		0.00500
Capital improvement sales tax	3	1/2%		0.00500
Emergency sales tax-911		3/8%		<u>0.00375</u>
Total sales tax rate			\$	<u>0.01875</u>

- 1 Initial sales tax subject to rollback.
- 2 Passed in 2005 not subject to rollback.
- 3 For capital improvement projects and maintenance to support justice center and jail. This sales tax was passed in 2005 with a 20 year sunset.

**TEXAS COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

The County does not have a local use tax. The Emergency 911 sales tax goes directly to the Emergency 911 Board and does not pass through the County.

**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, including the townships and drainage districts.

The assessed valuation of the tangible property for the calendar year for purposes of local taxation was:

Real Estate	\$	154,175,140
Personal Property		56,768,768
Railroad and Utilities		<u>10,263,544</u>
Total Assessed Valuation	\$	<u>221,207,452</u>

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

General Revenue	1	\$	0.0275
Senate Bill 40 Board		\$	0.0972

1 After sales tax adjustment.

Each township sets its own township administrative levy and a special road and bridge levy.

**G. CASH DEPOSITS AND INVESTMENTS**

Cash deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents 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. The County has one interest-bearing checking account.

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.

**TEXAS COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

**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 year ended December 31, 2016, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Revenue	\$ 964,178	\$ 127,208
Special Road and Bridge	-	50,527
Capital Improvement Bond Payment	107,872	-
Justice Center-Jail Maintenance	33,400	1,071,523
Jury Script	20,374	-
Special Election	106,834	-
Defense Deductible Deposit	50,000	-
Concealed Firearms	-	33,400
Total	\$ <u>1,282,658</u>	\$ <u>1,282,658</u>

**I. PUBLISHED FINANCIAL STATEMENTS**

Under Sections 50.800 and 50.810, 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 year ended December 31, 2016, the published financial statements included all funds and the required information. The Senate Bill 40 Board also published its financial statements for the year ended December 31, 2016.

**NOTE 2. CASH AND INVESTMENTS**

Section 110.270 RSMo based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950 RSMo requires political subdivisions with existing authority to invest in instruments other than depositary 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 purchases 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 adopted such a policy.

The County has determined through experience that checking accounts, savings accounts, negotiable order withdrawal (NOW) accounts, money market accounts, and certificates of deposits are appropriate types of accounts or instruments for its needs. The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is included on the financial statements as "Cash" under each fund's caption.

**TEXAS COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

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, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks and savings institutions.

Deposits

Missouri statutes require all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. All bank balances at the depository banks at December 31, 2016, were covered by federal depository insurance and additional collateral securities held at the County's safekeeping bank agent in the County's name or by its agent in the County's name.

The Senate Bill 40 Board's deposits at December 31, 2016, held at the respective depository bank were not exposed to custodial credit risk because they were entirely covered by federal depository insurance.

**NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS**

**A. Missouri Local Government Employees Retirement System (LAGERS)**

1) Plan Description

Texas 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 statute, sections RSMo 70.600 – 70.755. As such, it is the system's responsibility to administer the law in accordance with the express intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it 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 LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

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. As of December 31, 2016, the County had 58 employees enrolled in LAGERS.

3) Funding Policy

The County's full-time employees do not contribute to the LAGERS pension plan but is entirely funded by the County. The County is required by state statute to contribute at an actuarially determined rate: the rate as of December 31, 2016, was 8.0% (general) and 8.1% (police) of annual covered payroll. The County Commission determines the contribution requirements of plan members.



**TEXAS COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

4) Annual Pension Cost

For 2016, total payment to LAGERS was \$126,525.

**B. County Employees' Retirement Fund**

The County Employees' Retirement Fund (CERF) was established pursuant to SB 579, effective August 28, 1994, by the state of Missouri to provide a retirement benefit to eligible county employees.

1) Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties of not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under sections 56.800 to 56.840 RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under sections 57.949 to 57.997 RSMo, and certain personnel not defined as an employee per section 50.1000(8) RSMo. The 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. As of December 31, 2016, the County had 62 employees enrolled in CERF.

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 Retirement Fund is partially funded through various fees collected and remitted to CERF. Depending on the hire date and LAGERS status, contribution rates can be 0%, 2%, 4%, or 6%. A county can choose to pay up to 4% for its employees. A contribution to CERF of 2% of annual salary is required for eligible employees hired before February 25, 2002, and a contribution of 6% of annual salary is required of employees hired after February 25, 2002, effective January 1, 2003, in order to participate in CERF. During 2016, the County collected and remitted to CERF \$96,269.

**TEXAS COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**NOTE 4. PROSECUTING ATTORNEY RETIREMENT**

In accordance with 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 Attorneys' Retirement System Fund. Once remitted, the state of Missouri is responsible for administration of this plan. The County contributed \$9,044 for the year ended December 31, 2016.

**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.

**NOTE 6. COMMITMENTS AND CONTINGENCIES**

1) Compensated Absences

The County provides employees with up to three weeks of paid vacation based upon the number of years of continued service. After the employees' first year of employment they receive one week of vacation pay; after the second year of employment they receive two weeks of paid vacation; and after eight years of employment an employee receives three weeks' vacation pay. Regular full time employees accrue sick leave at six days per year and part time employees accrue sick leave time on a pro-rated basis, based on the number of hours worked. Upon termination from county employment, an employee is not reimbursed for unused vacation and compensatory leave, if applicable.

2) Federal and State Assisted Programs

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

3) Litigation

At December 31, 2016, the County is involved in litigation handled by the County's insurance company concerning a county bridge. The outcome of this litigation is not yet determined.

4) Long-term Debt

The county had \$14,995,000 Texas County Missouri Certificates of Participation Series 2006 dated September 1, 2006. Series certificates of \$9,430,000 mature on December 1, 2021, and term certificates of \$5,565,000 mature on December 1, 2025. Principal and interest payments were due annually on December 1, with a variable annual interest rate from 4.00% to 4.60%. First Bank is the paying agent of this bond. The County made the required principal and interest payments in 2016 and at September 8, 2016, the County refinanced the 2006 issue with a new 2016 issue with the remaining principal due of \$8,225,000 on December 1, 2025, with interest rates of 3.00% and 4.00%. The amortization of the 2016 issue as of December 31, 2016 is as follows:

**TEXAS COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**NOTE 6. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

	Principal	Interest	Total
2017	\$ 790,000	\$ 250,630	\$ 1,040,630
2018	830,000	231,900	1,061,900
2019	850,000	207,000	1,057,000
2020	885,000	181,500	1,066,500
2021	910,000	146,100	1,056,100
2022-2025	<u>3,960,000</u>	<u>302,550</u>	<u>4,262,550</u>
Total	\$ <u>8,225,000</u>	\$ <u>1,319,680</u>	\$ <u>9,544,680</u>

**NOTE 7. RISK MANAGEMENT**

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

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

**NOTE 8. PRIOR PERIOD ADJUSTMENT**

The prior audit report for the year ended December 31, 2015, 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, 2015. The audit report included various agency funds controlled by the County Treasurer. The prior audit cash balance at December 31, 2015, has been adjusted as follows:

Total cash balance per prior audit report	\$ 2,216,889
Subtract: CERF Fund	(6,170)
Overplus Fund	(23,718)
School Fines Fund	(49,899)
Financial Institution Tax Fund	<u>(6,105)</u>
Adjusted beginning cash balance	<u>\$ 2,130,997</u>

## **COMPLIANCE SECTION**

September 14, 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  
Texas 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 regulatory basis financial statements of the county funds of Texas County, Missouri, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Texas County, Missouri's basic financial statements, and have issued our report thereon dated September 14, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Texas 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 Texas County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Texas 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2016-001 that we consider to be a significant deficiency.

**TEXAS COUNTY, MISSOURI  
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)**

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Texas 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 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 2016-001.

**Texas County, Missouri's Response to Finding**

Texas County, Missouri's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Texas 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.

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  
Columbia, MO

**TEXAS COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**FINANCIAL STATEMENT FINDING**

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

**SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL AND COMPLIANCE AND OTHER MATTERS**

2016-001    Budgetary Procedures Not in Compliance With State Law and Need Improvement

Conditions:

1. Expenditures were approved by the County Commission for payment that exceeded the approved budget for the Capital Improvement Bond Payment Fund by \$896; the Jury Script Fund by \$5,374; and the Special Election Fund by \$76,876.
2. Transfers between funds recorded in the county budget document were not accurately reported. The total of transfers in did not agree to the total of transfers out. Total transfers in as reported in the budget for 2016 totaled \$1,104,429 while total transfers out for 2016 totaled \$1,534,546. The County reported transfers out that were actual distributions to various political subdivisions, reported transfers for the CERF Fund that is not a County fund, and transfers misclassified in other revenues and expenditures. The transfers in and transfers out were reclassified in the audited financial statements.
3. The County is budgeting several funds that are not actually operating funds for expenditures related to county operations. A separate fund for Jury Script and National Forest monies received and distributed do not require a separate fund but should be included within the General Revenue Fund. Jury Script receives transfers in from the General Revenue Fund only to pay jurors for serving on a jury and the National Forest Fund monies received are only distributed out to various political subdivisions. The County also budgets for the CERF Fund that is actually an agency fund held by the County Treasurer and a Transfer Fund that is made up of other agency funds distributed by the County Treasurer. These funds do not involve county operations and do not require budgets.

Criteria:    Section 50.540 RSMo, requires the budget be revised prior to authorizing expenditures in excess of the budget. 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. The county budget law only requires funds for operating purposes to be budgeted.

Cause:    The County Commission and County Clerk did not review the budget documents for the various funds to ensure the budget was properly amended for overages in these funds. The County Commission and County Clerk did not report actual or budgeted transfers properly. The County Commission and County Clerk did not actually realize that these funds did not need to be budgeted.

Effect:    The County Commission and the County Clerk did not follow state law on properly amending budgets to ensure expenditures did not exceed the budgeted amounts, to properly present transfers in and out, or to properly prepare the budget document to exclude unnecessary funds.

**TEXAS COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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Recommendations:

1. The County Commission and County Clerk should not approve expenditures in excess of budgeted amounts. The County Commission and County Clerk should properly amend the budgets in a public meeting when unforeseen circumstances arise that necessitate increased expenditures in any fund.
2. The County Commission and County Clerk should ensure both budgeted and actual transfers to and from other funds are in balance for each year and other types of transactions not operating transfers are not presented in the "Transfers" account category or misclassified in other revenues or expenditures.
3. The County Commission and County Clerk only present a budget for actual operating funds of the County and not for any agency funds that are distributed through the County Treasurer.

*Auditee's Response: Texas County concurs with the findings and will implement the recommendations.*



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

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In accordance with *Government Auditing Standards*, this section reports the auditors' follow-up on action taken by Texas County, Missouri, on applicable findings in the prior audit report issued for the year ended December 31, 2015, by an independent public accounting firm.

There were no audit findings written for the year ended December 31, 2015, for follow-up.