



THOMAS A. SCHWEICH
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, 2012, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Casey-Beard-Boehmer PC, Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Thomas A. Schweich".

Thomas A. Schweich
State Auditor

September 2013
Report No. 2013-097

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CASEY-BEARD-BOEHMER PC



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September 3, 2013

INDEPENDENT AUDITORS' REPORT

To the County Commission
and Officeholders of
Randolph County, Missouri

We have audited the accompanying financial statements of Randolph County, Missouri, which comprise the statement of receipts, disbursements, and changes in cash – regulatory basis, of each fund as of December 31, 2012 and 2011, and the related statement of receipts, disbursements, and changes in cash – budget and actual – regulatory basis 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

MEMBER
•
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Accountants
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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, 2012 and 2011, and the changes in its financial position.

Basis for Qualified Opinion on Regulatory Basis of Accounting

Randolph County, Missouri, has not properly presented the receipts and disbursements in the Justice Center Bond Accounts Fund and various other funds for the years ended December 31, 2012 and 2011. The amount by which the receipts and disbursements 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, 2012 and 2011, and their respective cash receipts and disbursements, 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 3, 2013, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Randolph County, Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

**RANDOLPH COUNTY, MISSOURI
INDEPENDENT AUDITORS' REPORT (CONTINUED)**

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

Casey-Beard-Boehmer PC

Casey-Beard-Boehmer PC
Certified Public Accountants

RANDOLPH COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Fund	Cash January 1, 2011	Receipts	Disbursements	Cash December 31, 2011	Receipts	Disbursements	Cash December 31, 2012
General Revenue	\$ 546,172	3,100,650	3,080,776	566,046	3,320,271	3,201,908	684,409
Special Road and Bridge Assessment	752,717	1,450,157	1,290,234	912,640	1,419,712	1,388,403	943,949
Prosecuting Attorney Training	278,199	428,165	340,574	365,790	435,063	341,173	459,680
Law Enforcement Training	(3,316)	1,317	1,155	(3,154)	1,646	1,893	(3,401)
Domestic Abuse User	26,017	7,111	10,095	23,033	9,530	8,836	23,727
Sheriff	749	1,032	700	1,081	1,565	1,000	1,646
Local Emergency Planning Committee	13,755	7,840	11,367	10,228	8,962	11,577	7,613
Election Service	42,664	44,298	52,528	34,434	60,173	55,468	39,139
Emergency 911	27,972	53	6,162	21,863	26	12,198	9,691
Recorder Tech	13,077	14,427	3,797	23,707	9,303	9,460	23,550
Prosecuting Attorney Bad Check	17	102,397	102,397	17	107,475	94,467	13,025
Collector Tech	3,339	4,477	4,165	3,651	5,138	3,660	5,129
Cemetery Trust	9,799	13,166	15,386	7,579	11,025	8,439	10,165
Prosecuting Attorney Grant	81,935	37,668	69,420	50,183	36,047	34,741	51,489
Justice Center	20,284	603	800	20,087	464	800	19,751
Sheriff Restitution	1,176	66,648	71,331	(3,507)	84,164	79,601	1,056
Capital Building	47	1,228,157	1,228,343	(139)	1,362,661	1,362,522	-
Court Appointed Special Advocates (CASA)	3,838	2,098	3,801	2,135	2,899	3,194	1,840
Sheriff Conceal and Carry Weapons (CCW) (1)	22,864	31,900	-	54,764	-	16,444	38,320
Prosecuting Attorney Delinquent Tax (2)	40,000	30,027	-	70,027	-	-	70,027
Justice Center Bond Accounts (1)	9,211	9,508	10,131	8,588	10,791	10,095	9,284
Totals	\$ 2,743,627	7,853,168	7,522,658	3,074,137	8,170,945	8,009,029	3,236,053

(1) Budgets were not prepared by the county for 2012 and 2011.

(2) A budget was not prepared by the county for 2011.

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

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	General Revenue Fund					
	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Property taxes	\$ 836,591	958,547	121,956	\$ 847,100	878,531	31,431
Sales tax	1,276,732	1,264,007	(12,725)	1,227,141	1,257,865	30,724
Intergovernmental	304,871	297,768	(7,103)	207,659	198,078	(9,581)
Charges for services	649,000	699,073	50,073	624,982	660,110	35,128
Interest	-	10,795	10,795	3,100	-	(3,100)
Other	45,472	57,081	11,609	42,794	96,066	53,272
Transfers in	127,740	33,000	(94,740)	41,250	10,000	(31,250)
Total Receipts	\$ 3,240,406	3,320,271	79,865	\$ 2,994,026	3,100,650	106,624
DISBURSEMENTS						
General County Government-						
County Commission	\$ 108,505	106,930	(1,575)	\$ 107,867	106,125	(1,742)
County Clerk	136,054	128,706	(7,348)	136,547	136,779	232
Elections	103,000	83,725	(19,275)	25,000	14,194	(10,806)
Buildings and grounds	97,660	96,847	(813)	112,710	90,023	(22,687)
Employee fringe benefits	425,102	486,566	61,464	361,167	405,886	44,719
County Treasurer	52,079	51,491	(588)	53,703	52,658	(1,045)
County Collector	116,135	125,028	8,893	122,783	125,037	2,254
Recorder of Deeds	100,230	99,980	(250)	98,839	98,630	(209)
Circuit Clerk	67,903	64,863	(3,040)	68,603	60,541	(8,062)
Court Administration	42,020	22,470	(19,550)	15,920	10,467	(5,453)
Public Administrator	79,685	76,942	(2,743)	77,103	77,114	11
Public Safety-						
Sheriff	691,568	678,411	(13,157)	655,529	659,948	4,419
Prosecuting Attorney	324,219	336,479	12,260	306,768	314,928	8,160
Juvenile Officer	250,945	247,143	(3,802)	247,494	240,290	(7,204)
County Coroner	44,870	42,774	(2,096)	33,944	33,350	(594)
Other-						
Miscellaneous	115,535	120,478	4,943	71,044	56,094	(14,950)
Insurance	34,002	33,363	(639)	42,000	28,057	(13,943)
Randolph County 4-H	22,000	22,000	-	22,000	22,000	-
Economic Development	22,000	22,000	-	20,000	20,000	-
Transfers Out	407,636	355,712	(51,924)	387,883	468,045	80,162
Emergency Fund	100,152	-	(100,152)	92,510	60,610	(31,900)
Total Disbursements	\$ 3,341,300	3,201,908	(139,392)	\$ 3,059,414	3,080,776	21,362
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (100,894)	118,363	219,257	\$ (65,388)	19,874	85,262
CASH, JANUARY 1	566,046	566,046	-	546,172	546,172	-
CASH, DECEMBER 31	\$ 465,152	684,409	219,257	\$ 480,784	566,046	85,262

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Special Road and Bridge Fund						
	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Property taxes	\$ 484,149	504,703	20,554	\$ 516,296	481,277	(35,019)
Intergovernmental	783,583	789,601	6,018	773,757	819,160	45,403
Charges for services	3,500	6,048	2,548	3,500	5,247	1,747
Interest	2,000	5,116	3,116	2,600	2,259	(341)
Other	86,914	114,244	27,330	85,116	142,214	57,098
Total Receipts	<u>\$ 1,360,146</u>	<u>1,419,712</u>	<u>59,566</u>	<u>\$ 1,381,269</u>	<u>1,450,157</u>	<u>68,888</u>
DISBURSEMENTS						
Salaries	\$ 390,938	346,304	(44,634)	\$ 388,564	371,472	(17,092)
Employee fringe benefits	142,138	152,538	10,400	148,349	143,230	(5,119)
Supplies	36,800	27,402	(9,398)	33,400	35,515	2,115
Insurance	18,463	19,163	700	32,333	19,359	(12,974)
Road and bridge materials	554,500	407,521	(146,979)	499,000	267,115	(231,885)
Equipment repairs	99,600	71,152	(28,448)	69,400	88,770	19,370
Equipment purchases	355,000	169,774	(185,226)	105,000	110,563	5,563
Road and bridge construction	59,700	20	(59,680)	4,700	26,731	22,031
Other	244,910	176,529	(68,381)	231,100	227,479	(3,621)
Transfers out	87,740	18,000	(69,740)	21,250	-	(21,250)
Total Disbursements	<u>\$ 1,989,789</u>	<u>1,388,403</u>	<u>(601,386)</u>	<u>\$ 1,533,096</u>	<u>1,290,234</u>	<u>(242,862)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (629,643)	31,309	660,952	\$ (151,827)	159,923	311,750
CASH, JANUARY 1	912,640	912,640	-	752,717	752,717	-
CASH, DECEMBER 31	<u>\$ 282,997</u>	<u>943,949</u>	<u>660,952</u>	<u>\$ 600,890</u>	<u>912,640</u>	<u>311,750</u>

Assessment Fund						
	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental	\$ 418,690	432,840	14,150	\$ 398,128	426,651	28,523
Charges for services	500	1,039	539	500	310	(190)
Interest	700	1,184	484	1,000	911	(89)
Other	2,110	-	(2,110)	-	293	293
Total Receipts	<u>\$ 422,000</u>	<u>435,063</u>	<u>13,063</u>	<u>\$ 399,628</u>	<u>428,165</u>	<u>28,537</u>
DISBURSEMENTS						
Assessor	\$ 357,445	341,173	(16,272)	\$ 412,229	340,574	(71,655)
Total Disbursements	<u>\$ 357,445</u>	<u>341,173</u>	<u>(16,272)</u>	<u>\$ 412,229</u>	<u>340,574</u>	<u>(71,655)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 64,555	93,890	29,335	\$ (12,601)	87,591	100,192
CASH, JANUARY 1	365,790	365,790	-	278,199	278,199	-
CASH, DECEMBER 31	<u>\$ 430,345</u>	<u>459,680</u>	<u>29,335</u>	<u>\$ 265,598</u>	<u>365,790</u>	<u>100,192</u>

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Prosecuting Attorney Training Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 1,500	1,646	146	\$ 1,500	1,317	(183)
Other	-	-	-	1,817	-	(1,817)
Total Receipts	\$ 1,500	1,646	146	\$ 3,317	1,317	(2,000)
DISBURSEMENTS						
Training	\$ 1,500	1,893	393	\$ 1,500	1,155	(345)
Total Disbursements	\$ 1,500	1,893	393	\$ 1,500	1,155	(345)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	(247)	(247)	\$ 1,817	162	(1,655)
CASH, JANUARY 1	(3,154)	(3,154)	-	(3,316)	(3,316)	-
CASH, DECEMBER 31	\$ (3,154)	(3,401)	(247)	\$ (1,499)	(3,154)	(1,655)

Law Enforcement Training Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 7,000	9,530	2,530	\$ 7,600	7,111	(489)
Total Receipts	\$ 7,000	9,530	2,530	\$ 7,600	7,111	(489)
DISBURSEMENTS						
Mileage and training	\$ 10,000	8,836	(1,164)	\$ 10,000	10,095	95
Total Disbursements	\$ 10,000	8,836	(1,164)	\$ 10,000	10,095	95
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (3,000)	694	3,694	\$ (2,400)	(2,984)	(584)
CASH, JANUARY 1	23,033	23,033	-	26,017	26,017	-
CASH, DECEMBER 31	\$ 20,033	23,727	3,694	\$ 23,617	23,033	(584)

Domestic Abuse Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 900	1,565	665	\$ 900	1,032	132
Total Receipts	\$ 900	1,565	665	\$ 900	1,032	132
DISBURSEMENTS						
Other	\$ 1,000	1,000	-	\$ 700	700	-
Total Disbursements	\$ 1,000	1,000	-	\$ 700	700	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (100)	565	665	\$ 200	332	132
CASH, JANUARY 1	1,081	1,081	-	749	749	-
CASH, DECEMBER 31	\$ 981	1,646	665	\$ 949	1,081	132

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	User Fund					
	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 8,750	8,941	191	\$ 8,000	7,812	(188)
Interest	30	21	(9)	35	28	(7)
Total Receipts	<u>\$ 8,780</u>	<u>8,962</u>	<u>182</u>	<u>\$ 8,035</u>	<u>7,840</u>	<u>(195)</u>
DISBURSEMENTS						
Recorder of Deeds	\$ 28,000	11,577	(16,423)	\$ 19,500	11,367	(8,133)
Total Disbursements	<u>\$ 28,000</u>	<u>11,577</u>	<u>(16,423)</u>	<u>\$ 19,500</u>	<u>11,367</u>	<u>(8,133)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (19,220)	(2,615)	16,605	\$ (11,465)	(3,527)	7,938
CASH, JANUARY 1	10,228	10,228	-	13,755	13,755	-
CASH, DECEMBER 31	<u>\$ (8,992)</u>	<u>7,613</u>	<u>16,605</u>	<u>\$ 2,290</u>	<u>10,228</u>	<u>7,938</u>

	Sheriff Fund					
	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 45,000	53,913	8,913	\$ 50,000	43,943	(6,057)
Interest	-	88	88	150	100	(50)
Other	1,500	6,172	4,672	-	255	255
Total Receipts	<u>\$ 46,500</u>	<u>60,173</u>	<u>13,673</u>	<u>\$ 50,150</u>	<u>44,298</u>	<u>(5,852)</u>
DISBURSEMENTS						
Sheriff	\$ 80,000	55,468	(24,532)	\$ 82,500	52,528	(29,972)
Total Disbursements	<u>\$ 80,000</u>	<u>55,468</u>	<u>(24,532)</u>	<u>\$ 82,500</u>	<u>52,528</u>	<u>(29,972)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (33,500)	4,705	38,205	\$ (32,350)	(8,230)	24,120
CASH, JANUARY 1	34,434	34,434	-	42,664	42,664	-
CASH, DECEMBER 31	<u>\$ 934</u>	<u>39,139</u>	<u>38,205</u>	<u>\$ 10,314</u>	<u>34,434</u>	<u>24,120</u>

	Local Emergency Planning Committee Fund					
	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Interest	\$ 75	26	(49)	\$ 100	53	(47)
Other	1,000	-	(1,000)	1,000	-	(1,000)
Total Receipts	<u>\$ 1,075</u>	<u>26</u>	<u>(1,049)</u>	<u>\$ 1,100</u>	<u>53</u>	<u>(1,047)</u>
DISBURSEMENTS						
Other	\$ 18,082	12,198	(5,884)	\$ 6,300	6,162	(138)
Total Disbursements	<u>\$ 18,082</u>	<u>12,198</u>	<u>(5,884)</u>	<u>\$ 6,300</u>	<u>6,162</u>	<u>(138)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (17,007)	(12,172)	4,835	\$ (5,200)	(6,109)	(909)
CASH, JANUARY 1	21,863	21,863	-	27,972	27,972	-
CASH, DECEMBER 31	<u>\$ 4,856</u>	<u>9,691</u>	<u>4,835</u>	<u>\$ 22,772</u>	<u>21,863</u>	<u>(909)</u>

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Election Service Fund						
	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 6,000	9,255	3,255	\$ 6,000	5,835	(165)
Interest	35	48	13	50	33	(17)
Other	9,000	-	(9,000)	7,555	8,559	1,004
Total Receipts	\$ 15,035	9,303	(5,732)	\$ 13,605	14,427	822
DISBURSEMENTS						
Elections	\$ 14,300	9,460	(4,840)	\$ 12,300	3,797	(8,503)
Total Disbursements	\$ 14,300	9,460	(4,840)	\$ 12,300	3,797	(8,503)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 735	(157)	(892)	\$ 1,305	10,630	9,325
CASH, JANUARY 1	23,707	23,707	-	13,077	13,077	-
CASH, DECEMBER 31	\$ 24,442	23,550	(892)	\$ 14,382	23,707	9,325

Emergency 911 Fund						
	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 86,000	107,115	21,115	\$ 92,000	76,726	(15,274)
Other	700	360	(340)	-	680	680
Transfers in	22,000	-	(22,000)	19,500	24,991	5,491
Total Receipts	\$ 108,700	107,475	(1,225)	\$ 111,500	102,397	(9,103)
DISBURSEMENTS						
Salaries	\$ 11,438	10,168	(1,270)	\$ 11,411	9,845	(1,566)
Benefits	1,006	931	(75)	98,650	91,297	(7,353)
Operation expenses	83,996	83,368	(628)	986	1,255	269
Total Disbursements	\$ 96,440	94,467	(1,973)	\$ 111,047	102,397	(8,650)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 12,260	13,008	748	\$ 453	-	(453)
CASH, JANUARY 1	17	17	-	17	17	-
CASH, DECEMBER 31	\$ 12,277	13,025	748	\$ 470	17	(453)

Recorder Tech Fund						
	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 4,950	5,129	179	\$ 5,000	4,469	(531)
Interest	40	9	(31)	10	8	(2)
Total Receipts	\$ 4,990	5,138	148	\$ 5,010	4,477	(533)
DISBURSEMENTS						
Equipment	\$ 8,000	3,660	(4,340)	\$ 8,000	4,165	(3,835)
Total Disbursements	\$ 8,000	3,660	(4,340)	\$ 8,000	4,165	(3,835)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (3,010)	1,478	4,488	\$ (2,990)	312	3,302
CASH, JANUARY 1	3,651	3,651	-	3,339	3,339	-
CASH, DECEMBER 31	\$ 641	5,129	4,488	\$ 349	3,651	3,302

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

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Prosecuting Attorney Bad Check Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 13,185	11,005	(2,180)	\$ 8,000	13,166	5,166
Interest	-	20	20	-	-	-
Total Receipts	\$ 13,185	11,025	(2,160)	\$ 8,000	13,166	5,166
DISBURSEMENTS						
Prosecuting Attorney	\$ 2,850	8,439	5,589	\$ 2,850	15,386	12,536
Total Disbursements	\$ 2,850	8,439	5,589	\$ 2,850	15,386	12,536
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 10,335	2,586	(7,749)	\$ 5,150	(2,220)	(7,370)
CASH, JANUARY 1	7,579	7,579	-	9,799	9,799	-
CASH, DECEMBER 31	\$ 17,914	10,165	(7,749)	\$ 14,949	7,579	(7,370)

Collector Tech Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 33,000	35,912	2,912	\$ 30,250	37,532	7,282
Interest	120	135	15	-	136	136
Total Receipts	\$ 33,120	36,047	2,927	\$ 30,250	37,668	7,418
DISBURSEMENTS						
County Collector	\$ 81,980	19,741	(62,239)	\$ 108,980	59,420	(49,560)
Transfers Out	-	15,000	15,000	-	10,000	10,000
Total Disbursements	\$ 81,980	34,741	(47,239)	\$ 108,980	69,420	(39,560)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (48,860)	1,306	50,166	\$ (78,730)	(31,752)	46,978
CASH, JANUARY 1	50,183	50,183	-	81,935	81,935	-
CASH, DECEMBER 31	\$ 1,323	51,489	50,166	\$ 3,205	50,183	46,978

Cemetery Trust Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Other	\$ -	464	464	\$ -	603	603
Total Receipts	\$ -	464	464	\$ -	603	603
DISBURSEMENTS						
Other	\$ -	800	800	\$ -	800	800
Total Disbursements	\$ -	800	800	\$ -	800	800
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	(336)	(336)	\$ -	(197)	(197)
CASH, JANUARY 1	20,087	20,087	-	19,692	20,284	-
CASH, DECEMBER 31	\$ 20,087	19,751	(336)	\$ 19,692	20,087	395

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Prosecuting Attorney Grant Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental	\$ 75,393	84,164	8,771	\$ 77,621	66,648	(10,973)
Total Receipts	\$ 75,393	84,164	8,771	\$ 77,621	66,648	(10,973)
DISBURSEMENTS						
Salaries	\$ 69,430	69,430	-	\$ 69,630	62,117	(7,513)
Benefits	5,193	8,209	3,016	7,251	7,294	43
Telephone	1,920	1,962	42	-	1,920	1,920
Total Disbursements	\$ 76,543	79,601	3,058	\$ 76,881	71,331	(5,550)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,150)	4,563	5,713	\$ 740	(4,683)	(5,423)
CASH, JANUARY 1	(3,507)	(3,507)	-	1,176	1,176	-
CASH, DECEMBER 31	\$ (4,657)	1,056	5,713	\$ 1,916	(3,507)	(5,423)

Justice Center Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental	\$ 210,000	219,492	9,492	\$ 288,000	203,456	(84,544)
Charges for services	75,000	77,493	2,493	65,000	76,656	11,656
Other	51,000	61,964	10,964	44,000	50,918	6,918
Transfers in	1,024,581	1,003,712	(20,869)	839,383	897,127	57,744
Total Receipts	\$ 1,360,581	1,362,661	2,080	\$ 1,236,383	1,228,157	(8,226)
DISBURSEMENTS						
Salaries	\$ 582,253	517,888	(64,365)	\$ 517,626	507,305	(10,321)
Office	11,000	10,305	(695)	10,800	11,758	958
Operating	323,000	368,019	45,019	298,500	314,261	15,761
Building and grounds	167,865	177,921	10,056	142,500	146,043	3,543
Equipment	42,000	37,070	(4,930)	40,000	30,501	(9,499)
Other	7,000	23,003	16,003	9,067	4,607	(4,460)
Benefits	222,127	228,316	6,189	217,937	213,868	(4,069)
Total Disbursements	\$ 1,355,245	1,362,522	7,277	\$ 1,236,430	1,228,343	(8,087)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 5,336	139	(5,197)	\$ (47)	(186)	(139)
CASH, JANUARY 1	(139)	(139)	-	47	47	-
CASH, DECEMBER 31	\$ 5,197	-	(5,197)	\$ -	(139)	(139)

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Sheriff Restitution Fund						
	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 2,100	2,899	799	\$ 5,000	2,098	(2,902)
Total Receipts	\$ 2,100	2,899	799	\$ 5,000	2,098	(2,902)
DISBURSEMENTS						
Sheriff	\$ 6,200	3,194	(3,006)	\$ 2,500	3,801	1,301
Total Disbursements	\$ 6,200	3,194	(3,006)	\$ 2,500	3,801	1,301
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (4,100)	(295)	3,805	\$ 2,500	(1,703)	(4,203)
CASH, JANUARY 1	2,135	2,135	-	3,838	3,838	-
CASH, DECEMBER 31	\$ (1,965)	1,840	3,805	\$ 6,338	2,135	(4,203)

Capital Fund						
	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Transfers in	\$ -	-	-	\$ 20,000	31,900	11,900
Total Receipts	\$ -	-	-	\$ 20,000	31,900	11,900
DISBURSEMENTS						
Other	\$ 40,000	16,444	(23,556)	\$ 20,000	-	(20,000)
Total Disbursements	\$ 40,000	16,444	(23,556)	\$ 20,000	-	(20,000)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (40,000)	(16,444)	23,556	\$ -	31,900	31,900
CASH, JANUARY 1	54,764	54,764	-	22,864	22,864	-
CASH, DECEMBER 31	\$ 14,764	38,320	23,556	\$ 22,864	54,764	31,900

Building Fund						
	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Transfers in	\$ -	-	-	\$ 20,000	30,027	10,027
Total Receipts	\$ -	-	-	\$ 20,000	30,027	10,027
DISBURSEMENTS						
Buildings and grounds	\$ 40,000	-	(40,000)	\$ 20,000	-	(20,000)
Total Disbursements	\$ 40,000	-	(40,000)	\$ 20,000	-	(20,000)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (40,000)	-	40,000	\$ -	30,027	30,027
CASH, JANUARY 1	70,027	70,027	-	40,000	40,000	-
CASH, DECEMBER 31	\$ 30,027	70,027	40,000	\$ 40,000	70,027	30,027

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

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Court Appointed Special Advocates (CASA) Fund

	2012			2011		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental	\$ 10,000	10,791	791	\$ 10,000	9,508	(492)
Total Receipts	\$ 10,000	10,791	791	\$ 10,000	9,508	(492)
DISBURSEMENTS						
Juvenile Officer	\$ 10,000	10,095	95	\$ 10,000	10,131	131
Total Disbursements	\$ 10,000	10,095	95	\$ 10,000	10,131	131
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	696	696	\$ -	(623)	(623)
CASH, JANUARY 1	8,588	8,588	-	9,211	9,211	-
CASH, DECEMBER 31	\$ 8,588	9,284	696	\$ 9,211	8,588	(623)

Sheriff Conceal and Carry Weapons (CCW) Fund

(no approved budget)

	2012	2011
	Actual	Actual
RECEIPTS		
Charges for services	\$ 20,118	\$ 13,627
Total Receipts	\$ 20,118	\$ 13,627
DISBURSEMENTS		
Sheriff	\$ 6,871	\$ 11,149
Total Disbursements	\$ 6,871	\$ 11,149
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 13,247	\$ 2,478
CASH, JANUARY 1	18,908	16,430
CASH, DECEMBER 31	\$ 32,155	\$ 18,908

Prosecuting Attorney Delinquent Tax Fund

(no approved budget)

	2012			2011
	Final Budget	Actual	Actual Over (Under) Budget	Actual
RECEIPTS				
Charges for services	\$ 609	439	(170)	\$ 609
Interest	1	-	-	1
Total Receipts	\$ 610	439	(170)	\$ 610
DISBURSEMENTS				
Prosecuting Attorney	\$ 1,903	631	(1,272)	\$ 1,903
Total Disbursements	\$ 1,903	631	(1,272)	\$ 1,903
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,293)	(192)	1,101	\$ (1,293)
CASH, JANUARY 1	292	292	-	1,585
CASH, DECEMBER 31	\$ (1,001)	100	1,101	\$ 292

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Justice Center Bond Accounts Fund	
	(no approved budget)	
	2012	2011
	Actual	Actual
RECEIPTS		
Sales tax	\$ 1,263,428	\$ 1,257,186
Intergovernmental	45	46
Total Receipts	\$ 1,263,473	\$ 1,257,232
DISBURSEMENTS		
Debt service	\$ 707,603	\$ 690,398
Fees	45	46
Transfers out	648,000	516,000
Total Disbursements	\$ 1,355,648	\$ 1,206,444
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (92,175)	\$ 50,788
CASH, JANUARY 1	885,884	835,096
CASH, DECEMBER 31	\$ 793,709	\$ 885,884

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

RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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 Government Accounting Standards Board (GASB) pronouncements. The differences include use of a prescribed definition of the reporting entity and the cash basis of accounting.

1. A. REPORTING ENTITY

The County's operations include tax assessments and collections, state/county courts administration, recording of deeds and other instruments, public safety and 911, economic development, road and bridge maintenance, public welfare, and social and human services. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The 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.

1. B. BASIS OF PRESENTATION

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

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

1. C. BASIS OF ACCOUNTING

The financial statements are prepared on the 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, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1. D. BUDGETS AND BUDGETARY ACCOUNTING

The County follows these procedures in establishing the budget information:

1. In accordance with Chapter 50 RSMo, the County's policy is to adopt a budget for each governmental fund.
2. On or before the second Monday in January, each elected officer or department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the cash basis of accounting, for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated fund balance at the beginning of the year as well as estimated revenues to be received.
4. A public hearing is conducted to obtain public comment on the budget documents. Prior to approval by the County Commission, the budget documents are available for public inspection.
5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
6. Budgets are prepared and adopted on the cash basis of accounting.
7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote. Budgeted amounts are as originally adopted, or as amended by the County Commission during the year. The County did not amend any budgets in 2012 or 2011.
8. Although adoption of a formal budget is required by law, the County did not adopt a formal budget for the Justice Center Bond Accounts Fund and Sheriff Conceal and Carry Weapons (CCW) Fund for 2012 and 2011 and the Prosecuting Attorney Delinquent Tax Fund in 2011.
9. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. A negative cash balance was budgeted for the Prosecuting Attorney Training Fund in 2012 and 2011 and the User Fund, Prosecuting Attorney Grant Fund, Sheriff Restitution Fund, and Prosecuting Attorney Delinquent Tax Fund in 2012.
10. Section 50.740, RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds for 2012 and 2011.

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue	2011
Prosecuting Attorney Training	2012
Law Enforcement Training	2011
Prosecuting Attorney Bad Check	2012 and 2011
Cemetery Trust	2012 and 2011
Prosecuting Attorney Grant	2012
Justice Center	2012
Sheriff Restitution	2011
Court Appointed Special Advocates (CASA)	2012 and 2011

RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1. E. PROPERTY TAXES

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

The assessed valuation of the tangible property for the calendar year 2012 and 2011 for purposes of local taxation was:

	<u>2012</u>		<u>2011</u>
Real Estate	\$ 289,083,340	\$	287,643,020
Personal Property	82,452,769		83,325,991
Railroad and Utilities	64,691,746		59,863,666
Total Assessed Valuation	<u>\$ 436,227,855</u>	<u>\$</u>	<u>430,832,677</u>

The county-wide levies per \$100 of the assessed valuation of tangible property for the calendar year 2012 and 2011 for purposes of local taxation was:

	<u>2012</u>		<u>2011</u>
General Revenue Fund	\$ 0.2130	\$	0.2130
Special Road and Bridge Fund	0.1980		0.1980
Senate Bill 40 Board Fund	0.1470		0.1500

* 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.

1. F. 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, including an Investaccount with repurchase agreements, 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.

1. G. INTERFUND ACTIVITY

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

**RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1. G. INTERFUND ACTIVITY (CONTINUED)

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, 2012 and 2011 are as follows:

	Year Ended December 31, 2012	
	Transfers In	Transfers Out
FUNDS:		
General Revenue	\$ 33,000	\$ 355,712
Special Road and Bridge	-	18,000
Justice Center	1,003,712	-
Collector Tech	-	15,000
Justice Center Bond Accounts	-	648,000
Totals	\$ <u>1,036,712</u>	\$ <u>1,036,712</u>

	Year Ended December 31, 2011	
	Transfers In	Transfers Out
FUNDS:		
General Revenue	\$ 10,000	\$ 468,045
Emergency 911	24,991	-
Justice Center	897,127	-
Collector Tech	-	10,000
Capital	31,900	-
Building	30,027	-
Justice Center Bond Accounts	-	516,000
Totals	\$ <u>994,045</u>	\$ <u>994,045</u>

1. H. PUBLISHED FINANCIAL STATEMENTS

Under Section 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. For the years ended December 31, 2012 and 2011, the published financial statements did not include the Justice Center Bond Accounts 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. For 2012 and 2011, the county did place investments in an Investaccount that invests in overnight repurchase agreements.

**RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

The County also had on deposit with a trustee bank the proceeds of the Justice Center bond issue in the amount of \$793,709 and \$885,884 at December 31, 2012 and 2011, respectively.

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, 2012 and 2011, the County's deposits held at the respective depository bank were adequately covered by Federal Depository Insurance Coverage and with additional collateral held by an independent bank in the County's name or by its agent in the County's name. The County's deposits were not subject to custodial or investment credit risk at year end.

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

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS

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

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.

**RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS (CONTINUED)

2) Pension Benefits

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

3) Funding Policy

The county's full-time employees are required to contribute 4% to the LAGERS pension plan. The county is required by state statute to contribute at an actuarially determined rate: the rate for 2012 was 5.8% (general) and 6.7% (police) and for 2011 the rate contributed was 5.6% (general) and 6.5% (police) of annual covered payroll. The County Commission determines the contribution requirements of plan members.

4) Annual Pension Cost

For 2012 and 2011, total payments to LAGERS were \$218,823 and \$195,999, 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. 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.

**RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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 2012 and 2011, the County collected and remitted to CERF contributions of \$193,337 and \$193,264, respectively, for the years then ended, equal to the required contributions.

NOTE 4. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute chapter 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 \$4,488 and \$-0- for the years ended December 31, 2012 and 2011, 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.

NOTE 6. CLAIMS, COMMITMENTS, AND CONTINGENCIES

1) Compensated Absences

Regular full-time employees who have completed the introductory period are eligible to receive vacation time as follows: 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 involved in a litigation matter at which time the probable outcome is not readily obtainable. The county's management and legal counsel anticipate that the potential claim against the county not covered by insurance, if any, resulting from such matter would not materially affect the financial position of the county.

**RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 6. CLAIMS, COMMITMENTS, AND CONTINGENCIES (CONTINUED)

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. 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. LONG-TERM DEBT

The County had the following debt outstanding at December 31, 2012:

- A. The County had long-term debt outstanding for the series 2004 Justice Center leasehold revenue bonds at December 31, 2012 of \$3,680,000 maturing in 2020 as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 495,000	\$ 179,103
2014	480,000	154,990
2015	465,000	130,420
2016	450,000	106,630
2017	430,000	83,750
2018-2020	1,360,000	114,045
Totals	<u>\$ 3,680,000</u>	<u>\$ 768,938</u>

Subsequent to December 31, 2012, the County refinanced and refunded its leasehold revenue bond certificates on the Justice Center in March 2013 with Commerce Bank being the paying agent. The proceeds of the lease refunding certificates of participation were \$2,380,000 less the underwriting discount of \$30,125 or \$2,349,875, which was deposited into a separate account at Commerce Bank. An additional amount totaling \$13,300 of the proceeds would be withheld to pay costs of issuance for the transaction. In March 2013, the amount of \$400,000 from the proceeds from the Series 2004 Debt Service Reserve Fund would be deposited also to the Refunding Certificate Escrow Account leaving an amount of \$2,736,575 (after discount and costs) to purchase the state and local government securities of \$2,334,030 and to invest the remainder in a U.S. Treasury Security. The excess funds of \$2,545 were returned to the county.

RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 8. LONG-TERM DEBT (CONTINUED)

On April 1, 2014, the Series 2013 Refunding Certificate Escrow Account will prepay \$2,305,000 of the Series 2004 leasehold revenue bonds and the \$400,000 will be used to prepay the remaining \$400,000 of the Series 2004 leasehold revenue bonds maturing April 1, 2020. After April 1, 2014, the Series 2004 bonds will cease to exist. The county pays the principal and interest for the long-term debt out of the revenues generated from the sales tax approved by the voters in April 2002.

The interest rates for the Certificates of Participation Series 2013 vary between .85% and 2.1%.

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

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ -	\$ 17,047
2014	-	32,130
2015	520,000	29,920
2016	485,000	25,043
2017	445,000	19,371
2018-2020	930,000	19,691
Totals	\$ <u>2,380,000</u>	\$ <u>143,202</u>

- B. In addition, the County entered into a lease-purchase agreement in November 2011 with a local bank for construction of a storage building for the Circuit Clerk at an interest rate of 3.43% maturing in December 2018. No advances were drawn on the loan in 2011. In 2012, \$100,000 was drawn on the loan less an annual payment, leaving the loan balance at \$86,429 at the end of 2012.

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

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 13,352	\$ 3,039
2014	13,816	2,575
2015	14,296	2,095
2016	14,789	1,602
2017	15,308	1,083
2018	14,868	1,524
Totals	\$ <u>86,429</u>	\$ <u>11,918</u>

NOTE 9. LEASES

The County has entered into the following lease agreements:

- A. In March 2004, the County entered into a lease agreement for a storage unit. The term of the tenancy is month-to-month and the County pays \$30 per month rent for the storage unit.
- B. Randolph County along with the counties of Chariton, Howard, Linn, and Macon have a lease agreement with an independent company for the rental of space for the Public Defender system. The lease agreement addendum was effective October 1, 2009 to provide for additional office space. Each county can renew the lease for an additional three successive

**RANDOLPH COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 9. LEASES (CONTINUED)

one-year periods with the renewal options to run through December 31, 2015. Each county will pay the monthly rental rate of \$2,500 per month through December 31, 2015.

- C. In January 2011, the County entered into a lease agreement for a building for the Prosecuting Attorney. The invoice is for four consecutive one-year terms from 2011 through 2015. The County pays a yearly rental of \$9,600 payable in quarterly installments of \$2,400. The owner of the building is a brother to the Prosecuting Attorney and, therefore, this is considered to be a related party transaction.
- D. The County entered into a lease agreement in March 2012 to run May 1 2012 through April 30, 2015 for the rental of its farm land at a price of \$5,250 per year.

NOTE 10. SUBSEQUENT EVENT

In April 2013, voters in Randolph County, Missouri, approved a local use tax on out-of-state purchases at the same rate as the total local sales tax rate of 1.00%. The tax goes into effect on July 1, 2013.

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2012	2011
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	2008-DI-27 2010-PF-21	\$ 9,700 91,229	\$ 89,258 221,848
U.S. DEPARTMENT OF JUSTICE				
Passed through state:				
Missouri Department of Public Safety-				
16.575	Crime Victim Assistance	2010-VOCA-061-SE	\$ 15,459	\$ 23,198
16.588	Violence Against Women Formula Grants	2011-WAWA-018-SE	\$ 51,855	\$ 48,022
16.738	Edward Byrne Memorial Justice Assistance Grant Program	2009 JAG-025, 2009 JAG-028 2009 JAG-028, 2010 JAG-030	\$ - \$ 118,403	\$ 59,806 -
Cape Girardeau County				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2010-LBG-078	\$ -	\$ 8,982
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
20.205	Highway and Transportation Commission - Highway Planning and Construction	BRO-021	\$ -	\$ 23,088
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state:				
Department of Public Safety-				
97.036	Disaster Grants - Public Assistance Grants (Presidentially declared disasters)	175-99175-00	\$ -	\$ 39,984
Total Expenditures of Federal Awards			\$ <u>286,646</u>	\$ <u>514,186</u>

SEE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

RANDOLPH COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. PURPOSE OF SCHEDULE AND REPORTING ENTITY

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

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

B. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented in accordance with OMB Circular A-133, which defines federal financial assistance as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for service rendered to individuals.

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

C. BASIS OF ACCOUNTING

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

D. MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-federal funds (matching funds) to support the federally-funded programs. The County has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the schedule.

NOTE 2. SUBRECIPIENT

The County provided a federal award from the U.S. Department of Housing and Urban Development, Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii, CFDA No. 14.228, passed through the state Department of Economic Development totaling \$98,958 to the local community college. The federal awards were used for planning/capacity building by the college.

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September 3, 2013

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

To the County Commission
and Officeholders of
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, 2012 and 2011, 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 3, 2013.

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 questioned costs, 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

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**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)**

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 questioned costs to be a material weakness as item 12-01.

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 questioned costs to be significant deficiencies as items 12-02 and 12-03.

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 questioned costs as item 12-04.

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 questioned costs. 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, the Missouri State Auditor's Office, federal awarding agencies, and pass-through entities 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.

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September 3, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the County Commission
and Officeholders of
Randolph County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Randolph County, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Randolph County, Missouri's major federal program for the years ended December 31, 2012 and 2011. Randolph County, Missouri's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Unmodified Opinion on Each Major Federal Program

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

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (CONTINUED)

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 12-04. Our opinion on the major federal program is not modified with respect to this matter.

Randolph County, Missouri's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Randolph County, Missouri's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We do not consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 12-04 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 12-04 to be a significant deficiency.

Randolph County, Missouri's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Randolph County, Missouri's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 (CONTINUED)**

This report is intended solely for the information and use of management, County Commission, others within the entity, the Missouri State Auditor's Office, federal awarding agencies, and pass-through entities 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.

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Certified Public Accountants

**RANDOLPH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Qualified

Internal control over financial reporting:

Material weakness(es) identified? X yes No

Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X No

Significant deficiency(ies) identified? X yes none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? X yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? Yes X no

**RANDOLPH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

SECTION II – FINANCIAL STATEMENT FINDINGS

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

MATERIAL WEAKNESSES IN INTERNAL CONTROL

12-01 County Budget Documents Materially Misstated County's Financial Statements

Condition: The County's budget documents for the years ended December 31, 2012 and 2011 materially misstated and did not include various receipt and expenditure classifications in various county funds as follows:

- A. The County has not prepared budget documents or financial statements for the Justice Center Bond Accounts Fund. The total sales tax collections for this fund for 2012 and 2011 totaled \$1,263,428 and \$1,257,186, respectively. The bond principal and interest payments for 2012 and 2011 totaled \$707,603 and \$690,398, respectively.
- B. Property tax collections from the railroad and utility taxes were misclassified in 2012 as Other Revenues in the General Revenue Fund instead of being classified under Property Tax. The total railroad and utility property tax collections totaled \$161,181 and were reclassified in the audit report.
- C. The County did not allocate any interest revenue to the General Revenue Fund in 2011 and \$3,553 of interest collected on delinquent taxes was included with interest revenue in the General Revenue Fund for 2012 when it should have been classified with property tax revenue.
- D. Expenditures from the emergency fund classification within the General Revenue Fund on the budget document reported \$60,610 for 2011. The actual documented emergency expenditures from the county's accounting system showed only \$31,900 overstating the emergency expenditures and misclassifying other expenditures by \$28,710.
- E. The County did not prepare budget documents or financial statements for the Community Development Block Grants received from the Department of Economic Development for 2012 and 2011 totaling approximately \$414,832. One grant was used for and by a local community college while a second one was used for a federal bridge program.

Due to the misclassifications on the budget documents the financial statements have not been adjusted, other than the railroad and utility taxes, to properly state receipts and disbursements and the cash balances for the various funds.

Criteria: Strong internal controls over financial information require that receipts and expenditures be properly classified within the respective funds and an independent review performed of the budget documents to ensure that the classifications of receipts and expenditures are proper.

Cause: The County had a lack of controls over the preparation of the budget documents and a lack of independent verification of amounts recorded on the budget documents.

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 receipts and disbursements 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.

**RANDOLPH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT’S PLAN FOR CORRECTIVE ACTION)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

Recommendation:

The County Commission, County Clerk, and respective officials take more care in preparation of the budget document each year to ensure that the classifications of receipts and expenditures within the various funds are properly stated and that budget documents are prepared for all funds as required or necessary.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

12-02 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, 2012 and 2011. Transfers out from the Collector Tech Fund to the General Revenue Fund for \$15,000 and \$10,000 in 2012 and 2011, respectively, were not shown on the budget document. These amounts have been adjusted on the audited financial statements to properly reflect the transfers.

Criteria: Strong internal controls over financial statements require that transfers in and out are properly reported in the various funds and are in balance.

Cause: The County Commission and County Clerk did not consider the importance of balancing 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.

12-03 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 other County officials did not exercise adequate budgetary control over eight 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>
General Revenue	2011	\$ 21,362
Prosecuting Attorney Training	2012	393
Law Enforcement Training	2011	95
Prosecuting Attorney Bad Check	2012	5,589
	2011	12,536
Cemetery Trust	2012	800
	2011	800
Prosecuting Attorney Grant	2012	3,058
Justice Center	2012	7,277
Sheriff Restitution	2011	1,301

**RANDOLPH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT’S PLAN FOR CORRECTIVE ACTION)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

Court Appointed Special Advocate (CASA)	2012	95
	2011	131

B. The County Commission and County Clerk did not prepare budget documents for the Justice Center Bond Accounts Fund and the Sheriff Conceal and Carry Weapons (CCW) Fund for the years ended December 31, 2012 and 2011 and Prosecuting Attorney Delinquent Tax Fund for the year ended December 31, 2011.

C. The County Commission budgeted a deficit cash balance for the following funds as shown below:

<u>Fund</u>	<u>Year</u>	<u>Deficit Amount</u>
Prosecuting Attorney Training	2012	\$ 3,154
	2011	1,499
User	2012	8,992
	2011	4,657
Sheriff Restitution	2012	1,965
Prosecuting Attorney Delinquent Tax	2012	1,001

D. The published financial statements did not include the Justice Center Bond Accounts Fund in 2012 or 2011 as required by state law.

Criteria: Section 50.540 RSMo, requires that a budget be prepared for all county funds and that the budget be revised prior to authorizing expenditures in excess of the budget. Section 50.540 RSMo, also states the estimated ending fund balance cannot be a deficit balance. Section 50.815 RSMo requires that published financial statements show a summary of receipts, disbursements, transfers, beginning and ending cash balances, and a summary of warrants of each fund of the county.

Cause: County officials did not consider the importance of preparing proper amended budgets and preparing budget documents in 2012 and 2011 for all applicable County operating funds.

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.

Recommendation:

- A. The County Commission should not approve expenditures in excess of budgeted amounts. The County Commission should properly amend the budgets in a public meeting when unforeseen circumstances arise that necessitate increased expenditures in any fund.
- B. The County Commission, County Clerk, and other county officials properly prepare annual budgets for all county funds in accordance with state law.
- C. The County Commission cease budgeting a deficit cash balance in any county funds.
- D. The County Commission and County Clerk should assure the published financial statements include all funds.

**RANDOLPH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT’S PLAN FOR CORRECTIVE ACTION)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

12-04 Schedule of Expenditures of Federal Awards

Federal Grantor: U.S. Department of Housing and Urban Development, U.S. Department of Justice and U.S. Department of Homeland Security
Pass-Through Grantor: Various
Federal CFDA Number: 14.228, 16.575, 16.588, 16.738 and 97.036
Program Title: Various
Pass-Through Entity Identifying Number: Various
Award Year: 2012 and 2011
Questioned Costs: N/A

Condition: The County does not have procedures in place to report accurate grant information on the Schedule of Expenditures of Federal Awards (SEFA). The County reported only a few grants totaling \$90,919 for 2011 and did not report any grant information on the SEFA for 2012 meaning that the County took no time at all in preparing the SEFA or did not understand how to prepare it.

The County Clerk indicated that all officials did not provide their SEFA information to him in order to prepare the SEFA schedule properly. As a result of audit procedures, the County is required to have an A-133 audit because total federal expenditures for the year ended December 31, 2011 exceeded \$500,000. The SEFA presented in the audit report has been prepared and adjusted to reflect the federal grant award expenditures for 2011 and 2012.

The SEFA prepared by the county for 2011 included only the BRO federal bridge program, Violence Against Women Formula Grants program, and the Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants program. The County had other areas of federal awards that also should have been included on the SEFA as follows:

<u>Program or Grant Monies Received</u>	<u>2012</u>	<u>2011</u>
Disaster – Public Assistance from FEMA	\$ -	\$ 39,984
Crime Victims Assistance	15,459	23,198
Violence Against Women Formula Grants	51,855	-
Drug Task Force reimbursements	118,403	59,806
Community Development Block Grants from DED	100,929	311,106
Totals	<u>\$ 286,646</u>	<u>\$ 434,094</u>

The county had two Community Development Block Grants in which one was passed through for a program at the local community college while the other was administered by an outside agency for a county bridge program. The county had set up a separate account through the County Treasurer for this activity but did not include a fund within the budget system to present on the county’s budget document.

Criteria: Section .310(b) of Circular A-133, Audit of States, Local Governments, and Non-profit Organizations, requires the County to prepare a SEFA for the period covered by the County’s financial statements. The County is required to submit the SEFA to the State Auditor’s Office as part of the annual Budget.

Cause: The County did not understand how to prepare and to take the appropriate time to prepare the SEFA properly by gathering all federal grant information from all officials.

**RANDOLPH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

Effect: The County's SEFA was incorrectly prepared and misstated by the County.

Recommendation:

Compilation of the SEFA requires consulting County financial records and requesting information from other departments and/or officials. The County should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards with the appropriate CFDA numbers and grant titles are properly reported on the SEFA.

Auditee's Response:

Randolph County will implement all necessary policies and procedures to comply with the auditor's four recommendations.

**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 auditor's follow-up on the action taken by Randolph County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2010 and 2009.

Financial Statement Preparation (Prior auditors' finding No. 1)

Auditors may continue to assist clients with the preparation of the financial statements but such assistance is at least indicative of a significant deficiency.

Status: Not implemented. Because of the continued problems with the county's financial statements the county should review the budgets and financial statements more thoroughly. See current finding 12-01.

Documentation of County's Internal Controls Has Not Been Prepared (Prior auditors' finding No. 2)

Status: Implemented. A new internal control policy manual has been written.

No Formal Fraud Risk Assessment Is In Place (Prior auditors' finding No. 3)

Status: Implemented.

The County Does Not Have a Written Investment Policy (Prior auditors' finding No. 4)

Status: Implemented.

The County Does Not Report the Activity of the Four Bank Accounts From Commerce Trust (Prior auditors' finding No. 5)

Status: Not implemented. See current finding 12-01.

The Assessor's Office Does Not Correctly Account for Interfund Transfers (Prior auditors' finding No. 6)

Status: Implemented.

Lack of Segregation of Duties in the Collector's and Treasurer's Offices (Prior auditors' finding No. 7)

Status: Implemented. The Treasurer and Collection have segregated duties to the extent possible.