



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Bates County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Bates 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, 2015, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by McBride, Lock & Associates, LLC, Certified Public Accountants, is attached.

Nicole R. Galloway, CPA
State Auditor

August 2016
Report No. 2016-049

ANNUAL FINANCIAL REPORT

BATES COUNTY, MISSOURI

For the Years Ended
December 31, 2015 and 2014

BATES COUNTY, MISSOURI

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INTRODUCTORY SECTION

BATES COUNTY, MISSOURI
List of Elected Officials

County Commission

Presiding Commissioner – Jim Wheatley

Associate Commissioner – Jim Scott

Associate Commissioner – Larry Hacker

Other Elected Officials

Assessor – Roger Pruden

Circuit Clerk – Diana Rich

Collector/Treasurer – James Platt

Coroner – Gary Schowengerdt

County Clerk – Marlene Wainscott

Prosecuting Attorney – Hugh Jenkins

Public Administrator – Sharon Cumpton

Recorder – Lucille Munday

Sheriff – Chad Anderson

FINANCIAL SECTION

McBRIDE, LOCK & ASSOCIATES, LLC

INDEPENDENT AUDITORS' REPORT

To the County Commission and
Officeholders of Bates County, Missouri

We have audited the accompanying financial statements of Bates County, Missouri as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles 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 fraud or error.

Auditor's Responsibility

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

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

As described in Note 1, the financial statements are prepared by Bates County, Missouri on the basis of the financial reporting provisions 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 Bates County, Missouri, as of December 31, 2015 and 2014, or changes in financial position for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of each fund of Bates County, Missouri, as of December 31, 2015 and 2014, and their respective cash receipts and disbursements, and budgetary results for the years then ended, in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bates 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated July 13, 2016, on our consideration of Bates 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 the 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 the County's internal control over financial reporting and compliance.

(Original Signed by McBride, Lock & Associates, LLC)

McBride, Lock & Associates, LLC
Kansas City, Missouri
July 13, 2016

BATES COUNTY, MISSOURI
STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2014 AND 2015

Fund	Cash and Investments			Cash and Investments			Cash and Investments	
	January 1, 2014	Receipts 2014	Disbursements 2014	December 31, 2014	Receipts 2015	Disbursements 2015	December 31, 2015	
General Revenue	\$ 990,439	\$ 1,127,184	\$ 1,150,589	\$ 967,034	\$ 1,244,281	\$ 1,111,513	\$ 1,099,802	
Special Road & Bridge	427,114	1,521,822	1,461,683	487,253	1,074,775	985,383	576,645	
Assessment	167,874	221,631	230,544	158,961	248,823	234,582	173,202	
Law Enforcement Sales Tax	208,543	3,314,702	3,252,603	270,642	3,068,232	3,062,907	275,967	
Recorder's Users	15,711	8,092	11,407	12,396	5,366	9,926	7,836	
Prosecuting Attorney Training	5,729	1,105	1,942	4,892	1,041	-	5,933	
Law Officer's Training	2,804	6,500	6,199	3,105	6,039	7,190	1,954	
Families in Crisis	406	729	706	429	611	832	208	
Local Emergency Planning Committee	7,087	508	1,013	6,582	5	2,751	3,836	
Sheriff's Civil Fees	46,592	45,655	41,524	50,723	18,738	28,216	41,245	
Sheriff's Revolving	18,063	16,640	16,523	18,180	17,823	17,270	18,733	
Election Services	44,547	5,985	4,149	46,383	5,688	9,255	42,816	
Recorder's Technology	19,047	8,210	11,839	15,418	8,961	-	24,379	
Jail Bond	915,356	648,466	439,114	1,124,708	660,135	440,297	1,344,546	
Tax Maintenance	68,598	25,064	15,931	77,731	25,288	18,169	84,850	
Prosecuting Attorney	2,446	507	-	2,953	317	-	3,270	
Deputy Wage Supplement	570	5,839	5,524	885	5,490	5,475	900	
C.S.I.	1,433	-	-	1,433	-	791	642	
Local Solicitation	102	-	-	102	-	-	102	
JAG	262	61,777	47,365	14,674	8	6,000	8,682	
Inmate Security	8,656	13,076	-	21,732	12,574	6,825	27,481	
Senate Bill 40	37,716	149,050	150,664	36,102	161,460	164,663	32,899	
Prosecuting Attorney Bad Check	318	-	-	318	-	-	318	
DEA Forfeiture	-	-	-	-	-	-	-	
SEMA	-	-	-	-	-	396	(396)	
Senior Services	-	-	-	-	-	-	-	
Total	<u>\$ 2,989,413</u>	<u>\$ 7,182,542</u>	<u>\$ 6,849,319</u>	<u>\$ 3,322,636</u>	<u>\$ 6,565,655</u>	<u>\$ 6,112,441</u>	<u>\$ 3,775,850</u>	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

GENERAL REVENUE FUND Year Ended December 31,				
	2014		2015	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	\$ 526,000	\$ 543,662	\$ 532,000	\$ 593,246
Sales taxes	-	53	-	4
Intergovernmental	53,750	50,046	65,700	64,973
Charges for services	486,350	482,201	473,000	514,762
Interest	4,800	1,486	1,500	1,551
Other	43,125	49,736	49,650	69,745
Transfers in	-	-	-	-
Total Receipts	<u>\$ 1,114,025</u>	<u>\$ 1,127,184</u>	<u>\$ 1,121,850</u>	<u>\$ 1,244,281</u>
DISBURSEMENTS				
County Commission	\$ 136,480	\$ 127,954	\$ 125,170	\$ 120,549
County Clerk	91,150	82,915	93,200	84,670
Elections	192,000	126,823	100,500	81,992
Buildings and grounds	301,000	136,340	306,950	190,443
Employee fringe benefits	120,000	94,393	124,000	97,471
Treasurer	165,300	129,116	175,800	132,684
Recorder of Deeds	100,775	93,706	105,975	96,223
Circuit Court	27,700	13,420	28,050	7,975
Court administration	36,861	11,115	35,858	12,640
Public Administrator	79,730	63,505	79,890	67,572
Emergency Management	92,650	61,477	83,670	57,545
Other County Government	233,863	204,825	226,143	161,749
Public Health/Welfare	5,000	5,000	5,000	-
Emergency fund	25,000	-	25,000	-
Total Disbursements	<u>\$ 1,607,509</u>	<u>\$ 1,150,589</u>	<u>\$ 1,515,206</u>	<u>\$ 1,111,513</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (493,484)	\$ (23,405)	\$ (393,356)	\$ 132,768
CASH AND INVESTMENTS, JANUARY 1	<u>990,439</u>	<u>990,439</u>	<u>967,034</u>	<u>967,034</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 496,955</u></u>	<u><u>\$ 967,034</u></u>	<u><u>\$ 573,678</u></u>	<u><u>\$ 1,099,802</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SPECIAL ROAD & BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 55,000	\$ 58,154	\$ 56,000	\$ 62,906	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,346,500	1,408,957	1,416,500	985,512	214,787	211,929	232,902	234,865
Charges for services	-	-	-	-	4,000	3,397	3,500	3,207
Interest	2,000	618	700	769	870	260	260	270
Other	60,700	54,093	15,200	25,588	7,550	6,045	7,100	10,481
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,464,200</u>	<u>\$ 1,521,822</u>	<u>\$ 1,488,400</u>	<u>\$ 1,074,775</u>	<u>\$ 227,207</u>	<u>\$ 221,631</u>	<u>\$ 243,762</u>	<u>\$ 248,823</u>
DISBURSEMENTS								
Salaries	\$ 261,832	\$ 262,662	\$ 276,380	269,192	\$ 161,750	\$ 157,002	\$ 168,700	\$ 158,350
Employee fringe benefits	67,730	67,593	69,000	80,098	47,150	38,524	47,400	42,130
Materials and supplies	252,500	149,888	175,500	144,498	15,000	14,327	15,000	15,220
Services and other	216,650	97,152	142,700	129,908	24,450	19,072	24,700	18,882
Capital outlay	151,000	94,773	136,200	42,939	5,000	1,619	4,500	-
Construction	760,000	789,615	790,000	318,748	-	-	-	-
Transfers out	-	-	50,000	-	-	-	-	-
Total Disbursements	<u>\$ 1,709,712</u>	<u>\$ 1,461,683</u>	<u>\$ 1,639,780</u>	<u>\$ 985,383</u>	<u>\$ 253,350</u>	<u>\$ 230,544</u>	<u>\$ 260,300</u>	<u>\$ 234,582</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (245,512)	\$ 60,139	\$ (151,380)	\$ 89,392	\$ (26,143)	\$ (8,913)	\$ (16,538)	\$ 14,241
CASH AND INVESTMENTS, JANUARY 1	<u>427,114</u>	<u>427,114</u>	<u>487,253</u>	<u>487,253</u>	<u>167,874</u>	<u>167,874</u>	<u>158,961</u>	<u>158,961</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 181,602</u>	<u>\$ 487,253</u>	<u>\$ 335,873</u>	<u>\$ 576,645</u>	<u>\$ 141,731</u>	<u>\$ 158,961</u>	<u>\$ 142,423</u>	<u>\$ 173,202</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	LAW ENFORCEMENT SALES TAX FUND				RECORDER'S USERS FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	780,000	1,019,566	1,000,000	805,185	-	-	-	-
Intergovernmental	222,600	142,235	181,000	122,280	-	-	-	-
Charges for services	2,136,175	2,016,257	2,077,650	1,965,238	7,000	8,077	8,000	5,357
Interest	2,000	399	1,000	285	-	15	-	9
Other	180,750	136,245	167,500	175,244	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 3,321,525</u>	<u>\$ 3,314,702</u>	<u>\$ 3,427,150</u>	<u>\$ 3,068,232</u>	<u>\$ 7,000</u>	<u>\$ 8,092</u>	<u>\$ 8,000</u>	<u>\$ 5,366</u>
DISBURSEMENTS								
Salaries	\$ 1,555,577	\$ 1,520,489	\$ 1,601,285	\$ 1,502,527	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	392,250	379,091	403,200	405,638	-	-	-	-
Materials and supplies	424,990	438,561	445,460	381,779	-	-	1,000	-
Services and other	724,343	679,330	785,210	616,400	11,000	9,457	12,000	9,926
Capital outlay	340,200	235,132	278,375	156,563	11,000	1,950	6,000	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 3,437,360</u>	<u>\$ 3,252,603</u>	<u>\$ 3,513,530</u>	<u>\$ 3,062,907</u>	<u>\$ 22,000</u>	<u>\$ 11,407</u>	<u>\$ 19,000</u>	<u>\$ 9,926</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (115,835)	\$ 62,099	\$ (86,380)	\$ 5,325	\$ (15,000)	\$ (3,315)	\$ (11,000)	\$ (4,560)
CASH AND INVESTMENTS, JANUARY 1	<u>208,543</u>	<u>208,543</u>	<u>270,642</u>	<u>270,642</u>	<u>15,711</u>	<u>15,711</u>	<u>12,396</u>	<u>12,396</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 92,708</u>	<u>\$ 270,642</u>	<u>\$ 184,262</u>	<u>\$ 275,967</u>	<u>\$ 711</u>	<u>\$ 12,396</u>	<u>\$ 1,396</u>	<u>\$ 7,836</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	PROSECUTING ATTORNEY TRAINING FUND				LAW OFFICER'S TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,500	2,162	2,000	1,951
Charges for services	1,000	1,101	1,100	1,036	4,200	4,337	4,300	4,088
Interest	-	4	4	5	-	1	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,000</u>	<u>\$ 1,105</u>	<u>\$ 1,104</u>	<u>\$ 1,041</u>	<u>\$ 5,700</u>	<u>\$ 6,500</u>	<u>\$ 6,300</u>	<u>\$ 6,039</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	100	-	100	-	3,000	4,037	6,000	3,129
Services and other	1,000	1,942	2,200	-	2,000	2,162	2,000	4,061
Capital outlay	200	-	200	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 1,300</u>	<u>\$ 1,942</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 6,199</u>	<u>\$ 8,000</u>	<u>\$ 7,190</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (300)	\$ (837)	\$ (1,396)	\$ 1,041	\$ 700	\$ 301	\$ (1,700)	\$ (1,151)
CASH AND INVESTMENTS, JANUARY 1	<u>5,729</u>	<u>5,729</u>	<u>4,892</u>	<u>4,892</u>	<u>2,804</u>	<u>2,804</u>	<u>3,105</u>	<u>3,105</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 5,429</u>	<u>\$ 4,892</u>	<u>\$ 3,496</u>	<u>\$ 5,933</u>	<u>\$ 3,504</u>	<u>\$ 3,105</u>	<u>\$ 1,405</u>	<u>\$ 1,954</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	FAMILIES IN CRISIS FUND				LOCAL EMERGENCY PLANNING COMMITTEE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	675	729	700	611	-	500	3,000	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	8	-	5
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 675</u>	<u>\$ 729</u>	<u>\$ 700</u>	<u>\$ 611</u>	<u>\$ -</u>	<u>\$ 508</u>	<u>\$ 3,000</u>	<u>\$ 5</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	650	706	750	832	7,000	1,013	7,000	2,751
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 650</u>	<u>\$ 706</u>	<u>\$ 750</u>	<u>\$ 832</u>	<u>\$ 7,000</u>	<u>\$ 1,013</u>	<u>\$ 7,000</u>	<u>\$ 2,751</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 25	\$ 23	\$ (50)	\$ (221)	\$ (7,000)	\$ (505)	\$ (4,000)	\$ (2,746)
CASH AND INVESTMENTS, JANUARY 1	<u>406</u>	<u>406</u>	<u>429</u>	<u>429</u>	<u>7,087</u>	<u>7,087</u>	<u>6,582</u>	<u>6,582</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 431</u>	<u>\$ 429</u>	<u>\$ 379</u>	<u>\$ 208</u>	<u>\$ 87</u>	<u>\$ 6,582</u>	<u>\$ 2,582</u>	<u>\$ 3,836</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SHERIFF'S CIVIL FEES FUND				SHERIFF'S REVOLVING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	40,000	45,601	46,000	18,696	20,000	16,620	20,000	17,801
Charges for services	-	-	-	-	-	-	-	-
Interest	100	54	60	42	45	20	45	22
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 40,100</u>	<u>\$ 45,655</u>	<u>\$ 46,060</u>	<u>\$ 18,738</u>	<u>\$ 20,045</u>	<u>\$ 16,640</u>	<u>\$ 20,045</u>	<u>\$ 17,823</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	35,000	41,524	75,000	28,216	12,000	16,523	18,000	17,270
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 35,000</u>	<u>\$ 41,524</u>	<u>\$ 75,000</u>	<u>\$ 28,216</u>	<u>\$ 12,000</u>	<u>\$ 16,523</u>	<u>\$ 18,000</u>	<u>\$ 17,270</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ 5,100	\$ 4,131	\$ (28,940)	\$ (9,478)	\$ 8,045	\$ 117	\$ 2,045	\$ 553
CASH AND INVESTMENTS, JANUARY 1	<u>46,592</u>	<u>46,592</u>	<u>50,723</u>	<u>50,723</u>	<u>18,063</u>	<u>18,063</u>	<u>18,180</u>	<u>18,180</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 51,692</u>	<u>\$ 50,723</u>	<u>\$ 21,783</u>	<u>\$ 41,245</u>	<u>\$ 26,108</u>	<u>\$ 18,180</u>	<u>\$ 20,225</u>	<u>\$ 18,733</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	ELECTION SERVICES FUND				RECORDER'S TECHNOLOGY FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	9,900	5,934	7,200	5,637	8,000	8,189	8,000	8,939
Charges for services	-	-	-	-	-	-	-	-
Interest	150	51	50	51	-	21	-	22
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 10,050</u>	<u>\$ 5,985</u>	<u>\$ 7,250</u>	<u>\$ 5,688</u>	<u>\$ 8,000</u>	<u>\$ 8,210</u>	<u>\$ 8,000</u>	<u>\$ 8,961</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	40,000	4,149	40,000	9,255	20,000	11,839	20,000	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 40,000</u>	<u>\$ 4,149</u>	<u>\$ 40,000</u>	<u>\$ 9,255</u>	<u>\$ 20,000</u>	<u>\$ 11,839</u>	<u>\$ 20,000</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (29,950)	\$ 1,836	\$ (32,750)	\$ (3,567)	\$ (12,000)	\$ (3,629)	\$ (12,000)	\$ 8,961
CASH AND INVESTMENTS, JANUARY 1	<u>44,547</u>	<u>44,547</u>	<u>46,383</u>	<u>46,383</u>	<u>19,047</u>	<u>19,047</u>	<u>15,418</u>	<u>15,418</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 14,597</u>	<u>\$ 46,383</u>	<u>\$ 13,633</u>	<u>\$ 42,816</u>	<u>\$ 7,047</u>	<u>\$ 15,418</u>	<u>\$ 3,418</u>	<u>\$ 24,379</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	JAIL BOND FUND				TAX MAINTENANCE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	580,000	647,110	600,000	656,092	23,000	24,977	25,000	25,191
Charges for services	-	-	-	-	-	-	-	-
Interest	-	64	-	86	250	87	100	97
Other	-	1,292	-	3,957	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 580,000</u>	<u>\$ 648,466</u>	<u>\$ 600,000</u>	<u>\$ 660,135</u>	<u>\$ 23,250</u>	<u>\$ 25,064</u>	<u>\$ 25,100</u>	<u>\$ 25,288</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	-	-	-	-	70,000	15,931	100,000	18,169
Capital outlay	580,000	439,114	600,000	440,297	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 580,000</u>	<u>\$ 439,114</u>	<u>\$ 600,000</u>	<u>\$ 440,297</u>	<u>\$ 70,000</u>	<u>\$ 15,931</u>	<u>\$ 100,000</u>	<u>\$ 18,169</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ -	\$ 209,352	\$ -	\$ 219,838	\$ (46,750)	\$ 9,133	\$ (74,900)	\$ 7,119
CASH AND INVESTMENTS, JANUARY 1	<u>915,356</u>	<u>915,356</u>	<u>1,124,708</u>	<u>1,124,708</u>	<u>68,598</u>	<u>68,598</u>	<u>77,731</u>	<u>77,731</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 915,356</u>	<u>\$ 1,124,708</u>	<u>\$ 1,124,708</u>	<u>\$ 1,344,546</u>	<u>\$ 21,848</u>	<u>\$ 77,731</u>	<u>\$ 2,831</u>	<u>\$ 84,850</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	PROSECUTING ATTORNEY FUND				DEPUTY WAGE SUPPLEMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	2,300	485	480	317	6,000	5,839	6,000	5,490
Charges for services	-	-	-	-	-	-	-	-
Interest	14	22	20	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 2,314</u>	<u>\$ 507</u>	<u>\$ 500</u>	<u>\$ 317</u>	<u>\$ 6,000</u>	<u>\$ 5,839</u>	<u>\$ 6,000</u>	<u>\$ 5,490</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	4,200	-	3,400	-	6,000	5,524	5,500	5,475
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 4,200</u>	<u>\$ -</u>	<u>\$ 3,400</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 5,524</u>	<u>\$ 5,500</u>	<u>\$ 5,475</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (1,886)	\$ 507	\$ (2,900)	\$ 317	\$ -	\$ 315	\$ 500	\$ 15
CASH AND INVESTMENTS, JANUARY 1	<u>2,446</u>	<u>2,446</u>	<u>2,953</u>	<u>2,953</u>	<u>570</u>	<u>570</u>	<u>885</u>	<u>885</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 560</u>	<u>\$ 2,953</u>	<u>\$ 53</u>	<u>\$ 3,270</u>	<u>\$ 570</u>	<u>\$ 885</u>	<u>\$ 1,385</u>	<u>\$ 900</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	C.S.I. FUND				LOCAL SOLICITATION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	-	-	-	791	102	-	102	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791</u>	<u>\$ 102</u>	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ -	\$ -	\$ -	\$ (791)	\$ (102)	\$ -	\$ (102)	\$ -
CASH AND INVESTMENTS, JANUARY 1	<u>1,433</u>	<u>1,433</u>	<u>1,433</u>	<u>1,433</u>	<u>102</u>	<u>102</u>	<u>102</u>	<u>102</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 1,433</u></u>	<u><u>\$ 1,433</u></u>	<u><u>\$ 1,433</u></u>	<u><u>\$ 642</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 102</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 102</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	JAG FUND				INMATE SECURITY FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	130,000	61,776	-	-	7,500	13,074	13,000	12,553
Charges for services	-	-	-	-	-	-	-	-
Interest	-	1	-	8	-	2	-	21
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ 130,000	\$ 61,777	\$ -	\$ 8	\$ 7,500	\$ 13,076	\$ 13,000	\$ 12,574
DISBURSEMENTS								
Salaries	\$ 70,000	\$ 25,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	18,007	4,480	-	-	-	-	-	-
Materials and supplies	21,000	4,932	-	-	-	-	-	-
Services and other	15,500	6,310	13,000	6,000	3,000	-	-	6,825
Capital outlay	2,000	6,400	-	-	5,000	-	28,000	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 126,507	\$ 47,365	\$ 13,000	\$ 6,000	\$ 8,000	\$ -	\$ 28,000	\$ 6,825
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ 3,493	\$ 14,412	\$ (13,000)	\$ (5,992)	\$ (500)	\$ 13,076	\$ (15,000)	\$ 5,749
CASH AND INVESTMENTS, JANUARY 1	262	262	14,674	14,674	8,656	8,656	21,732	21,732
CASH AND INVESTMENTS, DECEMBER 31	\$ 3,755	\$ 14,674	\$ 1,674	\$ 8,682	\$ 8,156	\$ 21,732	\$ 6,732	\$ 27,481

The accompanying Notes to the Financial Statements are an integral part of these statements.

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SENATE BILL 40 FUND				PROSECUTING ATTORNEY BAD CHECK FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 129,000	\$ 132,905	\$ 133,000	\$ 146,091	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	13,800	15,987	16,000	15,210	-	-	-	-
Interest	200	158	150	159	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 143,000</u>	<u>\$ 149,050</u>	<u>\$ 149,150</u>	<u>\$ 161,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	180,000	150,664	185,000	164,663	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 180,000</u>	<u>\$ 150,664</u>	<u>\$ 185,000</u>	<u>\$ 164,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (37,000)	\$ (1,614)	\$ (35,850)	\$ (3,203)	\$ -	\$ -	\$ -	\$ -
CASH AND INVESTMENTS, JANUARY 1	<u>37,716</u>	<u>37,716</u>	<u>36,102</u>	<u>36,102</u>	<u>-</u>	<u>318</u>	<u>-</u>	<u>318</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 716</u>	<u>\$ 36,102</u>	<u>\$ 252</u>	<u>\$ 32,899</u>	<u>\$ -</u>	<u>\$ 318</u>	<u>\$ -</u>	<u>\$ 318</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	DEA FORFEITURE FUND				SEMA FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	10,000	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	-	-	5,000	-	-	-	-	396
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ (396)
CASH AND INVESTMENTS, JANUARY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (396)</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SENIOR SERVICES FUND			
	Year Ended December 31,			
	2014		2015	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Transfers in	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISBURSEMENTS				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-
Materials and supplies	-	-	-	-
Services and other	-	-	-	-
Capital outlay	-	-	-	-
Construction	-	-	-	-
Transfers out	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ -	\$ -	\$ -
CASH AND INVESTMENTS, JANUARY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BATES COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bates County, Missouri ("County") is governed by a three-member board of commissioners. In addition to the three board members, there are nine elected Constitutional Officers: Assessor, Circuit Clerk, Collector/Treasurer, Coroner, County Clerk, Prosecuting Attorney, Public Administrator, Recorder, and Sheriff.

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

A. Reporting Entity

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, economic development, social and human services, and cultural and recreation services.

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

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

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.

C. Basis of Accounting

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

are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

D. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

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 and 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. Budgeting of appropriations is based upon an estimated fund balance at the beginning of the year as well as estimated revenues to be received.
4. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance.
5. A public hearing is conducted to obtain public comment on the budget. Prior to its approval by the County Commission, the budget document is available for public inspection, which usually takes place the third and fourth weeks of January.
6. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by a formal vote of the Commission. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.
8. Budgets are prepared and adopted on the cash basis of accounting.
9. Adoption of a formal budget is required by law. However, the County did not adopt a formal budget for the Prosecuting Attorney Bad Check Fund in 2014 and 2015 and for the SEMA Fund in 2015.

10. Section 50.740 RSMo. prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds:

	<u>2015</u>	<u>2014</u>
Prosecuting Attorney Training	N/A	X
Law Officer's Training	N/A	X
Families in Crisis	X	X
Sheriff's Civil Fees	N/A	X
Sheriff's Revolving	N/A	X
C.S.I.	X	N/A

Also, because a budget was not adopted for the SEMA Fund as noted in Note 1.D.9, expenditures in this fund exceeded budgetary authority to the extent that a budget was not adopted.

11. The Missouri State Constitution prohibits the approval of expenditures in excess of available monies which results in deficit fund balances. However, the SEMA Fund had a negative fund balance at December 31, 2015.

- E. 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 on September 1 and tax bills are mailed to taxpayers in October and November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuations of the tangible taxable property included within the County's boundaries for calendar years 2015 and 2014 were:

	<u>2015</u>	<u>2014</u>
Real Estate	\$134,378,693	\$143,580,454
Personal Property	48,742,205	47,461,515
Railroad and Utilities	34,477,606	20,515,325
Total	<u>\$ 217,598,504</u>	<u>\$ 211,557,294</u>

For calendar years 2015 and 2014, the County Commission approved tax levies per \$100 of assessed valuation of tangible taxable property as follows:

	<u>2015</u>	<u>2014</u>
General Revenue	0.2719	0.2727
Senate Bill 40	0.0698	0.0700
Senior Services	0.0005	-

In addition, the Special Road and Bridge Fund receives 5% of property tax amounts collected on behalf of township road districts within the county. The first payments on the new Senior Services property tax were due in December 2015 and were remitted to the County in January 2016.

F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash deposits may include repurchase agreements and any other instruments with an original maturity of ninety days or less. Investments consist of instruments with an original maturity of greater than 90 days. 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 and investment balances are presented in Note 2.

G. Interfund Activity

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing. Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

2. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements within the "Cash and Investments" caption. Cash includes both deposits and cash equivalents. Cash equivalents are investments with original maturities less than three months.

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2015 and 2014, the carrying amounts of the County's deposits were \$3,775,850 and \$3,322,636, respectively, and the bank balances were \$4,090,935 and \$3,730,267, respectively. Of the bank balances, \$271,300 at December 31, 2015 and \$277,603 at December 31, 2014 were covered by federal depository insurance. The remainder of the balances at December 31, 2015 and 2014 were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name.

At December 31, 2015 and 2014, the County Collector held, in addition to the cash and cash equivalents listed above, cash representing collections of property taxes on behalf of various taxing districts in the County. Tax collections on deposit amounted to \$8,083,549 and \$8,814,820 at December 31, 2015 and 2014, respectively. The County Collector's deposits were covered by federal depository insurance of \$250,000 as of December 31, 2015 and 2014. The remainder of the balances as December 31, 2015 and 2014 were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name.

3. COUNTY EMPLOYEES' RETIREMENT PLANS

A. County Employees' Retirement Fund (CERF)

The County Employee's Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees.

1) Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during 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

Beginning January 1, 1997, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. 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). A 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. Early retirement is at age fifty-five. Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

3) Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. Further, a contribution to CERF of 2% of annual salary is required for eligible employees hired before February 2002, while a contribution of 6% of annual salary is required of employees hired after February 2002, in order to participate in CERF. During 2015 and 2014, the County collected and remitted to CERF employee contributions and fees collected of \$169,850 and \$169,298, respectively, for the years then ended.

B. Prosecuting Attorney's Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County contributed \$7,752 and \$8,857 for the years ended December 31, 2015 and 2014, respectively.

4. POST EMPLOYMENT BENEFITS

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

5. CLAIMS, COMMITMENT AND CONTINGENCIES

A. Compensated Absences

The County provides all full-time employees who have been employed at least three months with forty-five days of sick time, to accrue at one day per calendar month of employment. Upon termination accumulated sick leave will not be reimbursed. Vacation time is accrued for all full time employees who have been employed at least three months, and accrues at the rate of ten days per year up to twenty-five days per year depending on the length of employment. Employees may not carry over vacation days from one year to the next. Any days accrued in excess of these are to be forfeited at the end of the year.

B. 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.

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 omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

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

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

8. LONG TERM DEBT

A. CERTIFICATES OF PARTICIPATION

The County originally entered into a lease purchase agreement with First Bank of Missouri on March 1, 2002. The terms of the agreement call for the County to lease the law enforcement and detention center to First Bank of Missouri, and for the bank to lease the law enforcement and detention center back to the County with lease payments equal to the amount due to retire the indebtedness. Certificates of Participation totaling \$5,590,000 were issued by First Bank of Missouri on behalf of the County and the proceeds of those certificates were used to construct the law enforcement and detention center. The lease was originally scheduled to be fully paid in 2017.

On August 25, 2010, L.J. Hart and Company acted as the underwriter to refinance the Bates County Series 2002 and Series 2003 certificates. At the time of the refinancing, the outstanding principal and interest due on the lease was \$3,870,000 and \$76,165, respectively. Trust funds on hand totaling \$1,395,881 were used to pay down the debt. The Series 2010 Lease Refunding Certificates of Participation totaled \$2,820,000. The Series 2010 certificates are scheduled to be fully paid in 2017.

At December 31, 2015, the outstanding remaining principal and interest due on the lease was \$860,000 and \$25,313, respectively. These Certificates of Participation are to be paid with the revenue generated from the capital improvement sales tax which was passed on November 6, 2001. Interest expense paid on the certificates is presented as debt service on the Jail Bond Fund financial statements, and amounted to \$29,343 and \$38,160 in fiscal years 2015 and 2014, respectively.

The County maintains proceeds from sales tax revenues in a financial institution pursuant to a trust agreement. The Jail Bond Fund balance of \$1,344,546 at December 31, 2015 was held in Federal Treasury Obligation funds and a certificate of deposit with an independent trustee.

B. CAPITAL LEASES

The County entered into a 60 month, \$110,085 capital lease for a John Deere Gator, a trailer and radio upgrades in October 2013. The County entered into a 36 month, \$200,000 capital lease for seven 2015 Ford Police Interceptor Utility Vehicles and one 2015 Chevrolet Tahoe. The schedule of remaining payments and interest on these three leases are listed below:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$93,279	\$6,026	\$99,305
2017	93,279	3,063	96,342

9. PRIOR PERIOD RESTATEMENT

The beginning balance of the Jail Bond Fund as of January 1, 2014 has been restated from the ending balance of December 31, 2013 in the County's prior audit report to include the balances of the investments maintained with an independent trustee described in Note 7. This change had the effect of increasing the January 1, 2014 Jail Bond Fund balance from \$0 to \$915,356.

9. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2015 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through July 13, 2016, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

COMPLIANCE SECTION

McBRIDE, LOCK & ASSOCIATES

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

To the County Commission and
Officeholders of Bates 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 Bates County, Missouri as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Bates County, Missouri's basic financial statements and have issued our report thereon dated July 13, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and recommendations that we consider to be a significant deficiency as item 1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bates County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 2 through 4.

Bates County, Missouri's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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.

(Original Signed by McBride, Lock & Associates, LLC)

McBride, Lock & Associates, LLC
Kansas City, Missouri
July 13, 2016

McBRIDE, LOCK & ASSOCIATES

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

To the County Commission and
Officeholders of Bates County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Bates 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 each of Bates County, Missouri's major federal programs for the years ended December 31, 2015 and 2014. Bates County, Missouri's major federal programs are 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bates County, Missouri's major federal programs 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 Bates 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 each major federal program. However, our audit does not provide a legal determination of Bates County, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, Bates 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 each of its major federal programs for the years ended December 31, 2015 and 2014.

Report on Internal Control over Compliance

Management of Bates 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 Bates 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 Bates 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 material weakness.

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 consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-01 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.

Bates County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Bates County'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 purposes.

(Original Signed by McBride, Lock & Associates, LLC)

McBride, Lock & Associates, LLC
Kansas City, Missouri
July 13, 2016

BATES COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2015	2014
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
14.228	Passed through Missouri Department of Economic Development: Community Development Block Grants/State's Program	N/A	\$ -	\$ -
	U.S. DEPARTMENT OF INTERIOR			
15.226	Payments in Lieu of Taxes		612	618
	U.S. DEPARTMENT OF JUSTICE			
16.738	Passed through Missouri Department of Public Safety Edward Bryne Memorial Justice Assistance Grant Program	N/A	-	110,947
	U. S. DEPARTMENT OF TRANSPORTATION			
20.205	Passed through State Highway and Transportation Commission: Highway Planning and Construction	BRO-B007(17)	-	489,616
	U.S. ELECTION ASSISTANCE COMMISSION			
39.011	Passed through Missouri Office of Secretary of State: Election Reform Payments	N/A	-	420
90.401	Help America Vote Act Requirements Payments	N/A	1,997	3,055
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93.563	Passed through Missouri Department of Social Services: Child Support Enforcement	N/A	146	359
	U. S. DEPARTMENT OF HOMELAND SECURITY			
97.042	Passed through Missouri Department of Public Safety: Emergency Management Performance Grants	N/A	23,394	23,289
	Total Expenditures of Federal Awards		<u>\$ 26,149</u>	<u>\$ 628,304</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

BATES COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditure of Federal Awards (the Schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – 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 C – SUBRECIPIENTS

The County provided no federal awards to sub-recipients during the years ended December 31, 2015 and 2014.

BATES COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

-Material weakness(es) identified? Yes X No

-Significant deficiency(ies) identified not
considered to be material weaknesses? X Yes None Reported

-Noncompliance material to financial
statements noted? X Yes No

Federal Awards:

Internal control over major programs:

-Material weakness(es) identified? X Yes No

-Significant deficiency(ies) identified not
considered to be material weaknesses? Yes X No

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

Any findings disclosed that are required
to be reported in accordance with
section 510(A) of Circular A-133? X Yes No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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20.205	Highway Planning and Construction
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Dollar Threshold Used to Distinguish Between
Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk: Yes X No

SECTION II – FINANCIAL STATEMENT FINDINGS

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

1. Internal Controls Over Sheriff's Office Fiscal Processes
2. Deputy County Clerk's Salary Charged to Special Road & Bridge Fund
3. Budgetary Compliance
4. Absence of Investment Policy

Summary Schedule of Prior Audit Findings:

1. For the year ended December 31, 2013, expenditures exceeded those budgeted for the Law Officer's Training, Sheriff's Revolving, Jail Bond, and Prosecuting Attorney funds.
2. For the year ended December 31, 2012, expenditures exceeded those budgeted for the Jail Bond and Deputy Wage Supplement funds.
3. For the year ended December 31, 2012, the JAG Fund had a deficit balance.
4. Documentation of the County's internal controls had not been prepared.
5. No formal fraud risk assessments implemented.
6. Deputy County Clerk's salary paid out of the Special Road & Bridge Fund.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2015-01: Incorrect Schedule of Expenditures of Federal Awards (SEFA)

Federal Grantor: U.S. Department of Homeland Security
Pass through Grantor: Missouri Department of Public Safety
Federal CFDA Number: 97.042
Program Title: Emergency Management Performance Grants
Pass through Entity Identifying Numbers: N/A
Award Years: 2014 and 2015
Questioned Costs: None

Federal Grantor: U.S. Department of Justice
Pass through Grantor: Missouri Department of Public Safety
Federal CFDA Number: 16.738
Program Title: Edward Byrne Memorial Justice Assistance Grant Program
Pass through Entity Identifying Numbers: N/A
Award Years: 2014
Questioned Costs: None

Condition: The County Clerk was unable to demonstrate or provide documentation that the expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA) reconcile to and are supported by the County expense ledgers for the following grants and respective fiscal years:

- CFDA 97.042 – Emergency Management Performance Grants (FY 2015 - \$23,394 and FY 2014 - \$23,289)
- CFDA 16.738 – Edward Byrne Memorial Justice Assistance Grant (FY 2014 - \$110,947)

In addition, the County did not report pass-through entity identifying numbers for any of the federal grants reported on the SEFA provided for audit, and documentation was not maintained to determine the numbers except for the grants under CFDA 20.205.

Failure to provide a reconciliation of the SEFA to the accounting records is a violation of Federal laws and regulations, specifically Office of Management and Budget Circular A-133, and can lead to sanctions, the requirement to return Federal funds, or a prohibition from receiving Federal funds in the future.

Cause: The County Clerk relies on office holders to provide the expenditures reported on the SEFA. The County Clerk does not ensure that those amounts reconcile into the County's expense ledgers.

Effect: Amounts reported on the SEFA by the County Clerk for the Emergency Management Performance Grant and Edward Byrne Memorial Justice Assistance Grant were not supported by the financial statements and pass-through entity identifying numbers were not reported.

Criteria: OMB Circular A-133 requires the auditee accurately prepare the Schedule of Expenditures of Federal Awards with all required information included. Part of the auditees responsibilities under OMB Circular A-133 are to, "Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received." Also, regarding the preparation of the SEFA, OMB Circular A-133 states that, "For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included."

Recommendation: We recommend that the County Commission and County Clerk develop and implement procedures to ensure that federal expenditures can be identified, accounted for and supported by the accounting ledgers and records and that all information required is reported on the SEFA.

Corrective Action Plan: The County Clerk compares reports from the entities and the general ledgers to prepare the SEFA. The County will continue to implement this procedure. The County Clerk will include the pass through entity identifying numbers on the SEFA.

Auditor's Evaluation: The response is appropriate to correct the concern.

SECTION IV – FOLLOW-UP ON PRIOR YEAR'S FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SA13/12-01: The Schedule of Expenditures of Federal Awards contained errors.

Status – Repeated. See Finding 2015-01 above.

FINDINGS AND RECOMMENDATIONS

BATES COUNTY, MISSOURI
FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES IN INTERNAL CONTROL

None

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

1. Internal Controls Over Sheriff's Office Fiscal Processes

Condition: The Sheriff's administrative assistant performs substantially all of the fiscal processes in his office with review by the Sheriff. The administrative assistant is responsible for receiving monies collected by his office for various fees, recording the receipts in the receipt book, preparing the deposit slips and depositing the money. Separation of various aspects of a transaction is important to help prevent and detect misappropriation of funds.

Recommendation: We recommend that the duties of collecting, recording and controlling cash within the Sheriff's Office be properly segregated in order to provide a system of checks and balances over financial transactions.

County's Response: Because of budget constraints, the Sheriff's Office has only one Sheriff's Administrative Assistant. In the Budget year 2017 the Sheriff will ask the County Commissioners for additional funding to hire additional administrative staff to allow for segregation of duties. Until then, the Sheriff will personally continue to review the operation of the Administrative Assistant to ensure no misappropriation of funds.

Auditor's Evaluation: Sheriff oversight of the cash receipt process would be adequate to resolve the concern.

ITEMS OF NONCOMPLIANCE

2. Deputy County Clerk's Salary Charged to Special Road & Bridge Fund

Condition: Throughout the fiscal years ended December 31, 2015 and December 31, 2014, the salary for a Deputy County Clerk was paid in its entirety from the Special Road & Bridge Fund. While this clerk performs some tasks for the Road & Bridge Department, the County was unable to provide documentation that she expended 100% of her time on Road & Bridge Department activities, and her duties do not appear to warrant the 100% allocation of her salary to that fund when her other responsibilities performed as deputy county clerk are considered.

Recommendation: We recommend that the County implement procedures to determine an adequate level of administrative service fees to be charged to the Special Road & Bridge Fund and avoid duplicating these charges through the direct allocation of employee salaries.

County Response: According to the Missouri Revised Statutes 50.515 a county of the third class classification shall not exceed 5% of the total budget for an administrative service fee from the Special Road & Bridge Fund. The annual budget for the Special Road & Bridge Fund for 2016 is \$1,640,794. The 5% amount being \$82,039.70. The deputy clerk's salary in question for 2016 is \$32,800. This reflects an amount of \$49,239.70 that remains in the Special Road & Bridge Fund. The County Clerk's office provides administrative services for the Special Road & Bridge Fund in the form of HR, accounts payable, township paperwork, accounts receivable, and annual reporting. The County maintains that the salary of \$32,800 is an amount that recoups actual costs.

Auditor's Evaluation: Salaries should be allocated to the proper fund(s) based on analysis of an employee's time. The County may transfer an amount from the Special Road & Bridge Fund to counter these costs.

3. **Budgetary Compliance**

Condition: We noted three areas of noncompliance with State Statutes regarding the County's budgeting process during 2015 and 2014, as follows:

- a) Adoption of a formal budget is required by law. However, the County did not adopt a formal budget for the Prosecuting Attorney Bad Check Fund in 2014 and 2015 and for the SEMA Fund in fiscal year 2015.
- b) Actual expenditures exceeded budgeted expenditures for the following funds in 2015 and 2014 by more than an inconsequential amount:

	<u>2015</u>	<u>2014</u>
Prosecuting Attorney Training	N/A	X
Law Officer's Training	N/A	X
Families in Crisis	X	X
Sheriff's Civil Fees	N/A	X
Sheriff's Revolving	N/A	X
C.S.I.	X	N/A

Also, because a budget was not adopted for the SEMA Fund in fiscal year 2015, expenditures in this fund exceeded budgetary authority to the extent that a budget was not adopted.

State statutes prohibit the County from approving expenditures in excess of the authorized budgeted amount for any County fund. This requirement ensures that expenditures are subject to public scrutiny as provided by their inclusion in a budget adopted or amended at a public meeting.

- c) The County Commission approved expenditures in excess of available monies which resulted in a deficit fund balance for the SEMA Fund at December 31, 2015. Counties are not authorized to have deficit fund balances. Article VI, Section 26(a) of the Missouri Constitution states, "No county ...shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years..."

Recommendation: We recommend the County Commission and County Clerk ensure compliance with State Statutes and the Missouri Constitution by adopting a formal budget for all funds, refraining from approving expenditures in excess of budgeted amounts and refraining from approving expenditures that create deficit fund balances. In the event that the originally adopted budget is inadequate to finance current year unforeseen expenditures, budgetary amendments should be discussed in a public meeting and formally adopted by the County Commission.

County Response: The Prosecuting Attorney Bad Check Fund is not budgeted due to the fact that the Prosecuting Attorney does not turn over monies to the County Treasurer. The County will make budgetary amendments to funds when unforeseen expenditures occur and will refrain from approving expenditures that will result in a deficit fund balance.

Auditor's Evaluation: The response is appropriate to correct the concern.

4. Absence of Investment Policy

Condition: The County has not adopted an investment policy as required by State Statutes. An investment policy addresses topics such as collateralization of deposits, strategy with respect to investment of public funds, and other areas, and thus such a policy would be beneficial and also required for the County. Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with 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.

Recommendation: We recommend the County adopt an investment policy and review compliance with this policy at least annually.

County Response: The County will adopt an investment policy and review compliance with this policy annually.

Auditor's Evaluation: The response is appropriate to correct the concern.

BATES 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 status of the auditors' follow-up on action taken by Bates County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2013 and 2012.

1. For the year ended December 31, 2013, expenditures exceeded those budgeted for the Law Officer's Training, Sheriff's Revolving, Jail Bond, and Prosecuting Attorney funds.

Status – Not resolved. See Finding No. 3.

2. For the year ended December 31, 2012, expenditures exceeded those budgeted for the Jail Bond and Deputy Wage Supplement funds.

Status – Not resolved. See Finding No. 3.

3. For the year ended December 31, 2012, the JAG Fund had a deficit balance.

Status – Not resolved. See Finding No. 3.

4. The County did not have documented internal controls.

Status – Resolved.

5. The County did not have a formal fraud risk assessment in place.

Status – Resolved.

6. The Deputy County Clerk's salary was paid out of the Special Road and Bridge Fund while it was apparent the Deputy did not provide all of her time working within this special revenue fund. Though the General Revenue Fund is allowed to charge an administrative fee to the Special Road and Bridge Fund through a transfer, General Revenue Fund expenditures may not be reported within the Special Road and Bridge Fund

Status – Not resolved. See finding No. 2.