



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

To the County Commission  
and  
Officeholders of Carroll County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Carroll County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the year ended December 31, 2015, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Beard-Boehmer & Associates, PC, Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Nicole R. Galloway", is positioned above the printed name of the State Auditor.

Nicole R. Galloway, CPA  
State Auditor

August 2016  
Report No. 2016-060



## AUDITED FINANCIAL STATEMENTS

**CARROLL COUNTY, MISSOURI**

**FOR THE YEAR ENDED  
DECEMBER 31, 2015**

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

**CARROLL COUNTY, MISSOURI  
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July 8, 2016

## INDEPENDENT AUDITORS' REPORT

To the County Commission  
and Officeholders  
Carroll County, Missouri

We have audited the accompanying special purpose modified cash basis financial statements of the governmental activities, each major fund, and remaining fund information of Carroll County, Missouri as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

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

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

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

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**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the remaining fund information of Carroll County, Missouri, as of December 31, 2015, and the respective changes in modified cash basis financial position for the year then ended and the respective budgetary comparison for the General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, and Courthouse Restoration Fund for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County, Missouri's basic financial statements. The schedule of receipts, disbursements, and cash balances – nonmajor funds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of receipts, disbursements, and cash and investment balances – nonmajor funds – modified cash basis 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 information 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.

**Report on Schedule of Expenditures of Federal Awards**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

**Disclaimer of Opinion on Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County's basic financial statements. The management's discussion and analysis, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2016, on our consideration of Carroll 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 Carroll County, Missouri's internal control over financial reporting and compliance.

**Basis of Accounting**

We draw attention to Note 1.C. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

This report is intended solely for the information and use of management, County Commission, others within the entity, State of Missouri, 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.

*Beard-Boehmer & Associates, PC*

Beard-Boehmer & Associates, PC  
Columbia, MO



**CARROLL COUNTY, MISSOURI**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**DECEMBER 31, 2015**

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	Governmental Activities
	<u>                    </u>
ASSETS	
Cash and cash equivalents	\$ 3,167,361
Investments-certificates of deposit	<u>1,231,139</u>
Total Assets	\$ <u>4,398,500</u>
NET POSITION	
Restricted	\$ 1,837,532
Unrestricted	<u>2,560,968</u>
Total Net Position	\$ <u><u>4,398,500</u></u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**CARROLL COUNTY, MISSOURI**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

		Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Disbursements	Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
General county government	\$ 1,144,373	\$ 542,005	\$ 78,366	\$ (524,002)
Public safety	781,112	74,937	1,943	(704,232)
Health and welfare	208,783	-	-	(208,783)
Roads and bridges	1,853,299	14,410	1,886,350	47,461
Assessment	218,818	8,203	253,259	42,644
Courthouse restoration	697	-	-	(697)
Other	-	58,535	12,130	70,665
NET PROGRAM (DISBURSEMENTS) RECEIPTS	\$ 4,207,082	\$ 698,090	\$ 2,232,048	\$ (1,276,944)
<u>GENERAL RECEIPTS</u>				
Property taxes				\$ 931,716
Sales and use taxes				514,393
Interest				6,921
Other				122,343
Total General Receipts				\$ 1,575,373
Increase in net position				298,429
NET POSITION, JANUARY 1				\$ 4,100,071
NET POSITION, DECEMBER 31				\$ 4,398,500

SEE NOTES TO THE FINANCIAL STATEMENTS

**CARROLL COUNTY, MISSOURI**  
**STATEMENT OF ASSETS AND FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**DECEMBER 31, 2015**

		MAJOR SPECIAL REVENUE FUNDS			Other	
	General	Special	Assessment	Courthouse	Nonmajor	Total
	Revenue	Road and		Restoration	Governmental	Governmental
	Fund	Bridge Fund	Fund	Fund	Funds	Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,555,956	\$ 944,983	\$ 229,881	\$ 148,709	\$ 287,832	\$ 3,167,361
Investments-certificates of deposit	<u>1,005,012</u>	<u>100,501</u>	<u>-</u>	<u>50,251</u>	<u>75,375</u>	<u>1,231,139</u>
Total Assets	<u>\$ 2,560,968</u>	<u>\$ 1,045,484</u>	<u>\$ 229,881</u>	<u>\$ 198,960</u>	<u>\$ 363,207</u>	<u>\$ 4,398,500</u>
<b>FUND BALANCES</b>						
Assigned	\$ -	\$ 1,045,484	\$ 229,881	\$ 198,960	\$ 363,207	\$ 1,837,532
Unassigned	<u>2,560,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,560,968</u>
Total Fund Balances	<u>\$ 2,560,968</u>	<u>\$ 1,045,484</u>	<u>\$ 229,881</u>	<u>\$ 198,960</u>	<u>\$ 363,207</u>	<u>\$ 4,398,500</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**CARROLL COUNTY, MISSOURI**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**MODIFIED CASH BASIS**  
**FOR THE YEAR ENDING DECEMBER 31, 2015**

	MAJOR SPECIAL REVENUE FUNDS				Other	
	General		Assessment	Courthouse	Nonmajor	Total
	Revenue	Special Road and	Fund	Restoration	Governmental	Governmental
	Fund	Bridge Fund	Fund	Fund	Funds	Funds
<b>RECEIPTS</b>						
Property taxes	\$ 573,152	\$ 105,525	\$ -	\$ -	\$ 253,039	\$ 931,716
Sales and use taxes	514,378	-	-	15	-	514,393
Intergovernmental	80,309	1,886,350	253,259	-	12,130	2,232,048
Charges for services	616,942	14,410	8,203	-	58,535	698,090
Interest	4,800	1,130	216	279	496	6,921
Other	58,918	45,142	7,068	625	10,590	122,343
Total Receipts	\$ 1,848,499	\$ 2,052,557	\$ 268,746	\$ 919	\$ 334,790	\$ 4,505,511
<b>DISBURSEMENTS</b>						
General county government	\$ 1,118,976	\$ -	\$ -	\$ -	\$ 25,397	\$ 1,144,373
Public safety	718,790	-	-	-	62,322	781,112
Health and welfare	-	-	-	-	208,783	208,783
Roads and bridges	-	1,831,870	-	-	21,429	1,853,299
Assessment	-	-	218,818	-	-	218,818
Courthouse restoration	-	-	-	697	-	697
Total Disbursements	\$ 1,837,766	\$ 1,831,870	\$ 218,818	\$ 697	\$ 317,931	\$ 4,207,082
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 10,733	\$ 220,687	\$ 49,928	\$ 222	\$ 16,859	\$ 298,429
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ 60,754	\$ -	\$ -	\$ -	\$ 11,057	\$ 71,811
Transfers out	(11,057)	(60,001)	(554)	-	(199)	(71,811)
Total Other Financing Sources (Uses)	\$ 49,697	\$ (60,001)	\$ (554)	\$ -	\$ 10,858	\$ -
Receipts and Other Financing Sources (Uses) Over (Under) Disbursements	60,430	160,686	49,374	222	27,717	298,429
FUND BALANCES, JANUARY 1	\$ 2,500,538	\$ 884,798	\$ 180,507	\$ 198,738	\$ 335,490	\$ 4,100,071
FUND BALANCES, DECEMBER 31	\$ 2,560,968	\$ 1,045,484	\$ 229,881	\$ 198,960	\$ 363,207	\$ 4,398,500

SEE NOTES TO THE FINANCIAL STATEMENTS

**CARROLL COUNTY, MISSOURI**  
**STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS**  
**DECEMBER 31, 2015**

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	<u>FIDUCIARY FUNDS</u>
ASSETS	
Cash and cash equivalents	\$ 6,120,575
Investments	<u>582,511</u>
Total Assets	<u>\$ 6,703,086</u>
LIABILITIES	
Due to others	\$ <u>6,703,086</u>
Total Liabilities	<u>\$ 6,703,086</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**CARROLL COUNTY, MISSOURI**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
<b>RECEIPTS</b>				
Property taxes	\$ 528,500	528,500	573,152	44,652
Sales and use taxes	625,000	625,000	514,378	(110,622)
Intergovernmental	49,767	49,767	80,309	30,542
Charges for services	637,302	637,302	616,942	(20,360)
Interest	2,000	2,000	4,800	2,800
Other	26,547	26,547	58,918	32,371
Transfers in	60,000	60,000	60,754	754
Total Receipts	\$ 1,929,116	1,929,116	1,909,253	(19,863)
<b>DISBURSEMENTS</b>				
General County Government-				
County Commission	\$ 132,350	132,350	123,103	(9,247)
County Clerk	172,344	172,344	138,020	(34,324)
Elections	259,189	259,189	154,270	(104,919)
Buildings and grounds	389,875	389,875	210,402	(179,473)
Employee fringe benefits	247,750	247,750	210,223	(37,527)
County Collector - Treasurer	139,037	138,748	127,791	(10,957)
Ex Officio Recorder of Deeds	32,315	32,315	25,595	(6,720)
Circuit Clerk	19,960	20,660	12,669	(7,991)
Court administration	1,070	1,070	588	(482)
Court Reporter	1,500	1,500	488	(1,012)
Other general county government	87,320	87,320	71,831	(15,489)
Public Administrator	44,925	44,925	43,995	(930)
Public safety-				
Sheriff	674,048	674,048	565,379	(108,669)
Prosecuting Attorney	144,340	144,340	116,835	(27,505)
Juvenile Officer	24,035	24,035	18,712	(5,323)
County Coroner	23,705	23,705	17,865	(5,840)
Transfers out	8,900	8,900	11,057	2,157
Emergency fund*	-	-	-	-
Total Disbursements	\$ 2,402,663	2,403,074	1,848,823	(554,251)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(473,547)	(473,958)	60,430	534,388
FUND BALANCE, JANUARY 1	2,500,538	2,500,538	2,500,538	-
FUND BALANCE, DECEMBER 31	\$ 2,026,991	2,026,580	2,560,968	534,388

\* County was not aware of not budgeting for the Emergency Fund until it was discussed during the audit.

**CARROLL COUNTY, MISSOURI**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - SPECIAL ROAD AND BRIDGE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
<b>RECEIPTS</b>				
Property taxes	\$ 100,000	100,000	105,525	5,525
Intergovernmental	2,555,000	2,555,000	1,886,350	(668,650)
Charges for services	20,000	20,000	14,410	(5,590)
Interest	415	415	1,130	715
Other	-	-	45,142	45,142
Total Receipts	\$ 2,675,415	2,675,415	2,052,557	(622,858)
<b>DISBURSEMENTS</b>				
Salaries	\$ 238,363	238,363	212,061	(26,302)
Employee fringe benefits	77,551	77,551	62,518	(15,033)
Supplies	2,950	2,950	2,122	(828)
Insurance	13,000	13,000	11,290	(1,710)
Road and bridge materials	324,225	324,225	304,921	(19,304)
Equipment repairs	165,000	165,000	68,601	(96,399)
Rentals	10,000	10,000	6,430	(3,570)
Equipment purchases	-	-	118,500	118,500
Road and bridge construction	1,955,000	1,955,000	1,019,415	(935,585)
Other	35,350	35,350	26,012	(9,338)
Transfers out	60,050	60,050	60,001	(49)
Total Disbursements	\$ 2,881,489	2,881,489	1,891,871	(989,618)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(206,074)	(206,074)	160,686	366,760
FUND BALANCE, JANUARY 1	884,798	884,798	884,798	-
FUND BALANCE, DECEMBER 31	\$ 678,724	678,724	1,045,484	366,760

SEE NOTES TO THE FINANCIAL STATEMENTS

**CARROLL COUNTY, MISSOURI**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - ASSESSMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
<b>RECEIPTS</b>				
Intergovernmental	\$ 225,189	225,189	253,259	28,070
Charges for services	4,950	4,950	8,203	3,253
Interest	100	100	216	116
Other	4,000	4,000	7,068	3,068
Total Receipts	\$ 234,239	234,239	268,746	34,507
<b>DISBURSEMENTS</b>				
Salaries	\$ 139,626	139,626	139,601	(25)
Fringe benefits	38,877	38,877	37,040	(1,837)
Office supplies	20,875	20,875	18,859	(2,016)
Equipment	17,833	17,833	18,802	969
Mileage and training	7,000	7,000	3,695	(3,305)
Other	1,300	1,300	821	(479)
Transfers out	-	-	554	554
Total Disbursements	\$ 225,511	225,511	219,372	(6,139)
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	8,728	8,728	49,374	40,646
<b>FUND BALANCE, JANUARY 1</b>	180,507	180,507	180,507	-
<b>FUND BALANCE, DECEMBER 31</b>	\$ 189,235	189,235	229,881	40,646

SEE NOTES TO THE FINANCIAL STATEMENTS



**CARROLL COUNTY, MISSOURI**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - COURTHOUSE RESTORATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS				
Sales taxes	\$ -	-	15	15
Interest	-	75	279	204
Other	-	-	625	625
Total Receipts	\$ -	75	919	844
DISBURSEMENTS				
Courthouse restoration projects	\$ -	5,000	633	(4,367)
Insurance	-	65	64	(1)
Total Disbursements	\$ -	5,065	697	(4,368)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(4,990)	222	5,212
FUND BALANCE, JANUARY 1	198,738	198,738	198,738	-
FUND BALANCE, DECEMBER 31	\$ 198,738	193,748	198,960	5,212

SEE NOTES TO THE FINANCIAL STATEMENTS

**CARROLL COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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

Carroll County, Missouri is governed by a County Commission with three members under a township form of government. There are 20 townships within Carroll County with each having its own tax levies. In addition to the three commission members, there are nine elected officers: Assessor, County Clerk, Circuit Clerk and Ex Officio Recorder of Deeds, Collector-Treasurer, Prosecuting Attorney, Public Administrator, Sheriff, Coroner, and Surveyor.

As discussed further in Note 1.C., these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

**A. FINANCIAL REPORTING ENTITY**

The County's operations include tax assessments and collections, election services, state/county courts administration, recording of instruments, public safety, road and bridge maintenance, noxious weeds eradication, public welfare and emergency management, 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, an elected county official, and the Senate Bill 40 Board.

A financial reporting entity consists of (1) the primary government, (2) component units, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. The primary government of Carroll County consists of all funds/boards that are not legally separate from the County, which also includes the Senate Bill 40 Board Fund. This will exclude the 911 Board and the Health Center Board since they are considered separate governing entities under state law.

Component units are legally separate organizations for which the County government is financially accountable. The County is financially accountable for an organization if it appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services provided or performed by the organization or (2) is legally entitled to and or can otherwise access the organization's resources; is legally obligated for or has otherwise assumed the obligation to finance the organization's deficits or provide financial support to it; or is obligated in some manner for the organization's debt. Component units also may include organizations that are fiscally dependent on the County because their budgets, tax levies, or debt issuances that are approved by the County. Based on application of the above criteria, the County has no component units.

**B. BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole within the limitation of the modified cash basis of accounting. These statements include the financial activities of the primary government. The primary government's financial activities are required to be classified as governmental or business-type.

**CARROLL COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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

Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange transactions. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services. The County has no business-type activities.

**FUND FINANCIAL STATEMENTS**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets and net position or fund balance, revenues, and expenditures.

Funds are organized into two major categories: governmental and proprietary. The County has no proprietary funds but does have fiduciary funds. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the County and meets the following criteria: Total assets, revenues, or expenditures of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type (all governmental funds).

The County has considered the General Revenue Fund, Special Road and Bridge Fund, Assessment Fund and the Courthouse Restoration Fund to be its major funds.

The County's financial statements are structured into two categories of funds – governmental and fiduciary. Governmental funds are those through which most governmental functions typically are financed. Reporting for such funds focuses on the sources, uses, and balances of current resources.

The County's major governmental funds consist of the following:

**General Revenue Fund**

The General Revenue Fund is the primary operating fund of the County and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the County. The following special revenue funds are the major funds of the County:

**Special Road and Bridge Fund:** This fund accounts mainly for CART from state and reimbursements on federal bridge (BRO) projects, property tax withholding from the 20 townships, and other receipts that are legally restricted to disbursements for road and bridge purposes.

**Assessment Fund:** This fund accounts for property tax withholdings and state reimbursements that are legally restricted to disbursements for assessment purposes.

**Courthouse Restoration Fund:** This fund accounts for delinquent sales taxes and other receipts that are legally restricted to disbursements for courthouse restoration purposes.

**CARROLL COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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

The special revenue funds of the County not considered to be major funds are aggregated as other nonmajor governmental funds.

Separate from major funds and aggregated nonmajor funds are the fiduciary funds. Fiduciary funds account for assets held by County elected officials as a trustee or an agent for individuals, private organizations, or other governments. These officials consist of the Assessor, County Clerk, Collector-Treasurer, Ex Officio Recorder of Deeds, Sheriff, Prosecuting Attorney, and Public Administrator. Fiduciary fund reporting focuses on net assets; fiduciary assets are reported in a separate Statement of Fiduciary Net Assets because the County cannot use those assets to finance its operations. The County's fiduciary funds consist of agency funds, which report assets held in a purely custodial capacity and do not involve measurement of results of operations.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and fund balance are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

The financial statements are prepared on the modified 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. The modification of cash basis is due to presentation of investments.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Generally accepted accounting principles for state and local governments require revenues to be recognized when they are earned or when they become available and measurable and expenditures or expenses to be recognized when the related liabilities are incurred. If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting and all government-wide financials would be presented on the accrual basis of accounting.

**CARROLL COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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

Property tax receipts are recognized when the County Treasurer receives them from the County Collector instead of when received by the County Collector. Some other lesser receipts from other County officials are also recognized only when received by the Treasurer and recorded to the appropriate fund.

**D. FINANCIAL POSITION**

**CASH AND CASH EQUIVALENTS AND INVESTMENTS**

For the purpose of financial reporting, "cash and cash equivalents" include all demand and savings accounts. Investments include the County's investment in nonnegotiable certificates of deposit.

**NET POSITION/FUND BALANCE CLASSIFICATIONS**

**Government-Wide Statements**

Net Position is classified and displayed in two components:

- a. Restricted – Consists of restricted assets with restriction constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation. All amounts are considered expendable.
- b. Unrestricted – Net amount of assets that are not included in the determination of the restricted component of net position.

It is the County's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

**Fund Financial Statements**

The total assets of the governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. Based on the County's level of constraint, the County does not have any nonspendable, committed, or restricted fund balances. Fund balances are reported as assigned and unassigned as follows:

- a. Assigned – Amounts constrained by the County's intent to be used for specific purposes but that are neither restricted nor committed.
- b. Unassigned – The residual classification of the General Revenue Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

**E. REVENUES AND EXPENDITURES**

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the County's taxpayers are reported as program receipts. The County has the following program receipts in each activity:

**CARROLL COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

General County government	Charges for services revenues and operating grants and distributions from local, state, or federal government agencies.
Public safety	Charges for services revenues and operating grants and distributions from local, state, or federal government agencies.
Health and Welfare	Charges for services revenues.
Roads and bridges	Operating grants and distributions (BRO project reimbursements) through the state of Missouri, charges for services, interest income and other revenues.
Assessment	Intergovernmental revenues, charges for services, interest income and other revenues.
Courthouse Restoration	Delinquent sales taxes collections and interest income earned.

All other governmental receipts are reported as general receipts. All taxes are classified as general receipts even if restricted for a specific purpose.

**F. INTERNAL ACTIVITIES**

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Government-Wide Financial Statements

Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

Fund Financial Statements

Interfund transfers occurred primarily because they were statutorily required or allowed, such as transfer of an administrative service fee to the General Revenue Fund from the Special Road and Bridge Fund.

By its nature as a local government unit, the County and the respective Senate Bill 40 Board are subject to various federal, state, and local laws and contractual obligations.

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. INSURED AND COLLATERALIZED DEPOSITS**

In accordance with state law, all uninsured deposits of County funds in financial institutions must be secured with acceptable collateral. Information on these deposits and investments and the collateral is provided below in Note 3.A. For the purposes of analyzing risk to County funds, deposits with financial institutions include all demand, time and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. All deposits at December 31, 2015, were insured by Federal Deposit Insurance Corporation (FDIC) coverage or by collateral securities pledged by the County's banking facility.

**CARROLL COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**B. BUDGETARY COMPLIANCE**

For the year ended December 31, 2015, disbursements did not exceed the budgeted amounts at the legal level of control for any major fund.

**C. PUBLISHED FINANCIAL STATEMENTS**

Under Sections 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. The County's published financial statements for the year ended December 31, 2015, included all respective funds.

**NOTE 3: DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements for various assets, equity, revenues, and expenditures.

**A. CASH DEPOSITS AND INVESTMENTS**

Cash deposits and investments are stated at cost, which approximates market. Cash balances for most of the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents may include repurchase agreements and any other instruments with an original maturity of ninety days or less; nonnegotiable certificates of deposit with original maturity of greater than ninety days are considered to be investments.

The County has determined through experience that business checking accounts, savings accounts, and certificates of deposit are appropriate types of accounts or instruments for its needs. The County invests each fund's cash balance in interest-bearing bank accounts and in certificates of deposit to the extent possible at one depository bank. Each fund is included on the financial statements as "Fund Balance" 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 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. The County has adopted an investment policy in accordance with state law.

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.

**CARROLL COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**NOTE 3: DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (CONTINUED)**

At December 31, 2015, the County invested in five nonnegotiable certificates of deposits with maturities of six months each at one bank totaling \$1,231,139 as follows:

<u>Fund</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>Balance at 12/31/15</u>
General Revenue	0.30%	3/21/16	\$ 1,005,012
Special Road and Bridge	0.30%	3/21/16	100,501
Courthouse Restoration	0.30%	3/21/16	50,251
Drainage District No. 3	0.30%	3/21/16	25,125
Johnson Grass	0.30%	3/21/16	50,250
Total			\$ <u>1,231,139</u>

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.

At December 31, 2015, the County's deposits held at its banking facility 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.

The Senate Bill 40 Board's deposits in two checking accounts at December 31, 2015, held at its banking facility were not exposed to custodial credit risk because they were entirely covered by federal depository insurance.

**B. SALES TAX AND USE TAX RATES**

The County has the following sales tax and use tax rates:

General sales tax-subject to rollback 50%	1/2%	\$ 0.0050
Emergency 911 sales tax	3/4%	<u>0.0075</u>
Total sales tax rate		\$ <u>0.0125</u>
Use tax rate		\$ <u>0.0125</u>

The emergency 911 sales tax goes directly to the Emergency 911 Board and does not pass through the county.

**C. 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 other local governments in the County. Collections for other governments and remittances to those governments by the Collector-Treasurer are accounted for in various County Treasurer's fiduciary funds. Collections for individual townships and also drainage and levee districts are also made with remittances sent back to each township and drainage and levee district.



**CARROLL COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**NOTE 3: DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (CONTINUED)**

The assessed valuation of the tangible property for purposes of local taxation was as follows:

		2015
Real Estate	\$	81,204,010
Personal Property		36,722,370
Railroad and Utilities		98,371,762
Total Assessed Valuation	\$	<u>216,298,142</u>

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

General Revenue	\$	0.2583
Johnson Grass	\$	0.0100
Senate Bill 40 Board	\$	0.0961

The Special Road and Bridge Fund does not have a separate countywide tax levy but receives tax proceeds of \$.05 per \$100 assessed valuation from each Township Road and Bridge Fund for administrative purposes.

**D. INTERFUND ACTIVITY**

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing. Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. Transfers between funds of the primary government for the year ended December 31, 2015, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
MAJOR FUNDS:		
General Revenue Fund	\$ 60,754	\$ 11,057
Special Road and Bridge Fund	-	60,001
Assessment Fund	-	554
NONMAJOR FUNDS	<u>11,057</u>	<u>199</u>
Grand Totals	\$ <u>71,811</u>	\$ <u>71,811</u>

The transfer from Special Road and Bridge Fund to the General Revenue Fund is based upon a statutory authority for administrative purposes.

**E. FUND BALANCES**

Fund balances of the County's governmental funds at December 31, 2015, are classified as assigned and unassigned based on the level of constraint.

**CARROLL COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**NOTE 4. BUDGETS AND BUDGETARY PRACTICES**

The County Commission and the Senate Bill 40 Board prepare their operating budgets under the budgetary statutes (Sections 50.525–50.745) of the state of Missouri. In accordance with these statutes, the following process is used to adopt the annual budget:

1. In accordance with Chapter 50 RSMo, the County’s policy is to adopt a budget for each governmental fund.
2. During January, the budget officer (County Clerk) and the administrative officer of the Senate Bill 40 Board submit a proposed operating budget for the ensuing calendar year to the County Commission or to the Senate Bill 40 Board.
3. The 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 modified 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. State law requires at the individual fund level budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. No funds had a deficit budgeted cash balance for 2015.
5. A public hearing is conducted to obtain public comment on the budget documents. Prior to approval by the County Commission and Senate Bill 40 Board, the budget documents are available for public inspection.
6. Prior to February 1, the budget is legally enacted by a vote of the County Commission and the Senate Bill 40 Board.
7. Subsequent to the budget hearings, the budgets (as amended and approved) are adopted by the County Commission and the Senate Bill 40 Board. The County amended the General Revenue Fund for 2015.
8. The approved budgets for the County and Senate Bill 40 Board are to be submitted to the County budget officer (County Clerk) and filed with the State Auditor’s Office by January 31.

The legal level of control at which total disbursements may not legally exceed appropriations is at the fund level. Budget revisions or amendments may be changed by the County Commission or the Senate Bill 40 Board during the year in accordance with provisions of the state law, and must also be filed with the State Auditor’s Office.

Basis of Accounting

The budgets are prepared on the modified cash basis of accounting as applied to the governmental funds in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions.

**NOTE 5. COUNTY EMPLOYEES’ RETIREMENT FUND**

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

1. Plan Description

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

**CARROLL COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**NOTE 5. COUNTY EMPLOYEES' RETIREMENT FUND (CONTINUED)**

duties of not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government.

It does not include county prosecuting attorneys covered under sections 56.800 to 56.840, RSMo; circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System; county sheriffs covered under sections 57.949 to 57.997, RSMo; and certain personnel not defined as an employee per section 50.1000(8), RSMo.

The general administration and the responsibility for the proper operation of the Retirement Fund and the investment of the Retirement 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 Retirement Fund but will be paid his or her accumulated contributions. As of December 31, 2015, the County had 34 employees enrolled in CERF.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling toll-free 1-877-632-2373.

**3. Funding Policy**

In accordance with state statutes, the Retirement Fund is partially funded through various fees collected and remitted to CERF. Depending on the hire date and LAGERS status, contribution rates can be 0%, 2%, 4%, or 6%. A county can choose to pay up to 4% for its employees. A contribution to CERF of 2% of annual salary is required for eligible employees hired before February 25, 2002, and a contribution of 6% of annual salary is required of employees hired after February 25, 2002, effective January 1, 2003, in order to participate in CERF. During 2015, the County collected and remitted to CERF contributions of \$97,087 for the year then ended, equal to the required contributions. The County is not a member in LAGERS.

**NOTE 6. DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS**

**1. Plan Description**

The County offers employees the opportunity to participate in the CERF defined contribution plan and Internal Revenue Code (IRC) Section 457 deferred compensation plan. The plans' provisions and contribution requirements were established by and may be amended only by the Missouri General Assembly. Pension plan members are eligible to participate.

**CARROLL COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**NOTE 6. DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS (CONTINUED)**

**2. Contributions**

Pension plan members are required to contribute 0.7 percent of gross compensation to the defined contribution plan. Contributions for the mandatory 401(a) totaling \$7,761 were made during the year ended December 31, 2015.

Participation in the deferred compensation plan is voluntary, and the employee elects the contribution level, subject to the limitations of IRC Sections 401(a) and 457. The CERF Board of Directors decides if matching contributions from the pension plan trust funds for a calendar year will be made to the defined contribution accounts of those who participated in the deferred compensation plan. The amount of any matching contribution is determined by the Board and is limited to 50 percent of a member's voluntary contributions to the deferred compensation plan, up to 6 percent of the member's compensation.

**3. Administration**

Maintenance of individual member accounts and custody of assets have been contracted to a third-party administrator and investment custodian, respectively. The County sends member contributions directly to the third-party administrator. Members may select from several options for investing their contributions and their share of matching contributions.

**NOTE 7. PROSECUTING ATTORNEY RETIREMENT**

In accordance with state statute chapter 56.807 RSMo, the County contributed to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys' and Circuit Attorneys' Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County contributed \$2,244 for the year ended December 31, 2015, on behalf of the Prosecuting Attorney.

**NOTE 8. 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 9. RISK MANAGEMENT**

The County carries commercial insurance for various risks of loss to which it is exposed, including risks related to torts; theft of, damage to, or destruction of assets; natural disasters; errors and omissions; injuries to employees; and employees' health and life.

The County is a participant in the Missouri Public Entity Risk Management Fund (MoPERM), a body corporate and politic created and governed by Sections 537.700-537.756, RSMo. The purpose of the fund is to provide liability protection to participating public entities and their officials and employees. Annual contributions are collected based on actuarial projections sufficient to pay losses and expenses. Should contributions not be sufficient to meet the fund's obligations, the fund's Board can make special assessments. Participants are jointly and severally liable for all claims against the fund. County management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded this insurance coverage in any of the past three years.

**CARROLL COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**NOTE 9. RISK MANAGEMENT (CONTINUED)**

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

**NOTE 10. COMMITMENTS AND CONTINGENCIES**

**1. Compensated absences**

The County provides regular full-time employees with up to 15 days of sick time to accrue at 1.25 days for each calendar month worked. Upon termination, the employee is not compensated for accrued sick time. Vacation time is accrued for full-time employees at the rate of 10 days per year for employees with 1-5 years of service; 11 days per year with 6 years of service; 12 days per year with 7 years of service; 13 days with 8 years of service; 14 days with 9 years of service; and 15 days with 10 or more years of service, up to maximum of 30 days. Upon termination, the employee is compensated for accrued vacation time up to a maximum of 30 days.

**2. Federal and State Assisted Programs**

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly such audits could result in the refund of grant monies to the grantor agencies. Management believes 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.

**3. Taxable Industrial Revenue Bonds**

In April 2008, the County issued \$88,500,000 in taxable industrial revenue bonds to finance the acquisition, construction, and equipping of a dry-mill ethanol plant to be leased to Show Me Ethanol, LLC. The bonds will be repaid in various installments beginning in April 2009 from lease payments pursuant to the terms of a lease agreement dated April 1, 2008, between the County and Show Me Ethanol.

Because the bonds are secured and paid solely from lease payments generated by the project, the bonds do not constitute a liability of the County.

**4. Intergovernmental Agreement**

Effective June 1, 2014, the County entered into an intergovernmental agreement with the Town of Carrollton to have the Deputy Recorder of Deeds serve as a municipal court clerk. The agreement ended December 31, 2014, but was renewed for 2015 and 2016 on December 31, 2014 and 2015. The County pays 75% of the total salary and fringe benefits and related office expenditures with the Town of Carrollton reimbursing the County the remaining 25%.

**5. 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.

**CARROLL COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**NOTE 10. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**6. Lease-Purchase and Other Agreements**

- a. The County Commission entered into a lease-purchase agreement on March 22, 2013, to purchase a Track Loader. The County paid \$14,399 in principal in 2015. The principal balance due at December 31, 2015, was \$14,811.
- b. The County Commission entered into a lease-purchase agreement on December 31, 2014, to purchase a Mack Dump Truck. The County paid \$30,348 in principal in 2015. The principal balance due at December 31, 2015, was \$63,233.
- c. The County Commission entered into a lease-purchase agreement on April 30, 2015, to purchase a Tractor/Ditcher. The lease is for 12 months with a final principal payment of \$25,000 on April 30, 2016. The balance due at December 31, 2015, is \$25,000.
- d. The County Commission entered into a lease-purchase agreement on June 10, 2015, to purchase a John Deere Dozer. The lease is for 36 months with three annual payments of \$12,959 (including interest) beginning March 1, 2016. Total principal amount due is \$36,952 at December 31, 2015.
- e. The County Commission entered into a lease-purchase agreement on April 15, 2015, to purchase three Ford Explorers. The lease is for five years with annual payments of \$13,680 (including interest) through February 2020. The principal balance due at December 31, 2015, was \$62,100.

The remaining amounts on the agreements noted above as of December 31, 2015, are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 95,006	\$ 5,738	\$ 100,744
2017	56,184	3,385	59,569
2018	24,919	1,718	26,637
2019	12,770	910	13,680
2020	13,217	462	13,679
Total	<u>\$ 202,096</u>	<u>\$ 12,213</u>	<u>\$ 214,309</u>

- f. The County also leased several copiers as of December 31, 2015, at a monthly rate of \$1,048. In November 2015, the County upgraded the lease with a six year extension. The new monthly payment will be \$948 starting in March 2016.

**CARROLL COUNTY, MISSOURI**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENTS BALANCES - NONMAJOR FUNDS**  
**MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

FUND	Cash and Investments Balance January 1, 2015	Receipts	Disbursements	Cash and Investments Balance December 31, 2015
Law Enforcement Training	\$ 1,225	1,730	2,522	\$ 433
Prosecuting Attorney Training	773	689	591	871
Drainage District No. 3	37,735	25,255	25	62,965
Special Sheriff	9,397	7,756	6,671	10,482
Johnson Grass	119,514	21,161	21,404	119,271
Recorder's Preservation	15,274	2,865	237	17,902
Prosecuting Attorney Bad Check	9,927	151	10,078	-
Administrative Handling Cost	3,160	17,323	7,488	12,995
Prosecuting Attorney Delinquent Tax	293	274	7	560
Election Services	27,391	6,425	5,173	28,643
Law Enforcement Training - POST	-	585	585	-
Tax Maintenance	41,363	14,560	11,583	44,340
Local Emergency Planning Committee	11,710	-	3,607	8,103
Sheriff Revolving	6,924	11,438	10,992	7,370
County Law Enforcement Restitution	16,888	10,871	13,994	13,765
Deputy Sheriff Salary Supplementation	306	10,530	9,588	1,248
Emergency Management	715	7,000	4,800	2,915
Senate Bill 40 Board	32,895	207,234	208,785	31,344
	<u>335,490</u>	<u>345,847</u>	<u>318,130</u>	<u>363,207</u>
Total Nonmajor Funds	\$ 335,490	345,847	318,130	\$ 363,207

**CARROLL COUNTY, MISSOURI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures
	U.S. DEPARTMENT OF DEFENSE		
12.112	Direct Program- Payments to States in Lieu of Real Estate Taxes	FS211	\$ 47,896
	U.S. DEPARTMENT OF THE INTERIOR		
15.226	Direct Program- Payment in Lieu of Taxes	PILT	2,052
	U.S. DEPARTMENT OF TRANSPORTATION		
	Passed through state:		
20.205	Highway and Transportation Commission - Highway Planning and Construction	BRO-B017(64)	248,239
		BRO-B017(65)	47,614
		BRO-B017(66)	270,716
		BRO-B017(67)	58,077
		BRO-B017(68)	260,759
		BRO-B017(69)	19,403
		BRO-B017(70)	23,975
		BRO-B017(71)	19,715
		BRO-B017(72)	14,948
		BRO-B017(73)	15,499
	Total U.S. Department of Transportation		<u>978,945</u>
	GENERAL SERVICES ADMINISTRATION		
	Passed through state:		
39.003	Office of Administration- Donation of Federal Surplus Personal Property	N/A	346
	ELECTION ASSISTANCE COMMISSION		
90.401	Passed through state: Office of Secretary of State- Help America Vote Act	231AV150037324	1,156
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
	Passed through state:		
93.563	Department of Social Services- Child Support Enforcement	ER102120017	4,053
	U.S. DEPARTMENT OF HOMELAND SECURITY		
	Passed through state:		
97.042	Department of Public Safety- Emergency Management Performance Grants	EMW2013EP0028	<u>3,000</u>
	Total Expenditures of Federal Awards		<u>\$ 1,037,448</u>
N/A	Not applicable		

SEE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS



**CARROLL COUNTY, MISSOURI**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**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 the Uniform Guidance (OMB 2 CFR Part 200). The Uniform Guidance 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 Carroll County, Missouri.

**B. BASIS OF PRESENTATION**

The Uniform Guidance includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, non-cash contributions or donations of 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 services rendered to individuals.

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. Federal award does not include other contracts that a Federal agency uses to buy goods or services from a contractor or a contract to operate Federal government owned, contractor operated facilities.

The amount for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represents the estimated fair market value (23.3 percent of original acquisition cost) of the property.

The amount for Child Support Enforcement (CFDA number 93.563) represents the actual expenses reimbursed by the state of Missouri at the federal rate of 66 percent.

**C. BASIS OF ACCOUNTING**

The schedule is presented on the cash basis of accounting, which recognizes amounts 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. SUBRECIPIENTS**

The County provided no federal awards to subrecipients during the year ended December 31, 2015.

July 8, 2016

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

To the County Commission  
and Officeholders  
Carroll 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 governmental activities, each major fund, and remaining fund information of Carroll County, Missouri, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Carroll County, Missouri's basic financial statements, and have issued our report thereon dated July 8, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Carroll 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 Carroll County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Carroll County's internal control.

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

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

**CARROLL COUNTY, MISSOURI  
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS (CONTINUED)**

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Carroll 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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, State of Missouri, 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.

*Beard-Boehmer & Associates, PC*

Beard-Boehmer & Associates, PC  
Columbia, MO

July 8, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**

To the County Commission  
and Officeholders  
Carroll County, Missouri

**Report on Compliance for Each Major Federal Program**

We have audited Carroll County, Missouri's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Carroll County, Missouri's major federal program for the year ended December 31, 2015. Carroll 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for Carroll County'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance 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 Carroll 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 Carroll County, Missouri's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Carroll 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 year ended December 31, 2015.

**CARROLL COUNTY, MISSOURI  
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)**

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**Report on Internal Control Over Compliance**

Management of Carroll 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 Carroll County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with The Uniform Guidance, 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 Carroll County, Missouri's internal control over compliance.

*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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report 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, State of Missouri, 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.

*Beard-Boehmer & Associates, PC*

Beard-Boehmer & Associates, PC  
Columbia, MO

**CARROLL COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiency(ies) identified?	<u>      </u> Yes	<u>  X  </u> none reported
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiency(ies) identified?	<u>      </u> Yes	<u>  X  </u> none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?        Yes   X   No

Identification of major program:

<u>CFDA Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?        Yes   X   No

**Section II - Financial Statement Findings**

This section includes no audit findings that are required to be reported under *Government Auditing Standards*.

**Section III - Federal Award Findings and Questioned Costs**

This section includes no audit findings required to be reported under the Uniform Guidance.

**CARROLL COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**Government Auditing Standards**

In accordance with *Government Auditing Standards*, this section reports the auditors' follow-up on action taken by Carroll County, Missouri, on the applicable findings in the prior audit report issued by an independent auditing firm for the two years ended December 31, 2014.

**Disbursements Exceeding Total Appropriations in Various Nonmajor Funds.**

**Condition**

The County's total disbursements exceeded the total budgeted appropriations in a few nonmajor funds.

**Status**

Partially implemented. Only three nonmajor funds' disbursements exceeded the total budgeted appropriations in total by only \$845. No additional finding is considered necessary.

**Uniform Guidance OMB CFR Part 200**

Section 200.511(b) of the Uniform Guidance requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

The prior audit report issued for the two years ended December 31, 2014, included an audit finding that is to be reported for an audit of federal awards.

**Schedule of Expenditures of Federal Awards**

**Condition**

The County's Schedule of Expenditures of Federal Awards (SEFA) required by the federal government contained some errors of information for the year ended December 31, 2014. The total federal expenditures under CFDA #12.112 under-reported the total amount of federal awards given to the county by \$7,988, and total federal expenditures under CFDA #20.205 for three federal bridge (BRO) projects were over-reported. Some expenditures reported in 2014 had already been reported in 2013 and, therefore, reported more than once. These expenditures totaled \$304,945 with another over-reported adjustment to one BRO project in 2013 for \$182.

**Status**

Implemented.

**CARROLL COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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This discussion and analysis of Carroll County's financial performance provides an overview of the County's financial activity for the year ended December 31, 2015. The information below, prepared by the County's management, should be read in conjunction with the financial statements presented.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The contents of this report comply with the presentation requirements of Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements, and Management's Discussion and Analysis for State and Local Governments*, as applicable to the modified cash basis of accounting. The County's basic financial statements consist of government-wide financial statements, fund financial statements, budgetary comparison statements and notes to the financial statements. The notes are an integral part of the government-wide, fund financial statements, and budgetary comparison statements and provide more detail about the information presented in the statements. This report also contains other financial information in addition to the basic financial statements.

The County has elected to present its financial statements on the modified cash basis of accounting, a basis of accounting other than accounting principles generally accepted in the United States of America. "Basis of accounting" refers to when financial events are recorded. Under the modified cash basis of accounting, revenues are recorded when received rather than when earned, and expenses are recorded when paid rather than when the related liabilities are incurred. Therefore, when reviewing the financial information and discussion in this report, the reader should recall the limitations resulting from use of the modified cash basis of accounting. Modification to the cash basis is due to the presentation of investments.

#### Government-Wide Financial Statements

The Government-Wide Statement of Net Position and the Government-Wide Statement of Activities report information about the County as a whole. These statements present the County's net position and show how they have changed. Over time, increases or decreases in the County's net position are one indicator of whether its financial health or position is improving or deteriorating. However, to assess the County's overall financial health, the reader needs to consider additional nonfinancial factors. The government-wide financial statements report only governmental activities—activities such as general government operations, public safety, and health and welfare that are usually financed through taxes and intergovernmental receipts. The County has no business-type activities—activities financed wholly or partially by fees charged to external parties for goods or services.

#### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the County as a whole. Some funds are required to be established by state law or by bond covenants. However, the County Commission establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, or other sources of receipts. The fund financial statements include only governmental funds, which focus on the flow of money into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether more or fewer financial resources can be spent in the near future to finance the County's programs.



**CARROLL COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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Budgetary Comparison Statements

These statements are presented only for the General Revenue Fund and each major special revenue fund that has a legally adopted budget. These statements provide fiscal accountability by comparing original and final budgeted revenues and expenditures to actual revenues and expenditures on the entity's own budgetary basis of accounting.

The County as Trustee

The County is the trustee, or fiduciary, for its trust and agency funds that are used to account for assets held by the County's elected officials in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The County's fiduciary assets are reported in a separate Statement of Fiduciary Net Assets.

Fiduciary funds are excluded from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Other Information

The report also includes this Management's Discussion and Analysis. Such information is intended to supplement the government-wide financial statements, fund financial statements, budgetary comparison statements and notes to the financial statements but is not a part of those statements.

In addition, the report includes the following supplementary information that is not a required part of the financial statements: the Schedule of Receipts, Disbursements, and Cash Balances – Non-major Funds– Modified Cash Basis and the Schedule of Expenditures of Federal Awards, required for audits of federal program expenditures conducted in accordance with the new Uniform Guidance.

**FINANCIAL HIGHLIGHTS**

- The County's total expenditures exceeded total receipts by \$298,429 in 2015.
- The County's total governmental funds ended with a combined cash and investments balance of \$4,398,500 in 2015.

**THE COUNTY AS A WHOLE**

		Year Ended December 31,		
		2015	2014	2013
Net Position	\$	4,398,500	\$ 4,100,071	\$ 3,720,251
Program Receipts		2,930,138	2,668,527	2,986,546
General Receipts		1,575,373	1,650,212	1,782,389
Disbursements		4,207,082	3,938,919	4,597,688
Change in Net Position	\$	298,429	\$ 379,820	\$ 171,247

**CARROLL COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**THE COUNTY'S FUNDS**

**Financial Highlights**

- Revenue sources including sales and use tax, property tax, governmental transfers, as well as charges for services primarily in the Law Enforcement budgets are declining. Without a reduction of expenditures, falling revenues is a troubling trend. One third of the total appropriations for 2015 were in the Sheriff's General Revenue Fund budget earmarked for law enforcement while only 14% of the revenue coming in to support this service is at an all-time low of \$77,757.
- State and Federal governments failed to allocate replacement funds needed for mandated ADA voting equipment; therefore, \$83,000 was estimated to replace decade old electronic voting equipment and ancillary supplies. Due to estimated other expenses, \$100,000 was placed in the 2015 General Revenue Fund budget for this purpose with over \$91,700 spent.
- An amount of \$1,031,908 passed through the U.S. Department of Transportation to the State of Missouri and on to Carroll County for Federal Off-System (BRO) bridge projects. Ten structures were in various stages of construction during the audit period ending December 31, 2015.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

The County Commission executes lease/purchase agreements with a local bank to replace aged and worn equipment for the Road and Bridge Department and for Sheriff's vehicles more than doubling the long-term debt amount. The summary of long-term debt amortization for the year 2015 is as follows:

Equipment	Department	Balance 12/31/2014	Additions	Principal Payments	Balance 12/31/2015
T250 Track Loader	Road and Bridge	\$ 29,210	-	14,399	\$ 14,811
Mack Dump Truck	Road and Bridge	93,581	-	30,348	63,233
Tractor/Ditcher	Road and Bridge	-	53,000	28,000	25,000
John Deere Dozer	Road and Bridge	-	79,286	42,334	36,952
3 Ford Explorers	Sheriff	-	78,600	16,500	62,100
	Totals	\$ 122,791	210,886	131,581	\$ 202,096

The County leased copiers and fax machines from RICOH for various county officials as of December 31, 2015, at a monthly rate of \$1,048. In November 2015, the County upgraded the lease with RICOH and with an extension to up to six years. The upgrade was not actually made until March 2016 at a new monthly payment of \$948.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The economic condition of the County remains sound despite the turn down in the economy and decreasing commercial businesses and industry throughout the County and small jurisdictions within. In 2015, the County became the second "Agri-Ready" Community as designated by Missouri Farmer's Care. This initiative allows Carroll County to promote itself by encouraging and promoting agricultural businesses by not imposing regulations or ordinances that discourage, limit or restrict agricultural operations in the County.

**CARROLL COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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The General Revenue Fund tax levy after the required 50% rollback deduction for sales tax revenue was \$0.2583 in 2015 bringing in total revenues of \$573,152, down slightly from 2014. Local sales and use tax for 2015 of \$514,378 was down by \$137,543 from 2014, an indication of insufficient economic activity and new commercial businesses in the County.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

Questions about this report or requests for additional information should be addressed to Peggy McGaugh, Carroll County Clerk, 8 South Main, Suite 6, Carrollton, Missouri 64633, Phone 660-542-0615.