



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Ripley County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Ripley 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 Daniel Jones & Associates, Certified Public Accountants, is attached.

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

Nicole R. Galloway, CPA
State Auditor

August 2016
Report No. 2016-059

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
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FINANCIAL SECTION



Daniel Jones & Associates

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Ripley, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Ripley ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2015, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. This includes determining that the regulatory 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 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 these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

As described in Note I of the financial statements, the financial statements are prepared 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, to meet the requirements of Missouri.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I 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 above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2015, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Ripley’s basic financial statements. The Schedule of Expenditures of Federal Awards, 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* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards 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. Such 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 have also issued our report dated July 28, 2016, on our consideration of the County of Ripley'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 County of Ripley's internal control over financial reporting and compliance.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

July 28, 2016

FINANCIAL STATEMENTS

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

FUND	CASH BALANCES JANUARY 1, 2015	RECEIPTS 2015	DISBURSEMENTS 2015	CASH BALANCES DECEMBER 31, 2015
GENERAL REVENUE FUND	\$ 752,023.62	\$ 1,050,791.02	\$ 980,729.69	\$ 822,084.95
SPECIAL ROAD AND BRIDGE FUND	57,311.72	673,271.25	650,811.29	79,771.68
LAW ENFORCEMENT SALES TAX FUND	10,249.26	1,064,764.20	1,068,933.11	6,080.35
ASSESSMENT FUND	38,251.80	113,137.48	118,502.45	32,886.83
CHILDREN'S TRUST FUND	377.38	518.68	629.33	266.73
COLLECTOR'S TAX MAINTENANCE FUND	13,755.10	14,830.93	17,046.51	11,539.52
COMMUNITY PROJECTS FUND	100.00	466,007.25	466,007.25	100.00
DOMESTIC VIOLENCE FUND	1,145.88	2,035.69	2,171.82	1,009.75
ELECTION FUND	-	17,022.95	17,022.95	-
ELECTION SERVICES FUND	27,170.71	2,177.04	338.09	29,009.66
FOREST SERVICE TITLE III FUND	-	47,335.97	47,335.97	-
LAW ENFORCEMENT BLOCK GRANT FUND	-	6,560.00	6,560.00	-
LAW ENFORCEMENT RESTITUTION FUND	59,789.58	87,225.99	72,500.00	74,515.57
LAW ENFORCEMENT TRAINING FUND	4,143.62	2,710.21	1,993.43	4,860.40
PRODUCTIVE LIVING BOARD FUND (SB40)	283,812.49	95,322.18	128,945.50	250,189.17
PROSECUTING ATTORNEY ADMINISTRATIVE HANDLING COST FUND	-	10,481.63	10,481.63	-
PROSECUTING ATTORNEY RETIREMENT FUND	24.78	2,246.84	2,244.00	27.62
PROSECUTING ATTORNEY TRAINING FUND	219.88	425.86	522.07	123.67
RECORDER USER FEE FUND	37,948.88	8,137.51	10,217.27	35,869.12
SENIOR CITIZENS TAX FUND	38,027.34	47,935.95	42,653.00	43,310.29
SHERIFF'S CIVIL FEE FUND	1,719.16	14,080.80	14,270.66	1,529.30
SHERIFF'S FORFEITURE FUND	747.27	15.59	-	762.86
SHERIFF'S REVOLVING FUND	6,485.41	20,182.94	16,634.17	10,034.18
TOTAL	\$ 1,333,303.88	\$ 3,747,217.96	\$ 3,676,550.19	\$ 1,403,971.65

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	GENERAL REVENUE FUND	
	2015	
	BUDGET	ACTUAL
RECEIPTS		
Property Taxes	\$ 13,250.00	\$ 14,189.21
Sales Taxes	510,000.00	498,893.11
Intergovernmental	297,308.00	301,924.19
Charges for Services	154,600.00	158,319.44
Interest	12,000.00	14,634.99
Other	25,000.00	27,606.08
Transfers In	29,025.00	35,224.00
TOTAL RECEIPTS	1,041,183.00	1,050,791.02
DISBURSEMENTS		
County Commission	86,208.00	76,732.15
County Clerk	85,100.00	74,797.01
Elections	-	-
Buildings and Grounds	63,163.00	60,158.73
Employee Fringe Benefits	45,000.00	37,479.32
County Treasurer	45,222.00	44,335.08
Collector	88,472.00	82,776.70
Recorder of Deeds	68,157.00	68,986.14
Circuit Clerk	30,000.00	14,233.93
Public Administrator	50,910.00	48,865.78
Child Support Enforcement Unit	22,205.00	22,206.32
Emergency Management	21,600.00	20,316.59
Other County Government	198,343.00	187,616.94
Emergency Fund	35,000.00	-
Transfers Out	272,225.00	242,225.00
TOTAL DISBURSEMENTS	1,111,605.00	980,729.69
RECEIPTS OVER (UNDER)		
DISBURSEMENTS	(70,422.00)	70,061.33
CASH, JANUARY 1	752,023.62	752,023.62
CASH, DECEMBER 31	\$ 681,601.62	\$ 822,084.95

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	SPECIAL ROAD AND BRIDGE FUND	
	2015	
	BUDGET	ACTUAL
RECEIPTS		
Property Taxes	\$ -	\$ -
Sales Taxes	-	-
Intergovernmental	1,075,000.00	641,369.85
Charges for Services	11,000.00	27,170.51
Interest	1,500.00	2,139.86
Other	-	2,591.03
Transfers In	-	-
TOTAL RECEIPTS	1,087,500.00	673,271.25
DISBURSEMENTS		
Salaries	175,000.00	148,220.15
Employee Fringe Benefits	32,100.00	24,618.48
Supplies	150,000.00	99,690.25
Insurance	13,500.00	13,340.00
Road & Bridge Materials	38,500.00	26,285.64
Equipment Repairs	16,350.00	13,886.28
Rentals	500.00	865.96
Equipment Purchases	48,000.00	152,656.20
Road and Bridge Construction	545,000.00	78,189.27
Other Expenditures	67,550.00	65,234.06
Transfers Out	27,825.00	27,825.00
TOTAL DISBURSEMENTS	1,114,325.00	650,811.29
RECEIPTS OVER (UNDER)		
DISBURSEMENTS	(26,825.00)	22,459.96
CASH, JANUARY 1	57,311.72	57,311.72
CASH, DECEMBER 31	\$ 30,486.72	\$ 79,771.68

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THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	LAW ENFORCEMENT SALES TAX FUND	
	2015	
	BUDGET	ACTUAL
RECEIPTS		
Property Taxes	\$ -	\$ -
Sales Taxes	510,000.00	499,019.88
Intergovernmental	159,500.00	172,678.20
Charges for Services	3,000.00	1,349.26
Interest	500.00	464.40
Other	-	9,936.28
Transfers In	415,200.00	381,316.18
TOTAL RECEIPTS	1,088,200.00	1,064,764.20
DISBURSEMENTS		
Sheriff	379,496.00	371,566.36
Jail	307,500.00	305,778.33
Prosecuting Attorney	165,114.00	155,833.91
Juvenile Officer	68,070.00	68,070.04
Coroner	29,600.00	25,372.39
Fringe Benefits	52,000.00	49,531.79
Building & Grounds	10,138.00	19,402.11
Insurance	11,000.00	9,144.00
Deputy Supplemental Salaries	45,000.00	43,537.00
Revolving Fund Clerical	8,700.00	10,968.00
Cash Crop Grant Wages	-	5,412.00
Other	-	4,317.18
Transfers Out	-	-
TOTAL DISBURSEMENTS	1,076,618.00	1,068,933.11
RECEIPTS OVER (UNDER)		
DISBURSEMENTS	11,582.00	(4,168.91)
CASH, JANUARY 1	10,249.26	10,249.26
CASH, DECEMBER 31	\$ 21,831.26	\$ 6,080.35

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	ASSESSMENT FUND		CHILDREN'S TRUST FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	104,200.00	105,056.90	995.00	515.00
Charges for Services	4,500.00	6,935.97	-	-
Interest	1,000.00	1,144.61	5.00	3.68
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	109,700.00	113,137.48	1,000.00	518.68
DISBURSEMENTS				
Salaries	91,172.00	83,464.27	-	-
Employee Fringe Benefits	9,700.00	8,782.85	-	-
Office Expenses	9,200.00	4,941.76	-	-
Equipment	12,860.00	9,766.79	-	-
Mileage and Training	5,500.00	4,461.18	-	-
Haven House	-	-	-	314.67
Ozark Foothills Child Advocacy	-	-	500.00	314.66
Other	7,000.00	7,085.60	500.00	-
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	135,432.00	118,502.45	1,000.00	629.33
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(25,732.00)	(5,364.97)	-	(110.65)
CASH, JANUARY 1	38,251.80	38,251.80	377.38	377.38
CASH, DECEMBER 31	\$ 12,519.80	\$ 32,886.83	\$ 377.38	\$ 266.73

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	COLLECTOR'S TAX MAINTENANCE FUND		COMMUNITY PROJECTS FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	1,656,900.00	466,007.25
Charges for Services	-	-	-	-
Interest	400.00	281.98	-	-
Other	14,000.00	14,548.95	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	14,400.00	14,830.93	1,656,900.00	466,007.25
DISBURSEMENTS				
Other	14,400.00	17,046.51	-	-
Water District No. 2	-	-	1,656,900.00	466,007.25
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	14,400.00	17,046.51	1,656,900.00	466,007.25
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	-	(2,215.58)	-	-
CASH, JANUARY 1	13,755.10	13,755.10	100.00	100.00
CASH, DECEMBER 31	\$ 13,755.10	\$ 11,539.52	\$ 100.00	\$ 100.00

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	DOMESTIC VIOLENCE FUND		ELECTION FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	3,450.00	2,021.50	-	17,022.95
Charges for Services	-	-	-	-
Interest	50.00	14.19	-	-
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	3,500.00	2,035.69	-	17,022.95
DISBURSEMENTS				
Haven House	1,750.00	1,085.91	-	-
Ozark Foothills Child Advocacy	1,750.00	1,085.91	-	-
Election Expenditures	-	-	-	10,623.95
Transfers Out	-	-	-	6,399.00
TOTAL DISBURSEMENTS	3,500.00	2,171.82	-	17,022.95
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	-	(136.13)	-	-
CASH, JANUARY 1	1,145.88	1,145.88	-	-
CASH, DECEMBER 31	\$ 1,145.88	\$ 1,009.75	\$ -	\$ -

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	ELECTION SERVICES FUND		FOREST SERVICE TITLE III FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	47,248.00	47,247.95
Charges for Services	1,000.00	1,600.17	-	-
Interest	500.00	576.87	88.00	88.02
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	1,500.00	2,177.04	47,336.00	47,335.97
DISBURSEMENTS				
Equipment	15,000.00	-	-	-
Mileage and Training	1,500.00	305.09	-	-
Other	1,000.00	33.00	-	-
Transfers Out	-	-	47,336.00	47,335.97
TOTAL DISBURSEMENTS	17,500.00	338.09	47,336.00	47,335.97
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(16,000.00)	1,838.95	-	-
CASH , JANUARY 1	27,170.71	27,170.71	-	-
CASH, DECEMBER 31	\$ 11,170.71	\$ 29,009.66	\$ -	\$ -

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>LAW ENFORCEMENT BLOCK GRANT FUND</u>		<u>LAW ENFORCEMENT RESTITUTION FUND</u>	
	2015		2015	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	6,560.00	6,560.00	-	-
Charges for Services	-	-	80,000.00	82,084.97
Interest	140.00	-	1,000.00	933.21
Other	-	-	-	4,207.81
Transfers In	-	-	-	-
TOTAL RECEIPTS	<u>6,700.00</u>	<u>6,560.00</u>	<u>81,000.00</u>	<u>87,225.99</u>
DISBURSEMENTS				
Deputy Vests	6,700.00	6,560.00	-	-
Transfers Out	-	-	75,000.00	72,500.00
TOTAL DISBURSEMENTS	<u>6,700.00</u>	<u>6,560.00</u>	<u>75,000.00</u>	<u>72,500.00</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	6,000.00	14,725.99
CASH, JANUARY 1	<u>-</u>	<u>-</u>	<u>59,789.58</u>	<u>59,789.58</u>
CASH, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,789.58</u>	<u>\$ 74,515.57</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	LAW ENFORCEMENT TRAINING FUND		PRODUCTIVE LIVING BOARD FUND (SB40)	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ 95,000.00	\$ 90,222.60
Sales Taxes	-	-	-	-
Intergovernmental	1,800.00	1,648.00	-	-
Charges for Services	-	-	-	-
Interest	75.00	89.74	1,050.00	1,143.95
Other	850.00	972.47	-	3,955.63
Transfers In	-	-	-	-
TOTAL RECEIPTS	2,725.00	2,710.21	96,050.00	95,322.18
DISBURSEMENTS				
Training	3,000.00	1,993.43	-	-
POST Commission Pass-Through	850.00	-	-	-
Current River Sheltered Workshop	-	-	50,000.00	48,000.00
Security Bond	-	-	400.00	292.50
Administrative Fees	-	-	1,000.00	-
CRSW-Special Allocation	-	-	80,000.00	80,000.00
Liability Insurance	-	-	700.00	653.00
Other	-	-	-	-
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	3,850.00	1,993.43	132,100.00	128,945.50
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(1,125.00)	716.78	(36,050.00)	(33,623.32)
CASH, JANUARY 1	4,143.62	4,143.62	283,812.49	283,812.49
CASH, DECEMBER 31	\$ 3,018.62	\$ 4,860.40	\$ 247,762.49	\$ 250,189.17

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	PROSECUTING ATTORNEY			
	ADMINISTRATIVE HANDLING COST FUND		PROSECUTING ATTORNEY RETIREMENT FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	16,000.00	10,477.03	-	-
Interest	-	4.60	20.00	21.84
Other	-	-	-	-
Transfers In	-	-	2,225.00	2,225.00
TOTAL RECEIPTS	16,000.00	10,481.63	2,245.00	2,246.84
DISBURSEMENTS				
MOPS Fee	2,000.00	1,075.00	-	-
Transmittal to State	-	-	2,244.00	2,244.00
Transfers Out	14,000.00	9,406.63	-	-
TOTAL DISBURSEMENTS	16,000.00	10,481.63	2,244.00	2,244.00
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	-	-	1.00	2.84
CASH, JANUARY 1	-	-	24.78	24.78
CASH, DECEMBER 31	\$ -	\$ -	\$ 25.78	\$ 27.62

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	PROSECUTING ATTORNEY TRAINING FUND		RECORDER USER FEE FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	430.00	422.10	-	-
Charges for Services	-	-	9,000.00	7,400.75
Interest	5.00	3.76	850.00	736.76
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	435.00	425.86	9,850.00	8,137.51
DISBURSEMENTS				
Training	650.00	522.07	-	-
Office Expenses	-	-	4,000.00	-
Equipment	-	-	5,000.00	9,217.27
Technology	-	-	9,500.00	-
Transfers Out	-	-	1,000.00	1,000.00
TOTAL DISBURSEMENTS	650.00	522.07	19,500.00	10,217.27
RECEIPTS OVER (UNDER) DISBURSEMENTS	(215.00)	(96.21)	(9,650.00)	(2,079.76)
CASH, JANUARY 1	219.88	219.88	37,948.88	37,948.88
CASH, DECEMBER 31	\$ 4.88	\$ 123.67	\$ 28,298.88	\$ 35,869.12

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	SENIOR CITIZENS TAX FUND		SHERIFF'S CIVIL FEE FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 43,500.00	\$ 47,935.95	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	15,500.00	14,044.77
Interest	-	-	30.00	36.03
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	43,500.00	47,935.95	15,530.00	14,080.80
DISBURSEMENTS				
Naylor Senior Citizens	14,000.00	14,000.00	-	-
Ripley County Nutrition Center	14,000.00	14,000.00	-	-
Ripley County Transit	14,000.00	14,000.00	-	-
Ripley County Senior Citizens	1,500.00	653.00	-	-
Office Supplies	-	-	500.00	1,770.30
Cell Phone and Accessories	-	-	7,500.00	5,499.77
Computer Software (ITI)	-	-	3,000.00	133.25
DSSSF	-	-	5,000.00	3,920.00
Postage	-	-	100.00	-
Building Security	-	-	-	362.46
Law Enforcement Equipment	-	-	-	2,584.88
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	43,500.00	42,653.00	16,100.00	14,270.66
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	-	5,282.95	(570.00)	(189.86)
CASH, JANUARY 1	38,027.34	38,027.34	1,719.16	1,719.16
CASH, DECEMBER 31	\$ 38,027.34	\$ 43,310.29	\$ 1,149.16	\$ 1,529.30

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	SHERIFF'S FORFEITURE FUND		SHERIFF'S REVOLVING FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	500.00	-	13,500.00	20,032.50
Interest	15.00	15.59	200.00	150.44
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	515.00	15.59	13,700.00	20,182.94
DISBURSEMENTS				
Postage	-	-	500.00	395.59
Equipment	-	-	3,000.00	652.00
IT Services	-	-	2,000.00	2,183.00
Supplies	-	-	4,000.00	820.00
Uniforms	1,247.00	-	500.00	510.00
Transfers Out	-	-	10,000.00	12,073.58
TOTAL DISBURSEMENTS	1,247.00	-	20,000.00	16,634.17
RECEIPTS OVER (UNDER) DISBURSEMENTS	(732.00)	15.59	(6,300.00)	3,548.77
CASH, JANUARY 1	747.27	747.27	6,485.41	6,485.41
CASH, DECEMBER 31	\$ 15.27	\$ 762.86	\$ 185.41	\$ 10,034.18

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2015

	Collector Fund	Recorder Fund	Prosecuting Attorney Fund	Overplus Land Fund	Road & Bridge Fund
ASSETS					
Cash and Cash Equivalents	\$ 2,984,985.78	\$ 6,914.94	\$ 3,835.50	\$ 19,094.84	\$ 619,656.51
Investments					
Other Investments	-	-	-	-	-
Total Investments	-	-	-	-	-
Total Assets	2,984,985.78	6,914.94	3,835.50	19,094.84	619,656.51
LIABILITIES AND FUND BALANCES					
TOTAL LIABILITIES	2,984,985.78	6,914.94	3,835.50	19,094.84	619,656.51
UNRESERVED FUND BALANCES	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,984,985.78</u>	<u>\$ 6,914.94</u>	<u>\$ 3,835.50</u>	<u>\$ 19,094.84</u>	<u>\$ 619,656.51</u>
		School Capital Fund	Unclaimed Fees Fund	Total Agency Funds	
ASSETS					
Cash and Cash Equivalents	\$ 22,599.01	\$ 43,563.16	\$ 559.68	\$ 3,701,209.42	
Investments					
Other Investments	-	-	-	-	
Total Investments	-	-	-	-	
Total Assets	22,599.01	43,563.16	559.68	3,701,209.42	
LIABILITIES AND FUND BALANCES					
TOTAL LIABILITIES	22,599.01	43,563.16	559.68	3,701,209.42	
UNRESERVED FUND BALANCES	-	-	-	-	
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,599.01</u>	<u>\$ 43,563.16</u>	<u>\$ 559.68</u>	<u>\$ 3,701,209.42</u>	

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Ripley, Missouri (“County”), which is governed by a three-member board of commissioners, was established in 1833 by an Act of the Missouri Territory. In addition to the three Commissioners, there are 11 elected Constitutional Officers: Assessor, Circuit Clerk, Collector, Coroner, County Clerk, County Surveyor, Prosecuting Attorney, Public Administrator, Recorder of Deeds, Sheriff and Treasurer.

As discussed further in Note I, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present the County’s financial accountability.

The County’s operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, and social and human services.

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

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri law, which include a Statement of Receipts, Disbursements and Changes in Cash Balances – All Governmental Funds, Comparative Statements of Receipts, Disbursements and Changes in Cash Balances – Budget and Actual – All Governmental Funds, and Statements of Assets and Liabilities Arising from Cash Transactions – Agency 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. The following fund types are used by the County:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County’s expendable financial resources are accounted for through governmental funds. The measurement focus is determined upon changes in financial position rather than net income.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

B. **Basis of Presentation** (concluded)

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similarly to governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other agency operations.

C. **Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts received or disbursed in cash and differs from accounting principles generally accepted in the United States of America.

As a result of using this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for government funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. **Budget 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 adopts a budget for each governmental fund.
2. On or before December 1st, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting (concluded)

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1 by December 15th. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.
4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.
5. Prior to January disbursements, the budget is legally enacted by a vote of the County Commission.
6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations that were adopted.

7. Budgets are prepared and adopted on the cash basis of accounting.

E. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2015, for purposes of taxation, was:

	2015
Real Estate	\$ 74,269,380
Personal Property	21,211,173
Railroad and Utilities	2,971,304
	\$ 98,451,857

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

E. Property Taxes (concluded)

During 2015, the County Commission approved a \$0.1413 tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2015, for purposes of County taxation, as follows:

	<u>2015</u>
Productive Living Board Fund (SB40)	\$ 0.0942
Senior Citizens Tax Fund	<u>0.0471</u>
	<u>\$ 0.1413</u>

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 a weighted average of cash balance. Cash equivalents include any instruments with an original maturity of 90 days or less. 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, provided, however, that no such investment shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note II.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are eliminated due to reporting the financial statements on the regulatory basis of accounting.

Legally required transfers are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

II. DEPOSITS

The County maintains a cash pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed as "Cash" under each fund's caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2015, the carrying amount of the County's deposits was \$1,403,971.65, and the bank balance was \$4,612,675.22.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

II. DEPOSITS (concluded)

SUMMARY OF CARRYING VALUES

The carrying values of deposits shown above are included in the financial statements at December 31, 2015, as follows:

Included in the following fund financial statement captions:

Statements of Receipts, Disbursements and Changes in Cash–

Governmental Funds:

Deposits	\$ 1,403,971.65
Total Governmental Funds	<u>1,403,971.65</u>

Statement of Assets and Liabilities Arising From Cash

Transactions – Agency Funds:

Deposits	<u>3,701,209.42</u>
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Total Deposits as of December 31, 2015	\$ <u><u>5,105,181.07</u></u>
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Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the year ended December 31, 2015.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the County or its agent but not in the government's name. The County does have a policy for custodial credit risk relating to investments.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has a policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's deposits were not exposed to concentration of investment credit risk for the year ended December 31, 2015.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

III. LONG-TERM DEBT

In 2013, the County entered into a lease agreement for \$569,257 with Caterpillar Financial Services for the purchase of three 12M2 Motor Graders. The County is required to make five annual payments of \$45,480.81 and one balloon payment of \$405,000. The lease agreement carries an interest rate of 2.50%. Caterpillar Financial Services is the holder of this lease.

As of December 31, 2015, the unpaid principal balances of the lease purchases agreements were \$505,977.01. The future payments for the lease purchase agreements of the County are as follows:

Description	Balance Prior Year 12/31/2014	Current Year Additions	Current Year Deletions & Payments	Balance 12/31/2015	Interest Paid Current Year
John Deere Motor Graders	\$ 538,007.62	\$ -	\$ 32,030.61	\$ 505,977.01	\$ 13,450.20
	<u>\$ 538,007.62</u>	<u>\$ -</u>	<u>\$ 32,030.61</u>	<u>\$ 505,977.01</u>	<u>\$ 13,450.20</u>

December 31,	Interest	Principal	Total
2016	\$ 12,649.43	\$ 32,831.38	\$ 45,480.81
2017	11,828.64	33,652.17	45,480.81
2018	10,987.35	439,493.46	450,480.81
	<u>\$ 35,465.42</u>	<u>\$ 505,977.01</u>	<u>\$ 541,442.43</u>

IV. OPERATING LEASES

In 2012, the County entered into an operating lease with Ulrich Software for Assessment Software. The County made annual payments ranging from \$10,415 to \$10,715. The lease has converted into a maintenance lease with annual payments of \$6,915 per year.

In 2012, the Collector entered into an operating lease with Ulrich Software for Collector Software. The lease had annual payments ranging from \$11,360 to \$12,860 for the first three years. The lease has converted into a maintenance agreement of \$5,232 per year.

In 2013, the County entered into an operating lease with Schwegman Office Supply for a copier. The County must make monthly payments of \$70. This lease's term is on a month-to-month basis.

The future minimum lease payments for operating leases are as follows:

December 31,	Copier Lease	Assessment Software	Collector Software	Totals
2016	\$ 840.00	\$ 6,915.00	\$ 5,232.00	\$ 12,987.00
2017	840.00	6,915.00	5,232.00	12,987.00
2018	840.00	6,915.00	5,232.00	12,987.00
2019	840.00	6,915.00	5,232.00	12,987.00
	<u>\$ 3,360.00</u>	<u>\$ 27,660.00</u>	<u>\$ 20,928.00</u>	<u>\$ 51,948.00</u>

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

V. INTERFUND TRANSFERS

Transfers between funds for the year ended December 31, 2015, are as follows:

	Transfers In	Transfers Out
<u>MAJOR FUNDS</u>		
General Revenue Fund	\$ 35,224.00	\$ 242,225.00
Special Road and Bridge Fund	-	27,825.00
Law Enforcement Sales Tax Fund	381,316.18	-
Election Fund	-	6,399.00
Forest Service Title III Fund	-	47,335.97
Law Enforcement Restitution Fund	-	72,500.00
Prosecuting Attorney Administrative Handling Cost Fund	-	9,406.63
Prosecuting Attorney Retirement Fund	2,225.00	-
Recorder User Fee Fund	-	1,000.00
Sheriff's Revolving Fund	-	12,073.58
TOTAL	\$ 418,765.18	\$ 418,765.18

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Revenue Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VI. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are County employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each County in the State of Missouri, except any city not within a County (which excludes the City of St. Louis) and counties of the first classification with a charter form of government.

CERF covers County elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter County, which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, County prosecuting attorneys, and County sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

VI. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (concluded)

CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system. 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.

B. Contributions

Prior to January 1, 2003, participating County employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating County employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee.

The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. During 2015, the County collected and remitted to CERF employee contributions of \$105,901.20 for the year then ended.

VII. PROSECUTING ATTORNEY 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 has contributed \$2,244 for the year ended December 31, 2015.

VIII. 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. As of December 31, 2015, the County had zero COBRA participants.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

IX. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is not involved in any pending litigation as of the audit report date.

B. Compensated Absences

The County provides each full-time or seasonal/temporary employee with sick leave equal to one-half of regular work day each pay period, with the leave to be added at the end of each pay period. Sick leave may accrue and roll over to the subsequent calendar year in an amount not to exceed four regular work days. Upon termination, an employee will not be reimbursed for any unused sick days.

Vacation is accrued based on years of service with a maximum of 17 days of vacation awarded each year after 25 or more years of service. For those employees with service greater than one year, vacation leave shall accrue proportionately each pay period following the anniversary of the employee's hire date. Vacation leave does not accrue and is forfeited if not used within one year of the anniversary of an employee's hire date. Upon termination, an employee will be paid for any remaining vacation leave accrued. Vacation and sick leave have not been subjected to auditing procedures.

C. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required, and certain costs may be questioned as not appropriate expenditures under the grant agreements. 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. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

X. 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 created pursuant to state statute (Chapter 537.700 RSMo). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

X. RISK MANAGEMENT (concluded)

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 then reinsured up to the statutory limit through excess insurance.

XI. SUBSEQUENT EVENTS

There were no subsequent events to report as of the date of the audit report.

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
SCHEDULE OF STATE FINDINGS
YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF STATE FINDINGS

There was no budget prepared for the Elections Fund for the year ended December 31, 2015, because it is an internal service fund used to record all election expenses and the reimbursements from both the County and other entities billed. Election expenses are budgeted within the General Revenue Fund.

Actual expenditures exceeded those budgeted in the Collector's Tax Maintenance Fund for the year ended December 31, 2015.

FEDERAL COMPLIANCE SECTION



**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***

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Ripley, 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 County of Ripley ("County") 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, and have issued our report thereon dated July 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. [FS 2015-001, FS 2015-002]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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*.

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

July 28, 2016



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

INDEPENDENT AUDITOR'S REPORT

To The County Commission
The County of Ripley, Missouri

Report on Compliance for Each Major Federal Program

We have audited the County of Ripley's ("County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. The County's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 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 the County'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 the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County 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 year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the County 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 the County'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 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 the County'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.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

July 28, 2016

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Homeland Security</u>				
Passed Through State Department of Public Safety: Emergency Management Performance Grants	97.042	N/A	\$ -	\$ 5,818.48
Total U.S. Department of Homeland Security			-	5,818.48
<u>U.S. Department of the Interior</u>				
Direct Program: PILT - Payments in Lieu of Taxes	15.226	N/A	-	119,817.00
Total U.S. Department of the Interior			-	119,817.00
<u>U.S. Department of Justice</u>				
Passed Through the Missouri Sheriffs Association: Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-LLEBG-91	-	6,560.00
Domestic Cannabis Eradication/Suppression Program	16.UNKNOWN	N/A	-	5,618.84
Total U.S. Department of Justice			-	12,178.84
<u>U.S. Department of Transportation</u>				
Passed Through the Highway and Transportation Commission: Highway Planning and Construction	20.205	BRO-B901(12)	-	7,424.68
Highway Planning and Construction	20.205	BRO-B901(11)	-	2,008.58
Total Highway Planning and Construction			-	9,433.26
Passed Through University of Central Missouri: National Priority Safety Programs	20.616	15-M5HVE-03-035	-	401.00
National Priority Safety Programs	20.616	15-M5HVE-03-035	-	403.00
National Priority Safety Programs	20.616	15-M5HVE-03-035	-	498.00
Total National Priority Safety Programs			-	1,302.00
Total U.S. Department of Transportation			-	10,735.26
<u>U.S. Department of Health and Human Services</u>				
Passed Through Missouri Department of Social Services: Child Support Enforcement	93.563	N/A	-	17,429.08
Total U.S. Department of Health and Human Services			-	17,429.08
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through Missouri Department of Economic Development: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	N/A	-	466,007.25
Passed Through Missouri Department of Social Services: Emergency Solutions Grant Program	14.231	N/A	91,398.59	91,398.59
Total U.S. Department of Housing and Urban Development			91,398.59	557,405.84
<u>U.S. Department of Agriculture</u>				
Passed Through Missouri Office of Administration: Schools and Roads - Grants to States	10.665	N/A	267,214.80	403,534.34
Total U.S. Department of Agriculture			267,214.80	403,534.34
Total Expenditures of Federal Awards			<u>\$ 358,613.39</u>	<u>\$ 1,126,918.84</u>

The accompanying notes are an integral part of this schedule

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the County of Ripley under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the County of Ripley, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Ripley.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified - Regulatory Basis
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? Yes X No
 - b. Significant deficiency(ies) identified? X Yes None Reported
3. Noncompliance material to financial statements noted? Yes X No

B. Federal Awards

1. Internal control over major federal programs:
 - a. Material weakness(es) identified? Yes X No
 - b. Significant deficiency(ies) identified? Yes X None Reported
2. Type of auditor's report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes X No
4. Identification of major federal programs:

Year	CFDA Number(s)	Name of Federal Program or Cluster
2015	14.228	Community Development Block Grants/State's program and Non-entitlement Grants in Hawaii

5. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
6. Auditee qualified as low-risk auditee? Yes X No

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015

II. FINANCIAL STATEMENT FINDINGS

FS 2015-001 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared for the County.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The County Commission will work with each of the various officeholders on developing the required documentation of internal controls for each office. Many of the offices have practices of internal controls in place but not written policies; the County Clerk has a written policy. The County Clerk is Becky York, and her office phone number is (573)996-3215.

FS 2015-002 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015

II. FINANCIAL STATEMENT FINDINGS (concluded)

FS 2015-002 Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of responsible officials and planned corrective actions: The County Commission will work with each of the various officeholders on developing the required documentation of fraud risk management for each office. Many of the offices have practices of fraud risk management in place but not written policies; the County Clerk has a written policy. The County Clerk is Becky York, and her office phone number is (573)996-3215.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to federal awards for the year ended December 31, 2015.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

14/13-001 **Condition:** During our audit, we noted that the County was not in compliance with the Missouri budgetary State Statute Chapter 50 RSMo. The following fund had actual expenditures in excess of budget in 2014: Sheriff's Forfeiture Fund. The following fund had actual expenditures in excess of budget in 2013: Sheriff's Civil Fees.

Effect: Missouri Statutes requires counties to prepare an annual budget and expenditures are not to exceed the budget. Due to exceeding the budget in certain funds, the County is in violation of Missouri Revised Statutes.

Cause: Oversight

Recommendation: We recommend that the County adopt a budget for all funds, and periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: The County Clerk performs a detailed review of budgetary schedules and actual expenditures and provides reports to each office holder on a regular basis. The budgets in question are not those of the County Commission but rather are budgets prepared by the Sheriff for discretionary funds solely under his control. The Sheriff was notified that expenditures exceeded the budget and of the need to amend the budget; however, due to the expenditure of each fund above that budgeted being less than \$200, the Sheriff opted to not amend his budgets.

Status: This finding has not been resolved and has been reported in the Schedule of State Findings.

14/13-002 **Condition:** Documentation of the County's internal controls has not been prepared.

Effect: Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Management has not prepared documentation of internal controls.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: The County is in the process of preparing the needed documentation to document its internal control structure in conformity with the COSO framework. This is expected to be completed by the next audit period.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (concluded)

14/13-002 **Status:** This finding has not been resolved and has been repeated as finding FS-2015-001.

14/13-003 **Condition:** During our audit, we noted there is no formal risk assessment in place.

Effect: Lack of an appropriate fraud risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identifying risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.

Management's Response: The County will develop and perform the risk assessment. This will be included in the documentation of internal control in conformity with the COSO framework.

Status: This finding has not been resolved and has been repeated as finding FS-2015-002.

THE COUNTY OF RIPLEY
DONIPHAN, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015

II. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS – PRIOR YEAR

SA 14/13-001 **Incorrect Schedule of Expenditures of Federal Awards (SEFA)**

Federal Grantor: U.S. Department of Homeland Security
Pass-Through Grantor: Department of Public Safety
Federal CFDA Number: 97-036
Program Title: Presidentially Declared Disasters
Pass- Through Entity
Identification Number: FEMA-1980-DR-MO
Award Year: 2013
Type of Finding: Other Information – Significant Deficiency
Questioned Costs: None

Criteria: Management is responsible for the preparation and the maintaining of support for the County’s SEFA.

Condition: The County Clerk did not prepare an accurate Schedule of Expenditures of Federal Awards for the year ending December 31, 2013. The 2013 SEFA did not include the expenditures for FEMA-1980-DR-MO; however, based on supporting documentation, expenditures were \$370,952.70.

Questioned Costs: None.

Context: During the audit of federal programs, we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: Although the SEFA was corrected by the audit team, the amounts originally reported were incorrect. It is evident that ineffective monitoring controls and procedures are in place for the preparation of the SEFA.

Cause: Adequate emphasis was not placed on the preparation and obtaining of support for the SEFA.

Recommendation: We recommend that the County implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA.

Management’s Response: The County Clerk will make every possible effort to reconcile the Schedule of Expenditures of Federal Awards.

Status: This finding has been resolved by the County in the current year audit.



Daniel Jones & Associates

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

July 28, 2016

To the Board of Commissioners
County of Ripley

In planning and performing our audit of the regulatory based financial statements of the County of Ripley (the "County") as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the County's internal control to be significant deficiencies as noted in section I:

Our comments concerning internal control and other significant matters are presented as follows:

- I. Deficiencies Considered to be Significant
- II. Information Required by Professional Standards

The County's management has provided written responses to the findings in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the County Commission, County Office Holders, the Missouri State Auditor and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 2015-001 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared for the County.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The County Commission will work with each of the various officeholders on developing the required documentation of internal controls for each office. Many of the offices have practices of internal controls in place but not written policies; the County Clerk has a written policy. The County Clerk is Becky York, and her office phone number is (573)996-3215.

FS 2015-002 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

FS 2015-002 Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of responsible officials and planned corrective actions: The County Commission will work with each of the various officeholders on developing the required documentation of fraud risk management for each office. Many of the offices have practices of fraud risk management in place but not written policies; the County Clerk has a written policy. The County Clerk is Becky York, and her office phone number is (573)996-3215.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 13, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2015 fiscal year. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the County applying the regulatory basis of accounting, no estimates are made during the preparation of financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 28, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit we noted that the Sheriff has a bank account with Southern Bank that has unclaimed funds dating back to 2003. Since the funds have remained unclaimed by the owner for more than three years, it's deemed abandoned and should be turned over to the County Treasurer per RSMo 447.543.

Other Matters

We were engaged to report on the schedule of expenditures of federal awards which accompany the financial statements but are not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the regulatory basis of accounting, the methods of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We noted during our audit certain matters that were not considered to be significant deficiencies or material weaknesses. Several county offices have limited numbers of staff which inherently increases the risk of misstatement. Office holders appear to have mitigating controls in place to lower these risks to an acceptable level but the commission does need to be aware of these risks and offices need to remain vigilant in deterring the potential for erroneous or fraudulent activity.