



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Knox County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Knox County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2015, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Beard-Boehmer & Associates, PC, Certified Public Accountants, is attached.

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

Nicole R. Galloway, CPA
State Auditor

September 2016
Report No. 2016-075

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August 12, 2016

INDEPENDENT AUDITORS' REPORT

To the County Commission
and Officeholders of
Knox County, Missouri

Report on the Financial Statements

We have audited the accompanying special purpose regulatory cash basis financial statements of Knox County, Missouri, which collectively comprise the statement of receipts, disbursements, and changes in cash—all governmental funds as of December 31, 2015 and 2014, and the related statements of receipts, disbursements, and changes in cash—budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri Law. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

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

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

KNOX COUNTY, MISSOURI INDEPENDENT AUDITORS' REPORT

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

As described in Note 1, the special purpose financial statements are prepared by Knox County, Missouri, using accounting practices prescribed or permitted by Missouri Law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Knox County, Missouri, as of December 31, 2015 and 2014, and the changes in its financial position.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of each fund of Knox County, Missouri, as of December 31, 2015 and 2014, and their respective cash receipts and disbursements, and budgetary results for the years then ended, on the basis of the financial reporting provisions of Missouri Law as described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2016, on our consideration of Knox 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 Knox County, Missouri's internal control over financial reporting and compliance.

This report is intended solely for the information and use of management, County Commission, others within the entity, and the State of Missouri and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Beard-Boehmer & Associates, PC

Beard-Boehmer & Associates, PC
Columbia, MO

FINANCIAL STATEMENTS

KNOX COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Fund	Cash January 1, 2015	Receipts	Disbursements	Cash December 31, 2015	Cash January 1, 2014	Receipts	Disbursements	Cash December 31, 2014
General Revenue	\$ 108,253	852,183	748,540	\$ 211,896	\$ 8,709	874,512	774,968	\$ 108,253
Special Road and Bridge	152,474	1,099,666	1,068,617	183,523	90,330	1,079,004	1,016,860	152,474
Assessment	79,923	120,117	124,841	75,199	68,498	118,842	107,417	79,923
Capital Improvement	106,312	163,608	129,592	140,328	94,497	157,372	145,557	106,312
Law Enforcement	6,929	228,496	214,725	20,700	5,992	252,622	251,685	6,929
Sheriff's Fee	7,431	3,639	3,868	7,202	4,571	12,758	9,898	7,431
Law Enforcement Training	1,015	1,059	1,735	339	721	1,617	1,323	1,015
Children's Trust	6,675	768	-	7,443	10,897	778	5,000	6,675
Collector's Tax Maintenance	23,212	5,902	4,194	24,920	19,312	6,727	2,827	23,212
Economic Development	22	-	-	22	6,128	21	6,127	22
Election Service	2,266	4,784	54	6,996	2,351	2,939	3,024	2,266
Election Help America Vote Act (HAVA)	4,276	589	4,859	6	5,294	6,966	7,984	4,276
Inmate Security	814	1,457	763	1,508	-	814	-	814
Prosecuting Attorney Training	214	131	-	345	44	200	30	214
Prosecuting Attorney Crime	687	3,001	2,513	1,175	3,507	490	3,310	687
Prosecuting Attorney Delinquent Tax	1,726	19	760	985	1,945	33	252	1,726
Recorder's Technology	5,378	916	845	5,449	4,955	1,123	700	5,378
Recorder's User Fee	10,448	1,759	1,645	10,562	9,508	1,873	933	10,448
Restitution	5,864	3,949	3,455	6,358	5,778	5,904	5,818	5,864
Revolving	4,118	3,930	540	7,508	4,017	2,806	2,705	4,118
Sever Lake	89,170	10,309	21,461	78,018	79,167	27,408	17,405	89,170
Shop Tools	5,208	1,994	6,865	337	5,077	7,004	6,873	5,208
Community Development Block Grant*	430	-	-	430	430	-	-	430
CAFO Escrow Account**	9,531	444	334	9,641	9,389	142	-	9,531
Totals	\$ <u>632,376</u>	<u>2,508,720</u>	<u>2,340,206</u>	\$ <u>800,890</u>	\$ <u>441,117</u>	<u>2,561,955</u>	<u>2,370,696</u>	\$ <u>632,376</u>

* Separate noninterest-bearing bank account held by Treasurer for old CDBG monies awaiting final disposition.

** Separate interest-bearing bank account held by Treasurer for CAFO activities awaiting disposition.

KNOX COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	General Revenue Fund					
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Property taxes	\$ 196,077	188,852	(7,225)	\$ 200,663	199,008	(1,655)
Sales and use taxes	319,000	374,493	55,493	274,000	311,808	37,808
Intergovernmental	55,672	54,693	(979)	56,972	56,315	(657)
Charges for services	131,301	127,684	(3,617)	123,542	134,275	10,733
Interest	2,000	3,783	1,783	3,000	2,552	(448)
Other	46,782	49,708	2,926	10,877	20,219	9,342
Transfers in	52,970	52,970	-	150,335	150,335	-
Total Receipts	\$ 803,802	852,183	48,381	\$ 819,389	874,512	55,123
DISBURSEMENTS						
General County Government-						
County Commission	\$ 88,584	92,838	4,254	\$ 79,917	74,004	(5,913)
County Clerk	64,023	63,775	(248)	59,022	58,972	(50)
Elections	13,495	11,901	(1,594)	37,095	40,319	3,224
Buildings and grounds	73,785	71,173	(2,612)	60,411	60,911	500
Employee fringe benefits	63,611	71,138	7,527	86,000	76,869	(9,131)
County Treasurer	38,300	38,946	646	35,550	35,460	(90)
County Collector	67,366	66,543	(823)	63,456	63,413	(43)
Recorder of Deeds	43,500	42,218	(1,282)	40,300	40,049	(251)
Circuit Clerk	30,700	12,176	(18,524)	26,700	24,024	(2,676)
Court administration	282	-	(282)	787	294	(493)
Public Administrator	18,130	18,149	19	16,350	16,376	26
Public Safety-						
Prosecuting Attorney	75,780	73,608	(2,172)	70,017	67,512	(2,505)
Juvenile Officer	18,207	18,207	-	19,646	19,646	-
County Coroner	16,376	10,936	(5,440)	15,934	11,904	(4,030)
Court Reporter	464	18	(446)	404	307	(97)
Extension council	32,239	32,226	(13)	31,400	31,400	-
Other general county government	8,915	8,067	(848)	14,178	7,159	(7,019)
E911	52,000	52,000	-	45,000	48,672	3,672
Health and welfare	6,300	5,710	(590)	6,300	6,210	(90)
Transfers out	51,522	51,522	-	91,467	91,467	-
Emergency Fund *	50,000	7,389	(42,611)	24,582	-	(24,582)
Total Disbursements	\$ 813,579	748,540	(65,039)	\$ 824,516	774,968	(49,548)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (9,777)	103,643	113,420	\$ (5,127)	99,544	104,671
CASH, JANUARY 1	108,253	108,253	-	8,709	8,709	-
CASH, DECEMBER 31	\$ 98,476	211,896	113,420	\$ 3,582	108,253	104,671

* Use of funds for emergency replacement of 911 equipment and fire paging.

KNOX COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Special Road and Bridge Fund					
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Property taxes	\$ 466,288	495,537	29,249	\$ 471,478	490,941	19,463
Intergovernmental	501,000	539,009	38,009	484,313	525,244	40,931
Charges for services	47,400	56,972	9,572	50,000	46,508	(3,492)
Interest	4,000	5,951	1,951	4,800	4,156	(644)
Other	13,000	2,197	(10,803)	2,403	12,155	9,752
Total Receipts	\$ 1,031,688	1,099,666	67,978	\$ 1,012,994	1,079,004	66,010
DISBURSEMENTS						
Salaries	\$ 279,660	295,459	15,799	\$ 257,181	236,720	(20,461)
Employee fringe benefits	40,400	40,405	5	53,823	45,812	(8,011)
Supplies	202,900	154,616	(48,284)	196,400	167,260	(29,140)
Insurance	26,500	30,745	4,245	23,000	26,423	3,423
Materials	310,000	322,607	12,607	290,000	300,644	10,644
Equipment repairs	50,000	36,853	(13,147)	50,000	55,880	5,880
Capital outlay	100,000	96,248	(3,752)	-	-	-
Financial statements	425	223	(202)	425	411	(14)
Advertising	300	66	(234)	300	295	(5)
Drug testing	400	450	50	400	350	(50)
Dues	658	658	-	658	-	(658)
Election	-	-	-	6,000	5,800	(200)
Road signs	1,000	1,646	646	-	-	-
Debt service	38,641	38,641	-	38,641	38,641	-
Transfers out	50,000	50,000	-	138,624	138,624	-
Total Disbursements	\$ 1,100,884	1,068,617	(32,267)	\$ 1,055,452	1,016,860	(38,592)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (69,196)	31,049	100,245	\$ (42,458)	62,144	104,602
CASH, JANUARY 1	152,474	152,474	-	90,330	90,330	-
CASH, DECEMBER 31	\$ 83,278	183,523	100,245	\$ 47,872	152,474	104,602

SEE NOTES TO THE FINANCIAL STATEMENTS

KNOX COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Assessment Fund					
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental	\$ 92,122	93,163	1,041	\$ 90,912	92,016	1,104
Charges for services	250	513	263	-	414	414
Interest	1,400	1,661	261	1,500	1,710	210
Other	-	58	58	-	35	35
Transfers in	24,722	24,722	-	24,667	24,667	-
Total Receipts	\$ 118,494	120,117	1,623	\$ 117,079	118,842	1,763
DISBURSEMENTS						
Assessor	\$ 36,716	36,716	-	\$ 34,967	34,967	-
Salaries	45,231	45,231	-	40,791	40,791	-
Employee fringe benefits	11,973	9,812	(2,161)	11,500	8,065	(3,435)
Office supplies	4,000	3,417	(583)	10,500	5,419	(5,081)
Equipment	4,500	1,985	(2,515)	6,200	1,010	(5,190)
Mileage and training	3,000	2,731	(269)	4,000	1,711	(2,289)
Software management	2,250	225	(2,025)	4,500	2,010	(2,490)
Arc view	400	400	-	400	400	-
Appraisal guide	500	195	(305)	500	220	(280)
Advertising	100	-	(100)	100	-	(100)
Postage	2,300	1,955	(345)	2,000	1,331	(669)
Printing	500	336	(164)	600	336	(264)
Mapping maintenance	3,400	855	(2,545)	3,400	380	(3,020)
Software (CLT)	6,625	5,900	(725)	5,800	6,625	825
Health insurance reimbursement	-	-	-	3,500	4,152	652
Business overhead expense	400	-	(400)	400	-	(400)
Vehicle purchase	20,000	14,900	(5,100)	-	-	-
Vehicle expense	3,500	183	(3,317)	-	-	-
Total Disbursements	\$ 145,395	124,841	(20,554)	\$ 129,158	107,417	(21,741)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (26,901)	(4,724)	22,177	\$ (12,079)	11,425	23,504
CASH, JANUARY 1	79,923	79,923	-	68,498	68,498	-
CASH, DECEMBER 31	\$ 53,022	75,199	22,177	\$ 56,419	79,923	23,504

SEE NOTES TO THE FINANCIAL STATEMENTS

KNOX COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Capital Improvement Fund						
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Sales and use taxes	\$ 151,200	161,564	10,364	\$ 137,000	155,903	18,903
Interest	1,200	2,044	844	680	1,469	789
Total Receipts	<u>\$ 152,400</u>	<u>163,608</u>	<u>11,208</u>	<u>\$ 137,680</u>	<u>157,372</u>	<u>19,692</u>
DISBURSEMENTS						
Bridge repair and replacement	\$ 15,000	25,801	10,801	\$ 39,200	39,265	65
Road maintenance	115,000	95,402	(19,598)	91,000	13,324	(77,676)
Courthouse improvements	30,000	8,389	(21,611)	25,000	12,450	(12,550)
911 signs	-	-	-	22,000	22,818	818
Purchase new machinery	-	-	-	-	57,700	57,700
Total Disbursements	<u>\$ 160,000</u>	<u>129,592</u>	<u>(30,408)</u>	<u>\$ 177,200</u>	<u>145,557</u>	<u>(31,643)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (7,600)	34,016	41,616	\$ (39,520)	11,815	51,335
CASH, JANUARY 1	106,312	106,312	-	94,497	94,497	-
CASH, DECEMBER 31	<u>\$ 98,712</u>	<u>140,328</u>	<u>41,616</u>	<u>\$ 54,977</u>	<u>106,312</u>	<u>51,335</u>

Law Enforcement Fund						
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Sales and use taxes	\$ 156,500	161,565	5,065	\$ 155,766	155,896	130
Intergovernmental	10,000	16,216	6,216	19,285	18,147	(1,138)
Charges for services	4,200	10,736	6,536	3,919	9,057	5,138
Interest	275	203	(72)	120	276	156
Other	17,400	12,976	(4,424)	18,026	2,446	(15,580)
Transfers in	26,800	26,800	-	66,800	66,800	-
Total Receipts	<u>\$ 215,175</u>	<u>228,496</u>	<u>13,321</u>	<u>\$ 263,916</u>	<u>252,622</u>	<u>(11,294)</u>
DISBURSEMENTS						
Salaries	\$ 152,191	150,555	(1,636)	\$ 176,525	175,984	(541)
Drug task force	3,150	3,150	-	3,150	3,150	-
General expense/supplies	2,000	1,354	(646)	2,254	2,433	179
Missouri Uniform Law Enforcement System	-	-	-	750	1,200	450
Radio equipment	1,500	936	(564)	1,389	1,389	-
Equipment	5,000	5,506	506	-	-	-
Vehicle lease	15,000	-	(15,000)	-	-	-
Fuel	15,000	8,399	(6,601)	12,000	11,504	(496)
Board of prisoners	15,000	37,739	22,739	22,098	22,098	-
Uniforms	450	501	51	450	374	(76)
Car expense	3,000	5,064	2,064	6,042	6,042	-
Miscellaneous	250	191	(59)	500	96	(404)
Deputy sheriffs' expenses	4,500	1,330	(3,170)	1,700	1,553	(147)
Dispatch - ambulance	-	-	-	1,500	1,494	(6)
Truck purchase	-	-	-	24,368	24,368	-
Total Disbursements	<u>\$ 217,041</u>	<u>214,725</u>	<u>(2,316)</u>	<u>\$ 252,726</u>	<u>251,685</u>	<u>(1,041)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,866)	13,771	15,637	\$ 11,190	937	(10,253)
CASH, JANUARY 1	6,929	6,929	-	5,992	5,992	-
CASH, DECEMBER 31	<u>\$ 5,063</u>	<u>20,700</u>	<u>15,637</u>	<u>\$ 17,182</u>	<u>6,929</u>	<u>(10,253)</u>

KNOX COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Sheriff's Fee Fund						
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental	\$ 1,500	-	(1,500)	\$ -	-	-
Charges for services	5,500	3,501	(1,999)	6,000	4,093	(1,907)
Interest	70	138	68	40	75	35
Property sale	-	-	-	8,590	8,590	-
Total Receipts	<u>\$ 7,070</u>	<u>3,639</u>	<u>(3,431)</u>	<u>\$ 14,630</u>	<u>12,758</u>	<u>(1,872)</u>
DISBURSEMENTS						
Mileage and training	\$ 500	760	260	\$ 400	575	175
Equipment	1,500	2,108	608	9,500	9,323	(177)
Part-time deputy	5,000	1,000	(4,000)	-	-	-
Total Disbursements	<u>\$ 7,000</u>	<u>3,868</u>	<u>(3,132)</u>	<u>\$ 9,900</u>	<u>9,898</u>	<u>(2)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 70	(229)	(299)	\$ 4,730	2,860	(1,870)
CASH, JANUARY 1	7,431	7,431	-	4,571	4,571	-
CASH, DECEMBER 31	<u>\$ 7,501</u>	<u>7,202</u>	<u>(299)</u>	<u>\$ 9,301</u>	<u>7,431</u>	<u>(1,870)</u>

Law Enforcement Training Fund						
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental	\$ 500	500	-	\$ -	500	500
Charges for services	600	498	(102)	1,000	1,106	106
Interest	11	11	-	9	11	2
Other	-	50	50	-	-	-
Total Receipts	<u>\$ 1,111</u>	<u>1,059</u>	<u>(52)</u>	<u>\$ 1,009</u>	<u>1,617</u>	<u>608</u>
DISBURSEMENTS						
Continuing education	\$ 500	750	250	\$ 500	550	50
Training	900	985	85	400	773	373
Total Disbursements	<u>\$ 1,400</u>	<u>1,735</u>	<u>335</u>	<u>\$ 900</u>	<u>1,323</u>	<u>423</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (289)	(676)	(387)	\$ 109	294	185
CASH, JANUARY 1	1,015	1,015	-	721	721	-
CASH, DECEMBER 31	<u>\$ 726</u>	<u>339</u>	<u>(387)</u>	<u>\$ 830</u>	<u>1,015</u>	<u>185</u>

KNOX COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Children's Trust Fund						
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 630	653	23	\$ 600	630	30
Interest	150	115	(35)	150	148	(2)
Total Receipts	<u>\$ 780</u>	<u>768</u>	<u>(12)</u>	<u>\$ 750</u>	<u>778</u>	<u>28</u>
DISBURSEMENTS						
Shelter donation	\$ -	-	-	\$ 5,000	5,000	-
Total Disbursements	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ 5,000</u>	<u>5,000</u>	<u>-</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 780	768	(12)	\$ (4,250)	(4,222)	28
CASH, JANUARY 1	6,675	6,675	-	10,897	10,897	-
CASH, DECEMBER 31	<u>\$ 7,455</u>	<u>7,443</u>	<u>(12)</u>	<u>\$ 6,647</u>	<u>6,675</u>	<u>28</u>

Collector's Tax Maintenance Fund						
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 6,350	5,510	(840)	\$ 6,500	6,363	(137)
Interest	350	392	42	300	364	64
Total Receipts	<u>\$ 6,700</u>	<u>5,902</u>	<u>(798)</u>	<u>\$ 6,800</u>	<u>6,727</u>	<u>(73)</u>
DISBURSEMENTS						
Computer	\$ 2,500	1,887	(613)	\$ 3,000	1,100	(1,900)
Mileage and training	2,000	1,460	(540)	2,000	1,274	(726)
Office	600	292	(308)	600	378	(222)
Professional services	75	75	-	100	75	(25)
Extra help	600	480	(120)	-	-	-
Total Disbursements	<u>\$ 5,775</u>	<u>4,194</u>	<u>(1,581)</u>	<u>\$ 5,700</u>	<u>2,827</u>	<u>(2,873)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 925	1,708	783	\$ 1,100	3,900	2,800
CASH, JANUARY 1	23,212	23,212	-	19,312	19,312	-
CASH, DECEMBER 31	<u>\$ 24,137</u>	<u>24,920</u>	<u>783</u>	<u>\$ 20,412</u>	<u>23,212</u>	<u>2,800</u>

KNOX COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Economic Development Fund					
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Interest	\$ -	-	-	\$ -	21	21
Total Receipts	\$ -	-	-	\$ -	21	21
DISBURSEMENTS						
Transfers out	\$ -	-	-	\$ 6,128	6,127	(1)
Total Disbursements	\$ -	-	-	\$ 6,128	6,127	(1)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	-	-	\$ (6,128)	(6,106)	22
CASH, JANUARY 1	22	22	-	6,128	6,128	-
CASH, DECEMBER 31	\$ 22	22	-	\$ -	22	22

	Election Service Fund					
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental	\$ 2,029	2,181	152	\$ 438	438	-
Interest	-	80	80	40	56	16
Other	-	2,523	2,523	1,823	2,445	622
Total Receipts	\$ 2,029	4,784	2,755	\$ 2,301	2,939	638
DISBURSEMENTS						
Equipment	\$ 2,000	41	(1,959)	\$ 1,000	1,116	116
Grants	1,529	-	(1,529)	600	1,617	1,017
Mileage and training	-	13	13	1,000	291	(709)
Supplies	-	-	-	500	-	(500)
Total Disbursements	\$ 3,529	54	(3,475)	\$ 3,100	3,024	(76)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,500)	4,730	6,230	\$ (799)	(85)	714
CASH, JANUARY 1	2,266	2,266	-	2,351	2,351	-
CASH, DECEMBER 31	\$ 766	6,996	6,230	\$ 1,552	2,266	714

KNOX COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL -REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Election Help America Vote Act (HAVA) Fund					
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental	\$ 515	515	-	\$ 584	584	-
Interest	80	74	(6)	-	122	122
Equipment rental	1,625	-	(1,625)	4,950	6,260	1,310
Total Receipts	\$ 2,220	589	(1,631)	\$ 5,534	6,966	1,432
DISBURSEMENTS						
Equipment	\$ 5,000	4,344	(656)	\$ 6,400	7,400	1,000
Maintenance on machines	-	-	-	1,000	-	(1,000)
Transfers out	515	515	-	584	584	-
Total Disbursements	\$ 5,515	4,859	(656)	\$ 7,984	7,984	-
RECEIPTS OVER (UNDER) DISBURSEMENT:	\$ (3,295)	(4,270)	(975)	\$ (2,450)	(1,018)	1,432
CASH, JANUARY 1	4,276	4,276	-	5,294	5,294	-
CASH, DECEMBER 31	\$ 981	6	(975)	\$ 2,844	4,276	1,432

	Inmate Security Fund					
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Interest	\$ 5	20	15	\$ -	4	4
Inmate	600	563	(37)	-	317	317
MoDEX phone fees	980	874	(106)	-	493	493
Total Receipts	\$ 1,585	1,457	(128)	\$ -	814	814
DISBURSEMENTS						
Equipment	\$ 500	263	(237)	\$ -	-	-
Fuel	500	500	-	-	-	-
Total Disbursements	\$ 1,000	763	(237)	\$ -	-	-
RECEIPTS OVER (UNDER) DISBURSEMENT:	\$ 585	694	109	\$ -	814	814
CASH, JANUARY 1	814	814	-	-	-	-
CASH, DECEMBER 31	\$ 1,399	1,508	109	\$ -	814	814

KNOX COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Prosecuting Attorney Training Fund						
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 100	127	27	\$ 100	198	98
Interest	2	4	2	1	2	1
Total Receipts	<u>\$ 102</u>	<u>131</u>	<u>29</u>	<u>\$ 101</u>	<u>200</u>	<u>99</u>
DISBURSEMENTS						
Training	\$ 50	-	(50)	\$ 30	30	-
Total Disbursements	<u>\$ 50</u>	<u>-</u>	<u>(50)</u>	<u>\$ 30</u>	<u>30</u>	<u>-</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 52	131	79	\$ 71	170	99
CASH, JANUARY 1	214	214	-	44	44	-
CASH, DECEMBER 31	<u>\$ 266</u>	<u>345</u>	<u>79</u>	<u>\$ 115</u>	<u>214</u>	<u>99</u>

Prosecuting Attorney Crime Fund						
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 1,500	2,985	1,485	\$ 1,500	450	(1,050)
Interest	50	16	(34)	50	40	(10)
Total Receipts	<u>\$ 1,550</u>	<u>3,001</u>	<u>1,451</u>	<u>\$ 1,550</u>	<u>490</u>	<u>(1,060)</u>
DISBURSEMENTS						
Mileage and training	\$ 500	1,188	688	\$ 750	1,461	711
Bad check fee	500	457	(43)	500	50	(450)
Other	250	868	618	-	1,799	1,799
Total Disbursements	<u>\$ 1,250</u>	<u>2,513</u>	<u>1,263</u>	<u>\$ 1,250</u>	<u>3,310</u>	<u>2,060</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 300	488	188	\$ 300	(2,820)	(3,120)
CASH, JANUARY 1	687	687	-	3,507	3,507	-
CASH, DECEMBER 31	<u>\$ 987</u>	<u>1,175</u>	<u>188</u>	<u>\$ 3,807</u>	<u>687</u>	<u>(3,120)</u>

KNOX COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Prosecuting Attorney Delinquent Tax Fund						
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ -	-	-	\$ 250	-	(250)
Interest	30	19	(11)	25	33	8
Total Receipts	\$ 30	19	(11)	\$ 275	33	(242)
DISBURSEMENTS						
Equipment	\$ -	71	71	\$ 1,000	217	(783)
Computer	750	689	(61)	-	-	-
Mileage and training	250	-	(250)	-	-	-
Other	-	-	-	-	35	35
Total Disbursements	\$ 1,000	760	(240)	\$ 1,000	252	(748)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (970)	(741)	229	\$ (725)	(219)	506
CASH, JANUARY 1	1,726	1,726	-	1,945	1,945	-
CASH, DECEMBER 31	\$ 756	985	229	\$ 1,220	1,726	506

Recorder's Technology Fund						
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 1,000	828	(172)	\$ 1,000	1,040	40
Interest	10	88	78	10	83	73
Total Receipts	\$ 1,010	916	(94)	\$ 1,010	1,123	113
DISBURSEMENTS						
Computer	\$ 1,000	845	(155)	\$ 1,000	700	(300)
Miscellaneous	500	-	(500)	-	-	-
Total Disbursements	\$ 1,500	845	(655)	\$ 1,000	700	(300)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (490)	71	561	\$ 10	423	413
CASH, JANUARY 1	5,378	5,378	-	4,955	4,955	-
CASH, DECEMBER 31	\$ 4,888	5,449	561	\$ 4,965	5,378	413

KNOX COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Recorder's User Fee Fund						
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 1,800	1,587	(213)	\$ 1,800	1,708	(92)
Interest	10	172	162	10	165	155
Total Receipts	\$ 1,810	1,759	(51)	\$ 1,810	1,873	63
DISBURSEMENTS						
Computer	\$ 1,000	148	(852)	\$ 1,000	700	(300)
Furnishings	300	35	(265)	300	233	(67)
Equipment	2,000	1,100	(900)	-	-	-
Preservation	500	-	(500)	-	-	-
Assessment fee	250	250	-	-	-	-
Miscellaneous	500	112	(388)	-	-	-
Total Disbursements	\$ 4,550	1,645	(2,905)	\$ 1,300	933	(367)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,740)	114	2,854	\$ 510	940	430
CASH, JANUARY 1	10,448	10,448	-	9,508	9,508	-
CASH, DECEMBER 31	\$ 7,708	10,562	2,854	\$ 10,018	10,448	430

Restitution Fund						
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ -	-	-	\$ 30	-	(30)
Interest	120	99	(21)	40	138	98
Donations	4,000	3,850	(150)	1,000	5,766	4,766
Total Receipts	\$ 4,120	3,949	(171)	\$ 1,070	5,904	4,834
DISBURSEMENTS						
Sheriff's equipment	\$ 3,800	3,000	(800)	\$ 5,818	5,818	-
Transfers out	-	455	455	-	-	-
Total Disbursements	\$ 3,800	3,455	(345)	\$ 5,818	5,818	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 320	494	174	\$ (4,748)	86	4,834
CASH, JANUARY 1	5,864	5,864	-	5,778	5,778	-
CASH, DECEMBER 31	\$ 6,184	6,358	174	\$ 1,030	5,864	4,834

KNOX COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Revolving Fund					
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 2,700	3,843	1,143	\$ 1,000	2,747	1,747
Interest	55	87	32	40	59	19
Total Receipts	\$ 2,755	3,930	1,175	\$ 1,040	2,806	1,766
DISBURSEMENTS						
Computer support	\$ 550	540	(10)	\$ 540	705	165
CCW supplies	-	-	-	200	-	(200)
Computer	1,000	-	(1,000)	2,000	2,000	-
Total Disbursements	\$ 1,550	540	(1,010)	\$ 2,740	2,705	(35)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 1,205	3,390	2,185	\$ (1,700)	101	1,801
CASH, JANUARY 1	4,118	4,118	-	4,017	4,017	-
CASH, DECEMBER 31	\$ 5,323	7,508	2,185	\$ 2,317	4,118	1,801

	Sever Lake Fund					
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Interest	\$ 1,300	1,422	122	\$ 800	1,349	549
Cash rent	24,000	8,865	(15,135)	24,047	24,047	-
Refund	-	22	22	-	12	12
Other	-	-	-	-	2,000	2,000
Total Receipts	\$ 25,300	10,309	(14,991)	\$ 24,847	27,408	2,561
DISBURSEMENTS						
Supplies	\$ 600	260	(340)	\$ 600	185	(415)
Electricity	1,000	653	(347)	1,000	704	(296)
Trash removal	1,500	2,719	1,219	1,500	1,336	(164)
Mowing	6,500	9,302	2,802	6,500	5,658	(842)
Rock	6,000	2,627	(3,373)	6,000	4,138	(1,862)
Chemicals	500	310	(190)	500	248	(252)
Sand	5,000	-	(5,000)	600	-	(600)
Signs	800	-	(800)	800	-	(800)
General improvement	20,000	3,590	(16,410)	20,000	136	(19,864)
Transfers out	2,000	2,000	-	5,000	5,000	-
Total Disbursements	\$ 43,900	21,461	(22,439)	\$ 42,500	17,405	(25,095)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (18,600)	(11,152)	7,448	\$ (17,653)	10,003	27,656
CASH, JANUARY 1	89,170	89,170	-	79,167	79,167	-
CASH, DECEMBER 31	\$ 70,570	78,018	7,448	\$ 61,514	89,170	27,656

KNOX COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Shop Tools Fund						
	2015			2014		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Interest	\$ 80	88	8	\$ 31	93	62
Scrap metal sales	5,000	1,906	(3,094)	6,853	6,911	58
Total Receipts	\$ 5,080	1,994	(3,086)	\$ 6,884	7,004	120
DISBURSEMENTS						
Tools	\$ 10,000	6,865	(3,135)	\$ 10,000	6,873	(3,127)
Total Disbursements	\$ 10,000	6,865	(3,135)	\$ 10,000	6,873	(3,127)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (4,920)	(4,871)	49	\$ (3,116)	131	3,247
CASH, JANUARY 1	5,208	5,208	-	5,077	5,077	-
CASH, DECEMBER 31	\$ 288	337	49	\$ 1,961	5,208	3,247

NOTES TO THE FINANCIAL STATEMENTS

KNOX COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Knox County, Missouri is governed by a County Commission with three members. In addition to the three commission members, there are ten elected Officers: Assessor, Circuit Clerk, County Clerk, Collector, Treasurer, Coroner, Prosecuting Attorney, Public Administrator, Recorder, and Sheriff.

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

A. REPORTING ENTITY

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

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

B. BASIS OF PRESENTATION

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

Fiduciary (Agency) Funds - Certain county officials, particularly the County Collector, Treasurer, Sheriff, and Public Administrator, collect and hold monies in a trustee capacity as an agent for individuals, taxing units, or other governments. These assets, which are held for the benefit of external parties, are held in fiduciary (agency) funds, which are considered custodial in nature and are not reported on the accompanying financial statements.

C. BASIS OF ACCOUNTING

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

**KNOX COUNTY, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

D. BUDGETS AND BUDGETARY ACCOUNTING

The County follows these procedures in establishing the budget information:

1. In accordance with Chapter 50 RSMo, the County's policy is to adopt a budget for each governmental fund.
2. During January, each elected officer or department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the 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. A public hearing is conducted to obtain public comment on the budget documents. Prior to approval by the County Commission, the budget document is available for public inspection.
5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
6. Budgets are prepared and adopted on the cash basis of accounting.
7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote. Budgeted amounts are as originally adopted, or as amended by the County Commission during the year. The County did not amend the 2015 budget. The County Commission amended the 2014 budget for the following funds:

Fund
General Revenue
Special Road & Bridge
Law Enforcement
Sheriff's Fee
Restitution
Shop Tools

8. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds for 2015 and 2014.

Fund	Years Ended December 31,
Law Enforcement Training	2015 and 2014
Prosecuting Attorney Crime	2015 and 2014

**KNOX COUNTY, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

E. SALES TAX AND USE TAX RATES

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

General sales tax	1%	\$ 0.01000
Capital improvement sales tax	1/2%	0.00500
Law enforcement sales tax	1/2%	<u>0.00500</u>
Total sales tax rate		\$ <u>0.02000</u>
Use tax rate	2%	\$ <u><u>0.02000</u></u>

F. PROPERTY TAXES

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

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

	<u>2015</u>	<u>2014</u>
Real Estate	\$ 42,796,525	\$ 41,517,852
Personal Property	23,102,230	22,020,102
Railroad and Utilities	<u>13,668,262</u>	<u>12,731,928</u>
Total Assessed Valuation	\$ <u><u>79,567,017</u></u>	\$ <u><u>76,269,882</u></u>

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

	<u>2015</u>	<u>2014</u>
General Revenue Fund	\$ <u>.2282</u>	\$ <u>.2456</u>
Special Road and Bridge Fund	.6561	.6651

G. CASH DEPOSITS

Cash deposits in money market accounts are stated at cost, which approximates market. Cash balances for the County Treasurer's funds are invested to the extent possible. Interest earned is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents may include repurchase agreements and any other instruments with an original maturity of ninety days or less; however, nonnegotiable certificates of deposit with original maturity of greater than ninety days are considered as cash equivalents. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, purchased at a price at or below par.

KNOX COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

H. INTERFUND ACTIVITY

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing. Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

Transfers between funds of the primary government for the years ended December 31, 2015 and 2014 were as follows:

Year Ended December 31, 2015		
Fund	Transfers In	Transfers Out
General Revenue	\$ 52,970	\$ 51,522
Special Road and Bridge	-	50,000
Assessment	24,722	-
Law Enforcement	26,800	-
Election Help America Vote Act (HAVA)	-	515
Restitution	-	455
Sever Lake	-	2,000
Totals	\$ 104,492	\$ 104,492

Year Ended December 31, 2014		
Fund	Transfers In	Transfers Out
General Revenue	\$ 150,335	\$ 91,467
Special Road and Bridge	-	138,624
Assessment	24,667	-
Law Enforcement	66,800	-
Economic Development	-	6,127
Election Help America Vote Act (HAVA)	-	584
Sever Lake	-	5,000
Totals	\$ 241,802	\$ 241,802

I. PUBLISHED FINANCIAL STATEMENTS

Under Section 50.800 and 50.810 RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. For the years ended December 31, 2015 and 2014, the published financial statements included all funds and the required information.

**KNOX COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 2. CASH

The County has determined through experience that checking accounts and money market accounts are appropriate types of accounts or instruments for its needs. Each fund type's portion of the County's cash is included on the financial statements as "Cash" under each fund's caption. Section 110.270 RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2015 and 2014, the County had no such investments.

Disclosures are provided below regarding the risk of potential loss of cash deposits. For the purpose of the disclosures, deposits with financial institutions are demand and time accounts in the County's bank.

Insured and Collateralized Deposits

In accordance with state law, all uninsured deposits in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain state or political subdivision debt obligations, surety bonds, or certain letters of credit. Missouri statutes also require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

At December 31, 2015 and 2014, the total of all County's deposits held at the respective depository bank were adequately covered by Federal Depository Insurance Coverage and with a \$1,000,000 Federal Home Loan Bank Letter of Credit and additional collateral securities held by an independent bank in the County's name or by its agent in the County's name.

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

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS

A. Deferred Compensation Plan

County employees can voluntarily elect to participate in a deferred compensation 457 plan as part of their retirement plan. The County does not contribute to this plan on behalf of any employee. For the years ended December 31, 2015 and 2014, participating employee contributions were \$7,851 and \$7,782, respectively.

B. County Employees' Retirement Fund

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

**KNOX COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS (CONTINUED)

1) Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties of not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under sections 56.800 to 56.840, RSMo; circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System; county sheriffs covered under sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The general administration and the responsibility for the proper operation of the Fund and the investment of the Fund are vested in a board of directors of eleven persons.

2) Pension Benefits

CERF first paid benefits beginning January 1, 1997. At that time a member could not retire until age 62. Beginning January 1, 2000, employees could retire with full benefits at age 62 or reduced benefits at age 55. The monthly benefit for county employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan's formula). An eligible death benefit of \$10,000 will be paid to the designated beneficiary of every active member upon his or her death.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two or a reduced benefit annuity at age fifty-five. Any member with less than eight years of creditable service forfeits all rights in the Fund but will be paid his or her accumulated contributions.

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 and 2014, the County collected and remitted to CERF \$80,216 and \$78,324, respectively, for the years then ended. The County is not a member in LAGERS.

NOTE 4. PROSECUTING ATTORNEY RETIREMENT

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's Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County contributed \$2,244 for the years ended December 31, 2015 and 2014, on behalf of the Prosecuting Attorney.

**KNOX COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 5. POST- EMPLOYMENT BENEFITS

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

NOTE 6. COMMITMENTS AND CONTINGENCIES

1) Compensated Absences

Vacation time is accrued for every eligible employee in the County and accrues at the rate of up to two weeks per year. The County provides full-time employees and part-time employees who occupy regular budgeted positions with sick time, which accrues at two days per calendar month of employment up to ninety days. Upon termination, no payment will be made for unused vacation or sick 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) The County had the following debt outstanding at December 31, 2015:

- A. The County entered into a three-year lease-purchase of a 2013 Caterpillar motor grader in January 2013. The total principal of the three-year lease agreement is \$108,882 with total principal and interest payments of \$38,641 for 2014, 2015, and 2016 (total of \$115,923). The total principal paid as of December 31, 2015, was \$71,439 and total interest paid of \$5,843 (total of \$7,282). The total remaining principal and interest due as of December 31, 2015, is \$37,443 in principal with interest of \$1,198.
- B. In 2012, the County purchased voting equipment in the amount of \$52,885 with no interest charged. The County paid \$8,400 in 2015 and 2014, with \$23,991 due as of December 31, 2015.
- C. In 2015, the County entered into a five-year lease agreement for two police cars for \$51,018. The principal amount due as of December 31, 2015, is \$51,018. The total amount financed was \$51,018 with total principal and interest payments of \$11,020 per year as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2016	\$ 9,683	\$ 1,337	\$ 11,020
2017	9,936	1,084	11,020
2018	10,197	823	11,020
2019	10,464	556	11,020
2020	10,738	282	11,020
Total	\$ <u>51,018</u>	\$ <u>4,082</u>	\$ <u>55,100</u>

**KNOX COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 6. COMMITMENTS AND CONTINGENCIES (CONTINUED)

D. The County entered into a seven year lease-purchase of one new motor grader and one used road grader in October 2015 for a total price of \$391,461, less a payment of \$74,500 paid (balance of \$316,961). The total amount financed was \$317,111 with total principal and interest payments of \$51,282 per year through 2022 (\$16,196 on old grader and \$35,086 on new grader). The amount financed for the used grader was \$100,150 and the new grader was \$216,961 (total of \$317,111 including a \$2 balloon payment). The total amount due on the lease agreement as of December 31, 2015, is as follows:

<u>YEAR</u>		<u>PRINCIPAL</u>		<u>INTEREST</u>		<u>TOTAL</u>
2016	\$	41,135	\$	10,147	\$	51,282
2017		42,451		8,831		51,282
2018		43,810		7,472		51,282
2019		45,212		6,070		51,282
2020		46,658		4,624		51,282
2021		48,151		3,131		51,282
2022		49,694		1,590		51,284
Totals	\$	<u>317,111</u>	\$	<u>41,865</u>	\$	<u>358,976</u>

NOTE 7. RISK MANAGEMENT

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

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

NOTE 8. SUBSEQUENT EVENT

In April 2016, voters in Knox County, Missouri, approved an additional countywide sales tax rate of 1/2% to fund capital improvements for the courthouse. The tax goes into effect on September 30, 2016, for fifteen years (expires on September 30, 2031, or whenever the final payment occurs on the project financing, whichever comes first).

COMPLIANCE SECTION

August 12, 2016

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

To the County Commission
and Officeholders of
Knox County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the county funds of Knox County, Missouri, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Knox County, Missouri's basic financial statements, and have issued our report thereon dated August 12, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Knox County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

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

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*.

However, we noted one immaterial instance of noncompliance we have reported to Knox County, Missouri in the accompanying Schedule of Findings and Response as item 1.

Knox County, Missouri's Response to Finding

Knox County's response to the finding identified in our audit is described in the accompanying schedule of findings and response. We did not audit Knox County's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, County Commission, others within the entity, and the State of Missouri and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Beard-Boehmer & Associates, PC

Beard-Boehmer and Associates, PC
Columbia, MO

**KNOX COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

1. Budgetary Controls Not in Compliance With State Law

Condition: We noted the following issue with the County’s budgeting process during our audit:

The County Commission and other county officials did not exercise adequate budgetary control over two funds during the audit period. Expenditures were approved for payment that exceeded the approved budget for the following funds as shown below:

Fund	Year	Amount
Law Enforcement Training	2015	\$ 335
Law Enforcement Training	2014	\$ 423
Prosecuting Attorney Crime	2015	\$ 1,263
Prosecuting Attorney Crime	2014	\$ 2,060

Criteria: Section 50.540 RSMo requires that the budget be revised prior to authorizing expenditures in excess of the budget.

Cause: County officials did not prepare amended budgets for the two funds.

Effect: The County Commission and the County Clerk did not follow state law and budgetary guidelines on the preparation of budget documents.

Recommendation:

- A. The County Commission and County Clerk should ensure amended budgets are prepared and formally approved and filed with the state as required by state law.
- B. The County Commission should not approve expenditures in excess of budgeted amounts. The County Commission should properly amend the budgets in a public meeting when unforeseen circumstances arise that necessitate increased expenditures in any fund.

Response: In the future, we will make a more assertive effort to monitor the balances in all the budget funds. We will be more proactive in amending the budget when necessary.

**KNOX COUNTY, MISSOURI
FOLLOW UP ON PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

The County did not have an audit for the prior two years of 2012 and 2013 and, therefore, there are no prior audit findings to follow up on. The last audit of the County was for the two years ended December 31, 2011.