



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Webster County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Webster 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, 2016, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Stopp & VanHoy, Certified Public Accountants, and Business Advisors, LLC, is attached.

Nicole R. Galloway, CPA
State Auditor

August 2017
Report No. 2017-084

**The County of Webster
Marshfield, Missouri
Financial Statements, Independent Auditor's Reports and Supplementary Information
For the year ended December 31, 2016**



**The County of Webster
Marshfield, Missouri
Table of Contents**

	<u>Page</u>
<u>Financial Section</u>	
Independent Auditor's Report.....	1
Financial Statements:	
Statement of Receipts, Disbursements, and Changes in Cash- All Governmental Funds: Regulatory Basis For the year ended December 31, 2016.....	3
Statements of Receipts, Disbursements, and Changes in Cash- Budget & Actual, All Governmental Funds: Regulatory Basis For the year ended December 31, 2016.....	4
Notes to the Financial Statements.....	19
<u>Supplementary Information</u>	
Schedule of the County's Proportionate Share of the Net Pension Liability.....	29
Schedule of Pension Contributions (CERF).....	30
<u>Federal Compliance Section</u>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	31
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	33
Schedule of Expenditures of Federal Awards.....	35
Notes to the Schedule of Expenditures of Federal Awards.....	36
Schedule of Findings and Questioned Costs.....	37
Follow-Up to Prior Audit Findings for an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	39

INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of Webster County, Missouri

We have audited the accompanying financial statements of Webster County, Missouri, as of and for the year ended December 31, 2016, which collectively comprise the County's basic financial statements and the related notes to the financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. 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.

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 opinions.

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

As described in Note 1, the financial statements are prepared by Webster 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 Webster County, Missouri, as of December 31, 2016, or the changes in its financial position 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 balances of the funds of Webster County, Missouri, as of December 31, 2016, and their respective cash receipts and disbursements, and budgetary results of these funds for the year then ended, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Webster County, Missouri’s basic financial statements. The other supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplemental information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 other supplemental information and schedule of expenditures of federal awards are 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 June 27, 2017, on our consideration of Webster 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 Webster County, Missouri’s internal control over financial reporting and compliance.



Creve Coeur, Missouri
June 27, 2017

The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

<u>Fund</u>	Cash and Equivalents January 01, 2016	Receipts 2016	Disbursements 2016	Cash and Equivalents December 31, 2016
General Revenue Fund	\$ 1,903,367	\$ 3,875,018	\$ 3,666,256	\$ 2,112,129
Special Road and Bridge Fund	85,140	2,531,579	2,395,725	220,994
Assessment Fund	151,194	322,059	312,240	161,013
Law Enforcement Restitution Fund	7,084	10,753	-	17,837
Sheriff Fund	13,857	30,331	24,670	19,518
Sheriff Revolving Fund	85,795	101,944	55,356	132,383
Law Enforcement Training - P.A. Fund	355	1,349	1,424	280
Local Emergency Planning Fund	11,253	2,837	1,270	12,820
Recorder's Fee Fund	95,299	15,420	20,050	90,669
Law Enforcement Training-Sheriff Fund	-	3,718	2,339	1,379
Election Services Fund	12,486	6,287	15,805	2,968
Capital Improvement Fund	182,693	1,910,832	1,625,183	468,342
GR30 Fund	185,276	62,567	51,969	195,874
Crisis Disbursement Services Fund	2,125	3,149	3,322	1,952
PA Delinquent Tax Fee Fund	21	3,656	3,486	191
DARE Fund	-	4,560	3,681	879
Recorder's Equipment Fund	11,842	8,109	2,051	17,900
Tax Maintenance Fund	15,974	38,669	21,491	33,152
Children's Trust Fund	2,092	1,325	1,500	1,917
PA Administrative Handling Cost Fund	520	37,406	36,633	1,293
Senior Citizens Services Fund	35,342	198,648	194,236	39,754
Law Enforcement Sales Tax Fund	-	793,475	793,475	-
Jail Project Fund	3,639,314	1,251,440	714,936	4,175,818
Developmentally Disabled Board Fund	265,318	468,258	371,002	362,574
Sweetbriar NID Fund	842	6,131	5,993	980
Sweetbriar NID Reserve Fund	5,000	-	-	5,000
Inmate Security Fund	66,225	70,636	81,856	55,005
Total	<u>\$ 6,778,414</u>	<u>\$ 11,760,156</u>	<u>\$ 10,405,949</u>	<u>\$ 8,132,621</u>

See Notes to the Financial Statements

**The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016**

	General Revenue Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ 950	\$ 1,181
Sales Taxes	2,677,116	2,695,107
Intergovernmental	345,392	273,190
Charges for Services	786,368	829,688
Interest	22,000	20,633
Other	10,750	13,276
Transfers In	41,692	41,943
Total Receipts	<u>\$ 3,884,268</u>	<u>\$ 3,875,018</u>
<u>Disbursements</u>		
County Commission	\$ 116,281	\$ 115,157
Building and Grounds	158,234	154,325
Emergency Management	127,931	112,277
County Clerk	122,887	107,012
Elections	199,035	198,127
County Treasurer	61,307	60,295
Collector of Revenue	130,082	147,378
Recorder of Deeds	121,591	113,093
Surveyor	5,580	5,200
Circuit Judge	115,710	92,220
Circuit Clerk	73,400	40,669
Associate Court	8,350	4,324
Drug Court	20,910	19,164
Public Administrator	74,985	77,588
Sheriff	1,190,435	1,218,943
Jail	524,559	548,654
Prosecuting Attorney	367,824	357,019
Coroner	36,148	29,747
Health and Welfare	250	550
General County Government	252,167	231,945
Emergency Fund	117,500	-
Transfers Out	35,042	32,569
Total Disbursements	<u>\$ 3,860,208</u>	<u>\$ 3,666,256</u>
Receipts Over (Under) Disbursements	\$ 24,060	\$ 208,762
Cash and Cash Equivalents		
January 1	<u>1,903,367</u>	<u>1,903,367</u>
Cash and Cash Equivalents		
December 31	<u>\$ 1,927,427</u>	<u>\$ 2,112,129</u>

See Notes to the Financial Statements

The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

	Special Road and Bridge Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ 662,568	\$ 668,596
Sales Taxes	-	-
Intergovernmental	1,576,910	1,847,602
Charges for Services	-	-
Interest	3,500	3,708
Other	13,250	11,673
Transfers In	-	-
Total Receipts	<u>\$ 2,256,228</u>	<u>\$ 2,531,579</u>
<u>Disbursements</u>		
Salaries	\$ 716,992	\$ 701,154
Employee Fringe Benefits	235,050	252,278
General Office Supplies	16,975	7,094
Office Equipment Expense	4,100	2,632
Mileage and Training	975	683
Facility and Equipment	15,950	41,022
Road Equipment	336,100	424,671
Construction Materials	640,460	691,406
Other	291,101	274,785
Transfers Out	-	-
Total Disbursements	<u>\$ 2,257,703</u>	<u>\$ 2,395,725</u>
Receipts Over (Under) Disbursements	\$ (1,475)	\$ 135,854
Cash and Cash Equivalents		
January 1	<u>85,140</u>	<u>85,140</u>
Cash and Cash Equivalents		
December 31	<u>\$ 83,665</u>	<u>\$ 220,994</u>

See Notes to the Financial Statements

The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

	Assessment Fund		Law Enforcement Restitution Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	324,500	297,492	-	-
Charges for Services	5,000	4,939	3,500	10,658
Interest	1,500	1,886	75	95
Other	-	-	-	-
Transfers In	17,742	17,742	-	-
Total Receipts	<u>\$ 348,742</u>	<u>\$ 322,059</u>	<u>\$ 3,575</u>	<u>\$ 10,753</u>
<u>Disbursements</u>				
Personnel and Staffing	\$ 261,986	\$ 259,018	\$ -	\$ -
General Office Supplies	38,500	44,685	-	-
Equipment Expense	39,500	3,550	10,000	-
Mileage and Training	8,900	4,987	-	-
Other	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 348,886</u>	<u>\$ 312,240</u>	<u>\$ 10,000</u>	<u>\$ -</u>
Receipts Over (Under) Disbursements	\$ (144)	\$ 9,819	\$ (6,425)	\$ 10,753
Cash and Cash Equivalents				
January 1	<u>151,194</u>	<u>151,194</u>	<u>7,084</u>	<u>7,084</u>
Cash and Cash Equivalents				
December 31	<u>\$ 151,050</u>	<u>\$ 161,013</u>	<u>\$ 659</u>	<u>\$ 17,837</u>

See Notes to the Financial Statements

The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

	Sheriff Fund		Sheriff Revolving Fund	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	30,000	29,710	60,000	100,936
Interest	150	141	750	1,008
Other	-	480	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 30,150</u>	<u>\$ 30,331</u>	<u>\$ 60,750</u>	<u>\$ 101,944</u>
Disbursements				
Personnel Expenses	\$ 10,000	\$ 1,117	\$ -	\$ -
Office Supplies	1,650	9,479	31,250	26,450
Facilities	5,300	1,459	-	-
Vehicle Expense	23,500	-	-	-
Equipment	2,500	8,779	35,000	60
Mileage and Training	800	2,132	1,300	1,522
Other	-	1,704	1,000	475
Transfer Out	-	-	22,500	26,849
Total Disbursements	<u>\$ 43,750</u>	<u>\$ 24,670</u>	<u>\$ 91,050</u>	<u>\$ 55,356</u>
Receipts Over (Under) Disbursements	\$ (13,600)	\$ 5,661	\$ (30,300)	\$ 46,588
Cash and Cash Equivalents				
January 1	<u>13,857</u>	<u>13,857</u>	<u>85,795</u>	<u>85,795</u>
Cash and Cash Equivalents				
December 31	<u>\$ 257</u>	<u>\$ 19,518</u>	<u>\$ 55,495</u>	<u>\$ 132,383</u>

See Notes to the Financial Statements

The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

	<u>Law Enforcement Training - P.A. Fund</u>		<u>Local Emergency Planning Fund</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	400	400	3,500	2,729
Charges for Services	1,050	947	-	-
Interest	5	2	150	108
Other	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 1,455</u>	<u>\$ 1,349</u>	<u>\$ 3,650</u>	<u>\$ 2,837</u>
<u>Disbursements</u>				
General Office Expense	\$ -	\$ -	\$ 1,000	\$ -
Grant Expense	-	-	3,500	-
Mileage and Training	1,750	1,424	2,000	1,215
Other	-	-	-	55
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 1,750</u>	<u>\$ 1,424</u>	<u>\$ 6,500</u>	<u>\$ 1,270</u>
Receipts Over (Under) Disbursements	\$ (295)	\$ (75)	\$ (2,850)	\$ 1,567
Cash and Cash Equivalents				
January 1	<u>355</u>	<u>355</u>	<u>11,253</u>	<u>11,253</u>
Cash and Cash Equivalents				
December 31	<u>\$ 60</u>	<u>\$ 280</u>	<u>\$ 8,403</u>	<u>\$ 12,820</u>

See Notes to the Financial Statements

The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

	Recorder's Fee Fund		Law Enforcement Training-Sheriff Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	13,000	14,614	4,500	3,716
Interest	700	806	50	2
Other	20	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 13,720</u>	<u>\$ 15,420</u>	<u>\$ 4,550</u>	<u>\$ 3,718</u>
<u>Disbursements</u>				
General Office Expense	\$ 7,600	\$ 4,736	\$ -	\$ -
Equipment Expense	-	-	2,500	-
Mileage and Training	2,450	1,638	2,000	2,339
Other	74	82	-	-
Transfers Out	-	13,594	-	-
Total Disbursements	<u>\$ 10,124</u>	<u>\$ 20,050</u>	<u>\$ 4,500</u>	<u>\$ 2,339</u>
Receipts Over (Under) Disbursements	\$ 3,596	\$ (4,630)	\$ 50	\$ 1,379
Cash and Cash Equivalents				
January 1	<u>95,299</u>	<u>95,299</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents				
December 31	<u>\$ 98,895</u>	<u>\$ 90,669</u>	<u>\$ 50</u>	<u>\$ 1,379</u>

See Notes to the Financial Statements

The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

	Election Services Fund		Capital Improvement Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	1,606,317	1,585,422
Intergovernmental	-	-	766,618	229,709
Charges for Services	10,550	5,798	50,000	86,267
Interest	125	92	3,750	3,634
Other	2,500	-	355,500	5,800
Transfers In	1,750	397	-	-
Total Receipts	<u>\$ 14,925</u>	<u>\$ 6,287</u>	<u>\$ 2,782,185</u>	<u>\$ 1,910,832</u>
<u>Disbursements</u>				
General Office Expense	\$ 4,500	\$ -	\$ -	\$ -
Equipment	12,750	12,354	510,000	489,387
Material	-	-	1,689,000	651,589
Services	-	-	250,746	205,389
Mileage and Training	3,250	2,615	-	-
Grant Expense	-	-	237,618	278,818
Other	4,050	836	-	-
Transfer Out	-	-	-	-
Total Disbursements	<u>\$ 24,550</u>	<u>\$ 15,805</u>	<u>\$ 2,687,364</u>	<u>\$ 1,625,183</u>
Receipts Over (Under) Disbursements	\$ (9,625)	\$ (9,518)	\$ 94,821	\$ 285,649
Cash and Cash Equivalents				
January 1	<u>12,486</u>	<u>12,486</u>	<u>182,693</u>	<u>182,693</u>
Cash and Cash Equivalents				
December 31	<u>\$ 2,861</u>	<u>\$ 2,968</u>	<u>\$ 277,514</u>	<u>\$ 468,342</u>

See Notes to the Financial Statements

The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

	GR30 Fund		Crisis Disbursement Services Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	47,241	47,558	-	-
Intergovernmental	9,250	9,890	2,250	2,863
Charges for Services	-	-	-	-
Interest	7,500	1,604	-	-
Other	6,000	3,515	250	286
Transfers In	-	-	-	-
Total Receipts	<u>\$ 69,991</u>	<u>\$ 62,567</u>	<u>\$ 2,500</u>	<u>\$ 3,149</u>
<u>Disbursements</u>				
Crisis Assistance	\$ -	\$ -	\$ 4,250	\$ 3,322
Capital Improvements	253,250	51,969	-	-
Other	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 253,250</u>	<u>\$ 51,969</u>	<u>\$ 4,250</u>	<u>\$ 3,322</u>
Receipts Over (Under) Disbursements	\$ (183,259)	\$ 10,598	\$ (1,750)	\$ (173)
Cash and Cash Equivalents				
January 1	<u>185,276</u>	<u>185,276</u>	<u>2,125</u>	<u>2,125</u>
Cash and Cash Equivalents				
December 31	<u>\$ 2,017</u>	<u>\$ 195,874</u>	<u>\$ 375</u>	<u>\$ 1,952</u>

See Notes to the Financial Statements

The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

	PA Delinquent Tax Fee Fund		DARE Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	3,750	3,650	-	-
Interest	5	6	25	26
Other	-	-	1,000	1,234
Transfers In	-	-	3,300	3,300
Total Receipts	<u>\$ 3,755</u>	<u>\$ 3,656</u>	<u>\$ 4,325</u>	<u>\$ 4,560</u>
<u>Disbursements</u>				
Supplies	\$ -	\$ -	\$ 3,700	\$ 3,681
Mileage and Training	-	-	500	-
Other	-	-	100	-
Transfers Out	3,755	3,486	-	-
Total Disbursements	<u>\$ 3,755</u>	<u>\$ 3,486</u>	<u>\$ 4,300</u>	<u>\$ 3,681</u>
Receipts Over (Under) Disbursements	\$ -	\$ 170	\$ 25	\$ 879
Cash and Cash Equivalents				
January 1	<u>21</u>	<u>21</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents				
December 31	<u>\$ 21</u>	<u>\$ 191</u>	<u>\$ 25</u>	<u>\$ 879</u>

See Notes to the Financial Statements

**The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016**

	Recorder's Equipment Fund		Tax Maintenance Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	7,000	7,993	33,500	38,441
Interest	120	116	500	228
Other	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 7,120</u>	<u>\$ 8,109</u>	<u>\$ 34,000</u>	<u>\$ 38,669</u>
<u>Disbursements</u>				
General Office Expense	\$ 3,120	\$ 1,764	\$ 200	\$ 10,479
Equipment Expense	8,000	287	26,200	8,869
Mileage and Training	-	-	2,000	2,003
Other	-	-	20,636	140
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 11,120</u>	<u>\$ 2,051</u>	<u>\$ 49,036</u>	<u>\$ 21,491</u>
Receipts Over (Under) Disbursements	\$ (4,000)	\$ 6,058	\$ (15,036)	\$ 17,178
Cash and Cash Equivalents				
January 1	<u>11,842</u>	<u>11,842</u>	<u>15,974</u>	<u>15,974</u>
Cash and Cash Equivalents				
December 31	<u>\$ 7,842</u>	<u>\$ 17,900</u>	<u>\$ 938</u>	<u>\$ 33,152</u>

See Notes to the Financial Statements

The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

	Children's Trust Fund		PA Administrative Handling Cost Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	8,500	11,788
Charges for Services	1,500	1,315	12,500	10,995
Interest	25	10	25	7
Other	-	-	-	-
Transfers In	-	-	22,255	14,616
Total Receipts	<u>\$ 1,525</u>	<u>\$ 1,325</u>	<u>\$ 43,280</u>	<u>\$ 37,406</u>
<u>Disbursements</u>				
Victim Assistance	\$ 2,500	\$ 1,500	\$ -	\$ -
General Office Expense	-	-	17,350	15,175
Equipment Expense	-	-	11,100	12,301
Mileage and Training	-	-	6,500	6,047
Other	-	-	1,636	1,610
Transfers Out	-	-	7,000	1,500
Total Disbursements	<u>\$ 2,500</u>	<u>\$ 1,500</u>	<u>\$ 43,586</u>	<u>\$ 36,633</u>
Receipts Over (Under) Disbursements	\$ (975)	\$ (175)	\$ (306)	\$ 773
Cash and Cash Equivalents				
January 1	<u>2,092</u>	<u>2,092</u>	<u>520</u>	<u>520</u>
Cash and Cash Equivalents				
December 31	<u>\$ 1,117</u>	<u>\$ 1,917</u>	<u>\$ 214</u>	<u>\$ 1,293</u>

See Notes to the Financial Statements

The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

	Senior Citizens Services Fund		Law Enforcement Sales Tax Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ 188,000	\$ 186,413	\$ -	\$ -
Sales Taxes	-	-	790,634	790,634
Intergovernmental	-	-	-	-
Charges for Services	200	118	-	-
Interest	800	751	2,841	2,841
Other	5,000	11,366	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 194,000</u>	<u>\$ 198,648</u>	<u>\$ 793,475</u>	<u>\$ 793,475</u>
<u>Disbursements</u>				
Senior Citizens Program	\$ 206,100	\$ 191,716	\$ -	\$ -
General Office Expense	625	687	-	-
Mileage and Training	1,100	1,349	-	-
Other	260	484	-	-
Transfers Out	-	-	793,475	793,475
Total Disbursements	<u>\$ 208,085</u>	<u>\$ 194,236</u>	<u>\$ 793,475</u>	<u>\$ 793,475</u>
Receipts Over (Under) Disbursements	\$ (14,085)	\$ 4,412	\$ -	\$ -
Cash and Cash Equivalents				
January 1	<u>35,342</u>	<u>35,342</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents				
December 31	<u>\$ 21,257</u>	<u>\$ 39,754</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to the Financial Statements

The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

	Jail Project Fund		Developmentally Disabled Board Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ 287,550	\$ 301,336
Sales Taxes	425,171	428,022	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	1,500	29,338	-	1,705
Other	-	605	-	165,217
Transfers In	793,475	793,475	-	-
Total Receipts	<u>\$ 1,220,146</u>	<u>\$ 1,251,440</u>	<u>\$ 287,550</u>	<u>\$ 468,258</u>
<u>Disbursements</u>				
Salaries and Benefits	\$ -	\$ -	\$ 72,000	\$ 72,000
Administration	-	-	7,400	1,766
Planning	392,500	697,098	-	-
Capital Outlay	-	2,369	133,276	141,276
Construction	4,382,500	15,069	-	-
Transportation	-	-	93,923	93,923
Other	-	400	153,816	62,037
Transfer Out	-	-	-	-
Total Disbursements	<u>\$ 4,775,000</u>	<u>\$ 714,936</u>	<u>\$ 460,415</u>	<u>\$ 371,002</u>
Receipts Over (Under) Disbursements	\$ (3,554,854)	\$ 536,504	\$ (172,865)	\$ 97,256
Cash and Cash Equivalents				
January 1	<u>3,639,314</u>	<u>3,639,314</u>	<u>265,318</u>	<u>265,318</u>
Cash and Cash Equivalents				
December 31	<u>\$ 84,460</u>	<u>\$ 4,175,818</u>	<u>\$ 92,453</u>	<u>\$ 362,574</u>

See Notes to the Financial Statements

The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

	Sweetbriar NID Fund		Sweetbriar NID Reserve Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	7,500	6,131	-	-
Interest	-	-	-	-
Other	-	-	-	-
Transfers In	750	-	750	-
Total Receipts	<u>\$ 8,250</u>	<u>\$ 6,131</u>	<u>\$ 750</u>	<u>\$ -</u>
 <u>Disbursements</u>				
NID Expense	\$ 6,500	\$ 5,993	\$ -	\$ -
Transfers Out	750	-	750	-
Total Disbursements	<u>\$ 7,250</u>	<u>\$ 5,993</u>	<u>\$ 750</u>	<u>\$ -</u>
 Receipts Over (Under) Disbursements	\$ 1,000	\$ 138	\$ -	\$ -
 Cash and Cash Equivalents				
January 1	<u>842</u>	<u>842</u>	<u>5,000</u>	<u>5,000</u>
 Cash and Cash Equivalents				
December 31	<u><u>\$ 1,842</u></u>	<u><u>\$ 980</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 5,000</u></u>

See Notes to the Financial Statements

**The County of Webster
Marshfield, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016**

	Inmate Security Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ -	\$ -
Sales Taxes	-	-
Intergovernmental	-	-
Charges for Services	66,250	70,095
Interest	500	541
Other	-	-
Transfers In	-	-
Total Receipts	<u>\$ 66,750</u>	<u>\$ 70,636</u>
<u>Disbursements</u>		
Vehicle	\$ -	\$ 35,654
Jail Supplies/Equipment	108,500	21,634
Other	24,000	24,568
Transfers Out	-	-
Total Disbursements	<u>\$ 132,500</u>	<u>\$ 81,856</u>
Receipts Over (Under) Disbursements	\$ (65,750)	\$ (11,220)
Cash and Cash Equivalents		
January 1	<u>66,225</u>	<u>66,225</u>
Cash and Cash Equivalents		
December 31	<u>\$ 475</u>	<u>\$ 55,005</u>

See Notes to the Financial Statements

**The County of Webster
Marshfield, Missouri
Notes to the Financial Statements
For the year ended December 31, 2016**

Note 1 - Summary of Significant Accounting Policies

The County of Webster, Missouri ("County") was established in 1855. Webster County's government is a county-organized, third-class county. The county seat is Marshfield. Webster County's government is composed of a three-member board of commissioners and the following separately elected Constitutional Officers: Assessor, County Clerk, Collector, Coroner, Treasurer, Circuit Clerk, Recorder of Deeds, Sheriff, Public Administrator and Prosecuting Attorney.

As discussed further in Note 1, 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).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Webster County, Missouri, the Webster County Senior Citizens Service Board, and the Webster County Senate Bill 40 Board ("Developmentally Disabled Board").

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

The financial statements referred to above include only the primary government of Webster County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise Webster County's legal entity. The Webster County Senior Citizens Service Board and the Webster County Developmentally Disabled Board are controlled by separate boards and are also included under the control of Webster County.

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

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Webster County, Missouri, and the comparisons of such information with the corresponding budgeted information for all funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**The County of Webster
Marshfield, Missouri
Notes to the Financial Statements
For the year ended December 31, 2016**

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

As a result of the use of 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 Webster County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, 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.

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo, Webster County adopts a budget for each governmental fund.

On or before January 15th, 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 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 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.

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.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

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 financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.

Budgets are prepared and adopted on the cash basis of accounting. State law requires that budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. Section 50.740 RSMo. also prohibits expenditures in excess of the approved budget. The County was not in compliance with Section 50.740 RSMo. during the year ended December 31, 2016 and had the following funds for which actual expenditures exceeded the budgeted expenditures: Special Road and Bridge Fund and Recorder's Fee Fund.

**The County of Webster
Marshfield, Missouri
Notes to the Financial Statements
For the year ended December 31, 2016**

Note 1 - Summary of Significant Accounting Policies (continued)

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 Webster County's boundaries for the calendar year 2016 for the purposes of taxation was:

Real Estate	\$ 276,135,970
Personal Property	86,796,502
Railroad and Utilities	24,209,446
	<u>\$ 387,141,918</u>

The tax levy per \$100 assessed valuation of tangible taxable property for the calendar year 2016 for the purpose of County taxation, was as follows:

Special Road and Bridge Fund	\$ 0.1882
Senate Bill 40 (Developmentally Disabled) Fund	0.0793
Senior Citizens Service Board Fund	0.0500
	<u>\$ 0.3175</u>

The County also receives sales tax collected by the State and remitted based on the County's sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's Funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety 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 investments 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 Webster County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

**The County of Webster
Marshfield, Missouri
Notes to the Financial Statements
For the year ended December 31, 2016**

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

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

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

Note 2 - Deposits and Investments

Webster County maintains a cash and temporary investment 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 on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

The carrying values and bank balances of deposits and investments shown above are included in the financial statements at December 31, 2016, as follows:

	<u>Carrying Value</u>	<u>Bank Balances</u>
Deposits	\$ 6,865,906	\$ 7,248,204
Investments	<u>1,266,715</u>	<u>1,266,715</u>
Total Deposits and Investments as of December 31, 2016	<u>\$ 8,132,621</u>	<u>\$ 8,514,919</u>

Note: The bank balances provided are inclusive of all funds of Webster County, and as such, may also include balances of unaudited funds which are not included in the scope of this report.

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 not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the year ended December 31, 2016; all deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

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 that sold the security to the County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of Webster County or of a type that are not exposed to custodial credit risk.

**The County of Webster
Marshfield, Missouri
Notes to the Financial Statements
For the year ended December 31, 2016**

Note 2 - Deposits and Investments (continued)

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 not 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 no 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 following investments represent more than 5%, individually, of total investments:

Issuer	Investment Type	2016 Balance	% of Portfolio
HomePride Bank	Cert. of Deposit	\$ 1,266,715	100%

Note 3 - Long Term Debt

In August 2012, the County issued \$60,000 in Neighborhood Improvement District Bonds, Series 2012, for the purpose of constructing certain road improvements within Sweetbriar Drive. The revenue bonds shall bear interest at the rate of 2.99%. Principal and interest payments are due annually on April 11 of each year.

As of December 31, 2016, the payment for the long-term debt of the county is as follows:

	Balance at 1/1/2015	Amount Borrowed	Amount Repaid	Balance at 12/31/2016	Interest Paid During Year
NID Series 2012	\$ 34,588	\$ -	\$ (4,942)	\$ 29,646	\$ 1,051

The future payments for the long-term debt as of December 31, 2016, are as follows:

Year Ending December 31,	Principal	Interest	Total
2017	\$ 4,941	\$ 899	\$ 5,840
2018	4,941	749	5,690
2019	4,941	599	5,540
2020	4,941	451	5,392
2021	4,941	300	5,241
2022	4,941	149	5,090
Total	\$ 29,646	\$ 3,147	\$ 32,793

**The County of Webster
Marshfield, Missouri
Notes to the Financial Statements
For the year ended December 31, 2016**

Note 4 - Interfund Transfers

Transfers between funds for the year ended December 31, 2016 are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Revenue Fund	\$ 41,943	\$ 32,569
Assessment Fund	17,742	-
Sheriff Revolving Fund	-	26,849
Recorder's Fee Fund	-	13,594
Election Services Fund	397	-
PA Delinquent Tax Fee Fund	-	3,486
DARE Fund	3,300	-
PA Administrative Handling Cost Fund	14,616	1,500
Law Enforcement Sales Tax Fund	-	793,475
Jail Project Fund	793,475	-
	<u>\$ 871,473</u>	<u>\$ 871,473</u>

Note 5 - State of Missouri County Employees Retirement Fund (CERF)

Plan Description

Benefit eligible employees of the County are provided with pensions through County Employees' Retirement Fund (CERF) – a mandatory cost-sharing, multiple-employer defined benefit pension plan established in 1994. Laws governing CERF are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes. As such, it is CERF's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of CERF is vested in the Board of Directors consisting of eleven members. CERF issues a publicly available Annual Financial Report that can be obtained at www.mocerf.org.

Benefits Provided

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 of 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.

**The County of Webster
Marshfield, Missouri
Notes to the Financial Statements
For the year ended December 31, 2016**

Note 5 - State of Missouri County Employees Retirement Fund (CERF) (continued)

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. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Webster County elected to pay the 4% on behalf of employees for the year ended December 31, 2016.

In addition to the above contributions required of employees, the following fees and penalties prescribed under Missouri law are required to be collected and remitted to CERF by counties covered by the plan:

- Late fees on filing of personal property tax declarations,
- Twenty dollars on each merchants and manufacturers license issued,
- Six dollars on each document recorded or filed with county recorders of deeds, with an additional one on each document recorded,
- Three sevenths of the fee on delinquent property taxes, and
- Interest earned on investment of the above collections prior to remittance to CERF.

Further information related to required contributions, pension benefits, other plan terms, and investments and related return and financial information can be found in the notes to the financial statements of CERF's Annual Financial Report.

The County's required contribution rate for the year ended December 31, 2016, was 4% of annual payroll. Contributions and statutory charges remitted to the pension plan from the County were \$134,598 and \$174,695, respectively, for the year ended December 31, 2016.

At December 31, 2016, the County reported a liability of \$1,569,148 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and was based on the most recent actuarial valuation by CERF's independent actuary as of December 31, 2014 projected forward to December 31, 2015, and financial information of the Plan as of December 31, 2015.

The County's proportion of the net pension liability was based on the County's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for CERF's plan year ended December 31, 2015. At December 31, 2015, the County's proportion was 0.81154%, which decreased by 0.02126% from the percentage used to allocate the liability as of December 31, 2014.

There were no changes in benefit terms during the CERF plan year ended December 31, 2016, that affected the measurement of total pension liability.

For the year ended December 31, 2016, the County recognized pension expense of \$82,898.

**The County of Webster
Marshfield, Missouri
Notes to the Financial Statements
For the year ended December 31, 2016**

Note 5 - State of Missouri County Employees Retirement Fund (CERF) (continued)

Actuarial Assumptions

The total pension liability in the December 31, 2015, actuarial valuation, which is also the date of measurement, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Compensation increases	2.5% plus merit
Inflation	2.5%
Investment rate of return	7.5%

Mortality rates were based on the RP-2000 Combined Mortality projected to 2010 using Scale AA.

The following actuarial assumptions and methods were changed for the actuarial valuation used for the reporting period: a) compensation increases were changed from inflation plus an age-graded allowance for merit, promotion, and seniority (total average increases, including inflation, were approximately 5.3% to 2.5%, plus merit, as indicated above; b) inflation was reduced from 3% to 2.5%, as indicated above; c) the investment rate of return was reduced from 8% to 7.5% as indicated above; and mortality rates were changed from the RP-2000 Separate Mortality projected to 2010 to the RP-2000 Combined Mortality projected to 2010, as indicated above.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 to December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of pension plan investment expense and tuition) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in CERF target asset allocation as of December 31, 2015 are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Plus	15.00%	2.66%
Absolute Return	15.00%	4.18%
U.S. Large Cap Equity	25.00%	6.38%
U.S. Small Cap Equity	10.00%	6.96%
Non-U.S. Equity	15.00%	6.58%
Long/Short Equity	10.00%	6.85%
Private Equity	5.00%	7.34%
Core Real Estate	5.00%	5.10%

**The County of Webster
Marshfield, Missouri
Notes to the Financial Statements
For the year ended December 31, 2016**

Note 5 - State of Missouri County Employees Retirement Fund (CERF) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current statutory rates and that contributions from employers will be made based on the Plan's current revenue sources (various fees and penalties collected by the counties). Such revenue was assumed to increase at the rate of 1% per year. This increase assumption has been used by the Plan in prior funding status projections. Historically, revenue increases have averaged more than 1% per year. Based on the assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. The projections covered an 80-year period into the future. The long-term expected rate of return on the Plan's investments was applied to projected benefit payments.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	Current Single Discount		
	1% Decrease (6.5%)	Rate Assumption (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability	<u>\$ 2,231,797</u>	<u>\$ 1,569,148</u>	<u>\$ 1,017,179</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERF Annual Financial Report.

Note 6 - Prosecuting Attorney Retirement Fund

In accordance with state statute Section 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 \$2,618 for the year ended December 31, 2016.

Note 7 - 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. The county had one COBRA participant at December 31, 2016, paying a premium of \$1,364.

**The County of Webster
Marshfield, Missouri
Notes to the Financial Statements
For the year ended December 31, 2016**

Note 8 - Claims, Commitments, and Contingencies

Litigation

The County is subject to various claims and legal proceeding covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Compensated Absences

The County provides employees with up to 160 hours of paid vacation based upon the number of years of continuous service. This ranges from getting 40 hours between the first year of service and second, 80 hours between three years and six years of service, 120 hours between the seventh and eleventh years of service, and 160 hours after 12 years of service. Vacation time must be used in the year it is earned. Upon termination from county employment, an employee is reimbursed for unused vacation for that year. Sick time is earned as 1.85 hours of sick leave for each complete pay period and allowed to be accumulated to 45 days. Upon termination, sick leave is payable at the rate of 25% of a max of 240 hours of total accumulated hours. These have not been subjected to auditing procedures.

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 inappropriate expenditures under the grant agreements. Such audits could result in refunding 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.

Note 9 - 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. Insurance is obtained from commercial insurance companies. 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 (Section 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 specific assessments. Members are jointly and severally liable for all claims against the risk pool.

Note 10 - Subsequent Events

The County has evaluated events subsequent to December 31, 2016 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through June 27, 2017, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

Supplementary Information

**The County of Webster
Marshfield, Missouri
Schedule of the County's Proportionate Share of the Net Pension Liability - Last 10 Fiscal Years
County Employees' Retirement Fund (CERF)**

	2016	2015
County's proportion of the net pension liability	0.81154%	0.83280%
County's proportionate share of the net pension liability	\$ 1,569,148	\$ 971,893
County's covered-employee payroll	\$ 2,584,984	\$ 2,508,399
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.70%	38.75%
Plan fiduciary net position as a percentage of the total pension liability	69.11%	78.83%

Notes:

Information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is January 1 prior to the end of the fiscal year.

**The County of Webster
Marshfield, Missouri
Schedule of Pension Contributions - Last 10 Fiscal Years
County Employees' Retirement Fund (CERF)**

	2016	2015
Required contribution	\$ 162,052	\$ 164,744
Contributions in relation to the required contribution	162,052	164,744
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered employee payroll	\$ 2,584,984	\$ 2,508,399
Contributions as a percentage of covered-employee payroll	6.27%	6.57%

Notes:

Information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is January 1 prior to the end of the fiscal year.

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

To the County Commission and
Officeholders of Webster 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 accompanying financial statements of Webster County, Missouri, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Webster County, Missouri's basic financial statements and have issued our report thereon dated June 27, 2017.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Webster County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance and other matters that is required

to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2016-001.

Webster County, Missouri's Response to Findings

Webster County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Webster County, Missouri's response was 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 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.

A handwritten signature in dark ink, appearing to read "Stopp & VanHoy". The signature is written in a cursive, flowing style.

Creve Coeur, Missouri
June 27, 2017

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

To the County Commission and
Officeholders of Webster County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Webster County, Missouri's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Webster County, Missouri's major federal programs for the year ended December 31, 2016. Webster County, Missouri'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 Webster County, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Webster County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Webster County, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of Webster County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Webster County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Webster County, Missouri's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-002, that we consider to be a significant deficiency.

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

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



Creve Coeur, Missouri
June 27, 2017

**The County of Webster
Marshfield, Missouri
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2016**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31, 2016
U.S. Department of Agriculture			
Passed through state:			
Missouri Department of Natural Resources - Emergency Watershed Protection Program	10.923	68-6424-16-220	\$ 65,435
U.S. Department of Transportation			
Passed through state:			
Missouri Office of Secretary of State - Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	N/A	21,162
University of Central Missouri - Alcohol Open Container Requirements	20.607	16-154-AL-141	590
Alcohol Open Container Requirements	20.607	16-154-AL-105	1,271
Alcohol Open Container Requirements	20.607	16-154-AL-107	3,155
Total Alcohol Open Container Requirements			<u>5,016</u>
Highway Safety Cluster			
Missouri Traffic Highway Safety Division - State & Community Highway Safety	20.600	16-PT-02-103	2,702
University of Central Missouri - National Priority Safety Programs	20.616	17-M5HVE-03-022	678
National Priority Safety Programs	20.616	16-154-AL-141	664
Total Highway Safety Cluster			<u>4,044</u>
Total U.S. Department of Transportation			30,222
Bureau of Justice Assistance			
Direct Award:			
Bulletproof Vest Partnership Program	16.607	BVP-1121-0235	7,080
U.S. Department of Health and Human Services			
Passed through State:			
Missouri Department of Social Services - Child Support Enforcement	93.563	N/A	53,883
U.S. Department of Homeland Security			
Passed through State:			
Missouri Emergency Management Agency Hazard Mitigation Grant	97.039	FEMA 1980-DR-MO (0072)	223,091
Emergency Management Performance Grant	97.042	N/A	29,439
Presidentially Declared Disasters	97.036	FEMA 4250-DR-MO	109,884
Presidentially Declared Disasters	97.036	FEMA-4238-DR-MO	417,762
Presidentially Declared Disasters	97.036	FEMA 4144-DR-MO	4,829
Total Presidentialy Declared Disasters			<u>532,475</u>
Total U.S. Department of Homeland Security			<u>785,005</u>
Total Expenditures of Federal Awards			<u>\$ 941,625</u>

See Notes to the Schedule of Expenditures of Federal Awards

**The County of Webster
Marshfield, Missouri
Notes to the Schedule of Expenditures of Federal Awards
For the year ended December 31, 2016**

Note 1 - Summary of Significant Accounting Policies

Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply 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). This Uniform Guidance requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA number is not available.

This schedule includes all federal awards administered by Webster County, Missouri.

Basis of Presentation

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

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

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Webster County, Missouri has not elected to use the 10% de minimis indirect cost rate.

Note 2 - Subrecipients

Webster County, Missouri provided no federal awards to subrecipients during the year ended December 31, 2016.

**The County of Webster
Marshfield, Missouri
Schedule of Findings and Questioned Costs
For the year ended December 31, 2016**

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

Unmodified Regulatory Basis

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are
not considered to be material weaknesses?

_____ Yes X None Reported

Any noncompliance material to financial
statements noted?

 X Yes _____ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified
not considered to be material weaknesses?

 X Yes _____ None Reported

Type of auditor's report issued on
compliance for major programs:

Unmodified

Any audit findings disclosed that are
required to be reported in accordance
with section 2 CFR section 200.516(a)?

 X Yes _____ No

Identification of Major Programs:

CFDA
Number
97.036

Name of Federal Program or Cluster
Presidentially Declared Disasters

Dollar threshold used to distinguish
between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

**The County of Webster
Marshfield, Missouri
Schedule of Findings and Questioned Costs
For the year ended December 31, 2016**

Section 2 - Financial Statement Findings

2016-001 **Criteria:** Missouri statutes require Counties to prepare an annual budget and expenditures are not to exceed the budget.

Condition: During our audit, we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The following funds had actual expenditures that exceeded the budgeted expenditures in 2016: Special Road and Bridge Fund and Recorder's Fee Fund.

Effect: Missouri statutes require Counties to prepare an annual balanced budget, and expenditures are not to exceed the budget. Due to exceeding budget the County is in violation of Missouri Revised Statutes.

Cause: Oversight

Recommendation: We recommend that the County 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 currently reviews expenditures for its primary funds on a monthly basis. Greater emphasis will be given to review of all funds prior to the close of the budget year. The County Clerk's phone number is (417) 468-2223.

Section 3 - Federal Award Findings and Questioned Costs

2016-002 Federal Grantor: U.S. Department of Homeland Security
Pass-Through Grantor: Emergency Management Agency
Federal CFDA Number: 97.036
Award Year: 2016
Program Title: Presidentially Declared Disasters

Criteria: Title 2 U.S. Code of Federal Regulations Part 200, requires auditees to prepare an accurate SEFA containing awards expended, CFDA title and number, award number, name of the Federal agency, and name of the pass-through entity.

Condition: The Schedule of Expenditures of Federal Awards (SEFA) contained errors in the amount of federal expenditures for CFDA number 97.036.

Effect: Federal expenditures reported in the SEFA were incorrect.

Cause: Management did not follow reporting requirements related to the Schedule of Expenditures of Federal Awards.

Recommendation: We recommend management develop internal controls over reporting and consult with outside accountants, if possible, to ensure an accurate SEFA is prepared.

Management's Response: The County has made great strides in improving reporting of federal expenditures. Efforts to improve will continue in order to provide the most accurate SEFA possible. The County Clerk's phone number is (417) 468-2223.

**The County of Webster
Marshfield, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Webster County, Missouri, on the applicable findings in the prior audit report issued for the year ended December 31, 2015.

Prior Year 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.

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: We disagree with the statement that documentation of internal controls has not been prepared. Formal internal control policies have been in place in both the County Clerk and Treasurer's offices for some time. The County will review COSO internal control guidance documents to determine if these policies need to be broadened or updated. The County Clerk is Stanley Whitehurst, and the office phone number is (417) 468-2223.

Status: Management has corrected this issue.

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 Webster
Marshfield, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Prior Year Financial Statement Findings (continued)

FS 2015-002 **Effect:** Lack of an appropriate risk assessment process may result in certain risks not being identified by County's
cont. 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 is working to prepare the documentation of the fraud risk assessment for the next audit period. The County Clerk is Stanley Whitehurst, and the office phone number is (417) 468-2223.

Status: Management has corrected this issue.

FS 2015-003 **Criteria:** SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit*: An Amendment to SAS No. 55.

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Context: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Cause: Management did not adequately segregate duties.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Views of responsible officials and planned corrective actions: Due to budgetary constraints, it is not always possible to segregate duties within the County. The County will work to maintain controls to mitigate these risks.

Status: This is no longer considered a significant deficiency.