

# OFFICIAL STATEMENT

**NEW ISSUE  
BANK QUALIFIED**

**NON-RATED**

In the opinion of Spencer Fane Britt & Browne LLP, Special Tax Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, interest on the Certificates is excluded from gross income for federal and Missouri income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Certificates is taken into account in determining adjusted current earnings for the purpose of determining federal corporate alternative minimum tax. The District has designated the Certificates as "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX EXEMPTION" herein.

**\$2,380,000**  
**RANDOLPH COUNTY, MISSOURI**  
**LEASE REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2013**  
**(RANDOLPH COUNTY JUSTICE CENTER PROJECT)**

Dated: March 20, 2013

Due: April 1, as shown below

The Certificates are issuable only in fully registered form, without coupons, and, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Certificates. Principal of the Certificates will be paid on April 1 of the years in which the Certificates mature, beginning April 1, 2015 by check or draft upon presentation and surrender of such Certificate at the principal corporate trust office of Commerce Bank, Kansas City, Missouri (the "Paying Agent" and "Registrar"). Interest will be payable semiannually on October 1 and April 1 in each year, beginning October 1, 2013, by the Paying Agent to the person in whose name such Certificate is registered on the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date. Purchases of the Certificates will be made in book-entry form, in the denomination of \$5,000 each or any authorized integral multiple thereof. Purchasers will not receive Certificates representing their interests in the Certificates purchased. So long as Cede & Co. is the registered owner of the Certificates, as nominee for DTC, references herein to the Certificate owners or registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners (herein defined) of the Certificates. Principal of and semiannual Interest on the Certificates will be paid by the Commerce Bank, Kansas City, Missouri, as Paying Agent, to DTC. DTC is expected to remit such principal and interest payments to the DTC Participants (herein defined) for subsequent payment to the Beneficial Owners.

The Certificates evidence certain proportionate interests in the right to receive rental payments from Randolph County, Missouri (the "County") under an annually renewable Project Lease Agreement dated as of March 20, 2013 (the "Lease"), between Commerce Bank, Kansas City, Missouri (the "Trustee") and the County. The Certificates are payable solely from Rental Payments to be made by the County pursuant to the annually renewable Lease described herein. The County intends to satisfy its obligation to make Rental Payments out of revenues generated from (1) a ½-cent sales tax and (2) other available moneys of the County. However, the County has not pledged the sales tax or any other moneys to the payment of the Certificates.

The net proceeds from the sale of the Certificates will be used for the purpose of advance crossover refunding \$2,305,000 principal maturing October 1, 2015 through October 1, 2020, of the County's Series 2004 Leasehold Revenue Bonds, dated January 1, 2004 (the "Refunded Bonds") which will be redeemed on April 1, 2014.

The Certificates shall not constitute a debt or liability of the County or of the State of Missouri or of any political subdivision thereof and shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitations or restriction. (See Security For the Certificates herein). The issuance of the Certificates shall not obligate the County to levy any form of taxation therefor or to make any appropriation for their payment in any year subsequent to a year in which the Lease is in effect.

Maturity Schedule									
Maturity (April 1)	Principal Amount	Interest Rate	Yield	Price	Maturity (April 1)	Principal Amount	Interest Rate	Yield	Price
2015	\$520,000	0.85%	0.85%	100.00%	2018	\$435,000	1.60%	1.60%	100.00%
2016	\$485,000	1.10%	1.10%	100.00%	2019	\$395,000	1.85%	1.85%	100.00%
2017	\$445,000	1.35%	1.35%	100.00%	2020	\$100,000	2.10%	2.10%	100.00%

(Plus Accrued Interest from March 20, 2013)

The Certificates maturing on and after April 1, 2017, shall be subject to prepayment prior to maturity on and after April 1, 2016 as more fully described herein under the heading "THE CERTIFICATES - Optional Prepayment," at the prepayment price of 100% of the principal amount thereof, plus accrued interest thereon to the prepayment date. The Certificates are also subject to prepayment prior to maturity under certain conditions described herein under the heading "THE CERTIFICATES - Extraordinary Optional Prepayment."

The Certificates are offered when, as and if sold and received by L.J. Hart & Company, as underwriter, subject to the approval of legality by Spencer Fane Britt & Browne LLP, St. Louis, Missouri, Special Tax Counsel. It is expected that the Certificates in definitive form will be available for delivery on or about March 20, 2013.

**L.J. HART & COMPANY**

The date of the Official Statement is February 28, 2013.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MAY OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE CERTIFICATES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any offer, solicitation or sale of the Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder at any time shall under any circumstances create any implication that there has been no change in the affairs of the District as of any time subsequent to the date hereof.

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY STATEMENT .....	5
Purpose of the Official Statement .....	5
Additional Information .....	5
General .....	5
Sales Tax .....	6
Plan of Financing .....	7
Limited Obligations .....	7
Inspections of Documents .....	8
THE CERTIFICATES .....	8
Authorization .....	8
Description .....	8
Exchange, Transfer and Registration of Certificates .....	9
Optional Prepayment .....	9
Extraordinary Optional Prepayment .....	9
Notice and Effect of Call for Prepayment .....	10
Defeasance Provisions .....	10
Book-Entry Only System .....	11
SECURITY FOR THE CERTIFICATES .....	14
Limited Obligation; Sources of Payment .....	14
Base Lease .....	15
RISK FACTORS AND INVESTMENT CONSIDERATIONS .....	15
Limited Obligations .....	15
Expiration or Termination of the Lease .....	16
Delays in Exercising Remedies .....	17
Destruction of the Project .....	17
Condemnation of the Project .....	18
Effect of Tax-Exemption of Termination of the Lease .....	18
Credit Rating .....	18
Secondary Markets and Prices .....	19
No Reserve Fund .....	19
No Credit Enhancement .....	19
THE PROJECT .....	19
Description of Project .....	19
Estimated Application of Certificate Proceeds .....	20
DEBT SERVICE ON THE CERTIFICATES .....	22
THE COUNTY .....	22
DEBT STRUCTURE OF THE COUNTY .....	25
FINANCIAL INFORMATION CONCERNING THE COUNTY .....	26
CERTAIN RELATIONSHIPS .....	30
EXPERTS .....	30
APPROVAL OF LEGALITY .....	30
TAX MATTERS .....	30
ABSENCE OF LITIGATION .....	32
UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE .....	32
UNDERWRITING .....	32
MISCELLANEOUS .....	33
APPENDIX A - DEFINITIONS OF WORDS AND TERMS AND SUMMARY OF DOCUMENTS .....	A-1
APPENDIX B - STATE AUDIT FOR THE YEARS ENDING DECEMBER 31, 2010 & DECEMBER 31, 2009 .....	B-1

## **RANDOLPH COUNTY, MISSOURI**

### **ADMINISTRATIVE OFFICE**

110 South Main  
Huntsville, Missouri 65259  
(660) 277-4722

### **COMMISSIONERS**

Susan Carter -- Presiding Commissioner  
Wayne Wilcox -- Commissioner, Eastern District  
Jerry Crutchfield -- Commissioner, Western District

### **COUNTY CLERK**

Will Ellis

### **SPECIAL TAX COUNSEL**

Spencer Fane Britt & Browne LLP  
St. Louis, Missouri

### **UNDERWRITER**

L.J. Hart & Company  
St. Louis, Missouri

### **TRUSTEE / PAYING AGENT / REGISTRAR**

Commerce Bank  
Kansas County, Missouri

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## **OFFICIAL STATEMENT**

**\$2,380,000**

### **RANDOLPH COUNTY, MISSOURI LEASE REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2013 (RANDOLPH COUNTY JUSTICE CENTER PROJECT)**

#### **INTRODUCTORY STATEMENT**

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.

#### ***Purpose of the Official Statement***

The purpose of this Official Statement is to furnish information relating to Randolph County, Missouri (the "County"), the Randolph County Commission (the "Commission"), and the Lease Refunding Certificates of Participation, Series 2013 (Randolph County Justice Center Project) (the "Certificates"), dated March 20, 2013, issued in the principal amount of \$2,380,000.

#### ***Additional Information***

Additional information regarding the County or the Certificates may be obtained from Susan Carter, Presiding Commissioner, 110 South Main, Huntsville, Missouri 65259, telephone (660) 277-4722 or from L.J. Hart & Company, the original purchaser of the Certificates, 16401 Swingley Ridge Road, Suite 210, St. Louis, Missouri 63017, telephone (636) 537-9939 (the "Underwriter").

#### ***General***

This Official Statement, including the cover page hereof and the appendices hereto, is provided to furnish information in connection with the offering and sale of the Randolph County, Missouri Lease Refunding Certificates of Participation, Series 2013 (Randolph County Justice Center Project), dated March 20, 2013, in the aggregate principal amount of \$2,380,000 (the "Certificates"), evidencing proportionate ownership interests in the right to receive certain payments (comprising a principal component and an interest component) under an annually renewable Project Lease Agreement, dated as of March 20, 2013 (the "**Lease**"), between the Commerce Bank, Kansas City, Missouri (the "**Trustee**"), as Lessor, and the Randolph County, Missouri (the "**County**"), as Lessee. The Certificates are being

issued for the purpose of advance crossover refunding \$2,305,000 principal amount maturing April 1, 2015 through April 1, 2020, of the Randolph County, Missouri Public Facilities Authority Leasehold Revenue Bonds, Series 2004 (Randolph County Justice Center Project) dated January 1, 2004 (the "Refunded Bonds"). The proceeds from the Certificates, together with other funds provided by the District, are to be used to purchase an escrow account of State and Local Government Securities that pay the interest on the Certificates through April 1, 2014 when the escrow account will prepay \$2,305,000 principal of the Refunded Bonds that will be called in for early redemption on April 1, 2014. The Refunded Bonds were issued for the purpose of providing funds (1) to finance and refinance the costs of constructing, furnishing and equipping a new County jail, Sheriff's offices, and judicial facilities (the "Facilities") located on certain real estate (the "Project Site"), the Project Site and Facilities being collectively referred to as the "Project," in Randolph County, Missouri, a third class county and political subdivision of the State of Missouri (the "County"), (2) to fund a Reserve Fund with respect to the Bonds and (3) to pay related Bond issuance costs.

### **Sales Tax**

In April 2002, voters of the County approved a new ½-cent sales tax (the "Sales Tax") for the purpose of constructing, equipping, operating and maintaining a County jail with judicial facilities to be located on the County Farm in the County of Huntsville, Missouri (the County seat), to be effective for a period of eighteen years. The revenue from the Sales Tax began to be collected on October 1, 2002. The County intends to satisfy its obligation to make Rental Payments with respect to the Refunding Certificates out of revenues generated from the Sales Tax. The County's obligation to make Rental Payments is not, however, limited to revenues of the Sales Tax, and revenues of the County are not, and cannot be, pledged to the payment of Rental Payments. Each year during its budget process, the County Commission will decide whether to appropriate revenues from the Sales Tax or from other available sources during the then current fiscal year to make Rental Payments during such fiscal year. There is nothing in the state statutes that would prevent the County Commission from using funds from the General Fund to make Rental Payments should Sales Tax revenues be insufficient.

The following table shows the amount of revenues received by the County from this new ½-cent sales tax for the past five years:

<b>Year</b>	<b>Amount</b>	<b>% Change</b>
2012	\$1,248,357	-1.55%
2011	\$1,267,980	4.41%
2010	\$1,214,472	-0.30%
2009	\$1,218,174	-5.59%
2008	\$1,290,317	

In addition to the new Sales Tax, the County has an existing ½-cent sales tax. The following table shows the amount of revenues received by the County from its existing ½-cent sales tax for the past five years.

<b>Year</b>	<b>Amount</b>	<b>% Change</b>
2012	\$1,248,938	-1.56%
2011	\$1,268,698	4.43%
2010	\$1,214,850	-0.32%
2009	\$1,218,801	-5.51%
2008	\$1,289,854	

### ***Plan of Financing***

Pursuant to a Resolution adopted by the County on February 28, 2013, the County has been authorized to enter into (a) a Base Lease Agreement to be dated as of March 20, 2013 (the “**Base Lease**”), pursuant to which the County, as Lessor, will grant a leasehold interest to the Trustee, as Lessee, all its interest in certain Project, as herein defined with a lease term ending on December 31, 2025; (b) an annually renewable Project Lease Agreement, dated as of March 20, 2013 (the “**Lease**”), under which the Trustee shall (i) pay the costs of purchasing an Escrow Account of U.S. Treasury Securities for redeeming \$2,305,000 of the Refunded Bonds, as herein defined, on April 1, 2014; (ii) lease the Project back to the County for an initial term ending December 31, 2013 (the “Initial Term”), with seven successive one-year renewal options (the “Renewal Terms”) commencing on January 1 of each year, which are subject to annual budget appropriations, provided that the final Renewal Term does not extend beyond December 31, 2020. and (iii) receive lease payments (the “Base Rentals”) from the County, which Base Rentals will be sufficient, during the Initial Term and each Renewal Term to pay when due all amounts representing the Principal of, premium, if any, and Interest with respect to the Certificates; and (c) a Declaration of Trust, dated as of March 20, 2013 (the “Trust Agreement”), executed by the Trustee and joined in by the County, under which the Certificates shall be sold and the Trustee shall pledge and assign such rents, revenues, receipts, and other moneys to pay the aggregate stated principal components of the Certificates and amounts representing premium, if any, and interest with respect thereto. Base Rentals under the Lease are designed to be sufficient, together with other funds available for such purpose, to pay when due all amounts representing principal, premium, if any, and interest with respect to the Certificates.

### ***Limited Obligations***

Payments made by the County under the Lease are payable solely from amounts which may, but are not required to, be appropriated annually by the County. Neither the Certificates, the Lease nor any payments required under the Lease shall constitute a mandatory payment obligation of the County in any year beyond the year during which the County is a lessee under the Lease, or constitute or give rise to a general obligation or

other indebtedness of the County. The County is not legally obligated to budget or appropriate moneys for any fiscal year beyond the current fiscal year or any subsequent fiscal year in which the Lease is in effect, and there can be no assurance that the County will appropriate funds to make Rental Payments or renew the Lease after the Initial Term or any Renewal Term of the Lease. The County may terminate its obligations under the lease on an annual basis. The County will have the option to purchase the Lessor's leasehold interest in the Project on an annual basis at any time by payment of amounts sufficient to redeem all of the outstanding as provided in the Lease. See "THE CERTIFICATES - Optional Prepayment." Failure of the County to renew the Lease could adversely affect payment of the Certificates. See "RISK FACTORS."

The Certificates shall not constitute a debt or liability of the County or of the State of Missouri or of any political subdivision thereof and shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Certificates shall not obligate the County to levy any form of taxation therefor or to make any appropriation for their payment in any fiscal year subsequent to a fiscal year in which the Lease is in effect.

### ***Inspections of Documents***

All reference to such documents, copies of which may be viewed at the offices of Commerce Bank, Kansas City (the "Trustee"), or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request are qualified in their entirety by the definitive terms thereof and the information with respect thereto included in the Lease and the Indenture.

## **THE CERTIFICATES**

### ***Authorization***

The Certificates are being issued pursuant to the Trust Agreement and pursuant to and in full compliance with the Constitution and laws of the State of Missouri and pursuant to proceedings duly had by the County.

### ***Description***

The Certificates are being issued in the principal amount of \$2,380,000, are dated March 20, 2013, bear interest at the rates per annum set forth on the Cover Page hereof, payable semiannually on October 1 and April 1 of each year beginning October 1, 2013 and mature annually on April 1 in the years and in the principal amounts set forth on the Cover Page hereof.

The Certificates are issuable as fully registered Certificates without coupons in the denominations of \$5,000 or any integral multiple thereof. Principal of the Certificates is payable at the principal corporate trust office of the Trustee in Kansas County, Missouri.



Interest on the Certificates is payable by check or draft mailed by the Trustee to the person in whose name each Certificate is registered on the 15<sup>th</sup> day of the month next preceding an interest payment date at such person's address as it appears on the certificate registration (the "Certificate Register") kept by the Trustee under the Indenture.

### ***Exchange, Transfer and Registration of Certificates***

The Certificates are transferable only upon the Certificate Register upon presentation and surrender of the Certificates, together with instructions for transfer. Certificates may be exchanged for other Certificates of any denomination authorized by the Indenture in the same aggregate principal amount, series and maturity, upon presentation to the Trustee, subject to the terms, conditions and limitations and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange or transfer.

### ***Optional Prepayment***

The Certificates maturing on April 1, 2017 and thereafter shall be subject to payment prior to maturity, upon instructions from the County, on and after April 1, 2016, in whole at any time or in part on any Payment Date and if in part in such order of Final Payment Dates as the County shall determine and by such manner as the Trustee deems fair and equitable, at a prepayment price equal to 100% of the stated Principal of the Certificates so called for prepayment, plus the Interest accrued thereon to the prepayment date, without premium.

Under the Lease, the County may elect to purchase all or a portion of the Trustee's interest in the Project. The proceeds from such sale or disposition shall be deposited with the Trustee and shall be used to redeem Certificates in accordance with the optional prepayment provisions described above.

### ***Extraordinary Optional Prepayment***

The Certificates shall be subject to payment prior to the stated maturity thereof, upon instructions from the County, as a whole or in part on any date, at a prepayment price of 100% of the principal amount of the Certificates being called for prepayment, plus accrued interest to the prepayment date, upon the occurrence of any of the following conditions or events:

- (1) if title to, or the use for a limited period of, all or any portion of the Project is condemned by any authority having the power of eminent domain (other than the County);
- (2) if title to substantially all of the Project is found to be deficient or nonexistent to the extent that the efficient utilization of the Project by the County is impaired;
- (3) if substantially all of the Project is damaged or destroyed by fire or other casualty; or

(4) if as a result of changes in the Constitution of the State of Missouri or the United States, or of legislative or administrative action by the State of Missouri or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Base Lease, the Lease or the Trust Agreement shall become void or unenforceable and the County purchases the Trustee's interest in the Project under the Lease, the Base Lease or the Trust Agreement..

### ***Notice and Effect of Call for Prepayment***

Notice of the call for any prepayment identifying the Certificates or portions thereof to be prepaid shall be given by the Trustee by mailing a copy of the prepayment notice by certified or registered mail, postage prepaid, at least 30 days prior to the prepayment date to the owner of each Certificate to be prepaid at the address shown on the registration books maintained by the Trustee; provided that no defect or failure in giving such mailed notice shall affect the validity of proceedings for prepayment of any Certificate not affected thereby.

Prior to the date fixed for prepayment, cash or Government Securities shall be deposited with the Trustee which are sufficient to pay the Certificates called for prepayment and accrued interest thereon to the prepayment date and the prepayment premium, if any. Upon the happening of the above conditions, and notice having been given as described above, the Certificates or the portions thereof thus called for prepayment will cease to bear interest on the specified prepayment date, will no longer be entitled to the protection, benefit or security of the Trust Agreement, and shall not be deemed to be outstanding under the provisions of the Trust Agreement. To the extent sufficient money is not available to prepay Certificates called for prepayment, the call for prepayment will be nullified and of no effect.

### ***Defeasance Provisions***

When the principal of, prepayment premium, if any, and interest on all the Certificates has been paid in accordance with their terms or provision has been made for such payment, as described below, and provision also has been made for paying all other sums payable under the Trust Agreement, including the fees and expenses of the Trustee and any paying agents to the date of retirement of the Certificates and all sums payable under the Lease, then the right, title and interest of the Trustee under the Trust Agreement shall cease, determine and be void, and the Trustee shall cancel, discharge and release the Trust Agreement and shall execute, acknowledge and deliver to the County such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and the satisfaction and discharge of the Indenture which may then be in the Trustee's possession, except amounts in the Certificate Fund required to be paid to the County under the Trust Agreement and except funds or securities in which such moneys are invested and held by the Trustee for the payment of the principal of, redemption premium, if any, and interest on the Certificates.

Certificates shall be deemed to be paid within the meaning of the Trust Agreement when payment of the principal of and the applicable redemption premium, if any, on such Certificates, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Indenture, or otherwise), either (1) has been made or caused to be made in accordance with the terms of the Trust Agreement, or (2) provision therefor has been made by depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment or (ii) non-callable Government Securities maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient moneys to make such payment. At such time as a Certificate shall be deemed to be paid under the Indenture, such Certificate shall no longer be secured by or be entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Government Securities.

### ***Book-Entry Only System***

The Certificates are available in book-entry only form and beneficial ownership interests therein may be purchased in the principal amount of \$5,000 each or any authorized integral multiple thereof. Purchasers of the Certificates will not receive physical Certificates representing their interest in the Certificates.

The following information concerning the Depository Trust Company (“DTC”) and DTC’s book-entry system has been obtained from DTC; however, neither the District nor the Underwriter takes any responsibility as to the accuracy or completeness thereof. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Certificates. The Certificates will be issued as fully-registered certificates registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Certificates, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical

movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation Finance Officer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the County or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with certificates held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.*

The County will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or

interest on, any Certificates; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Certificates; or (v) any other action taken by the Securities Depository or any Participant.

## **SECURITY FOR THE CERTIFICATES**

### ***Limited Obligation; Sources of Payment***

Each Certificate evidences the proportionate interest of the owner thereof in the right to receive Base Rentals derived under the Lease. The Certificates and all interest thereon with respect thereto are special, limited obligations, payable solely from the Base Rentals and such other payments, revenues and receipts, and shall be secured by a pledge and assignment of the Project to the Trustee for the benefit of the certificate owners, as security for the payment of the Certificates as provided in the Trust Agreement.

The County intends to satisfy its obligation to make Rental Payments out of revenues generated from a ½-cent Sales Tax within the County, which was approved by a majority of the voters in the County on April 2, 2002, for the purpose of constructing, equipping, operating and maintaining a County jail with judicial facilities. However, neither the Sale Tax nor other funds of the County are pledged to the payment of the Certificates. The County Commission may use funds from the General Fund, appropriated on an annual basis, to make Rental Payments should Sales Tax revenues be insufficient. See "INTRODUCTION – Sales Tax" herein.

The Certificates shall not constitute a debt or liability of the County or of the State of Missouri or of any political subdivision thereof and shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Certificates shall not obligate the County to levy any form of taxation therefore or to make any appropriation for their payment in any fiscal year subsequent to a fiscal year in which the Lease is in effect.

Under the terms of the Lease, if the County elects to renew the Lease at the end of the Initial Term or any Renewal Term, it is obligated to budget, appropriate and set aside a portion of its general revenues derived from property taxes and other sources, which appropriation shall be sufficient to make the Rental Payments coming due during the ensuing fiscal year. The County is obligated to make Rental Payments to the Trustee prior to April 1 and October 1 during each fiscal year in which the Lease is in effect, which payments shall be sufficient to enable the Trustee to meet its obligation to pay the amounts representing principal of, premium, if any, and interest on the Certificates becoming due during such Fiscal Year (but only if the County elects to renew the Lease for such Renewal Term).. THERE CAN BE NO ASSURANCE THAT THE COUNTY WILL APPROPRIATE FUNDS FOR RENTAL PAYMENTS OR RENEW THE LEASE AFTER THE INITIAL LEASE TERM. NEITHER THE CERTIFICATES FOR THE LEASE CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COUNTY, NOR A MANDATORY PAYMENT OBLIGATION IN ANY FISCAL YEAR SUBSEQUENTLY TO A FISCAL YEAR

IN WHICH THE LEASE IS IN EFFECT. THE COUNTY IS NOT LEGALLY REQUIRED TO BUDGET OR APPROPRIATE MONEYS FOR ANY SUBSEQUENT FISCAL YEAR BEYOND THE CURRENT FISCAL YEAR.

### **Base Lease**

The County will, pursuant to Base Lease, lease the Project Site to the Trustee, as lessee. The Project consists of the tract of land on which the jail and judicial facilities of the County will be situated. The Base Lease is for a term ending December 31, 2025. The site where the facilities are constructed is approximately 145 acres and will include the Project. See "PROJECT" herein.

If an Event of Default or Event of Nonappropriation occurs under the Lease, the Trustee has the right to possession of the Project for the remainder of the term of the Base Lease, and has a right to sell or sublease its interest in the Base Lease upon such terms as it deem prudent. The proceeds of such sale or sublease are required to be paid to the Trustee and applied in accordance to the Base Lease. A potential purchaser of the Certificates should not assume that it will be possible to sell the leasehold interest in the Project upon termination of the Lease Term (i) for an amount equal to the aggregate stated principal amount of Certificates then outstanding plus accrued interest and/or (ii) within a time period which would prevent a default in the timely payment of amounts payable with respect to the Certificates.

## **RISK FACTORS AND INVESTMENT CONSIDERATIONS**

*The purchase of the Certificates involves certain investment risks that are discussed throughout this Official Statement. Each prospective purchaser of the Certificates should make an independent evaluation or all of the information presented in this Official Statement in order to make an informed investment decision. Certain risk factors relating to the Certificates are described below.*

### **Limited Obligations**

The Certificates represent the undivided, proportionate interest of the owner thereof in the right to receive amounts due under the Lease. The Certificates are payable solely from the Base Rentals and other money and investments held by the Trustee under the Trust Agreement. The Base Rentals constitute currently budgeted expenditures of the County, payable only if the County Commission appropriate sufficient money to extend the term of the Lease for each successive fiscal year. The Initial Term of the Lease commences on the date of issuance and delivery, and expires on December 31, 2013. The Lease is thereafter subject to successive one-year Renewal Terms commencing on January 1 of each year, with a final Renewal Term commencing January 1, 2020 and ending December 31, 2020. Although the County intends to satisfy its obligations to pay Base Rentals out of the revenues generated by its sales taxes, those revenues are not pledged to the payment of the Certificates.

The County Commission has declared its current intention and expectation that the Lease will be renewed annually until the County exercises its option to acquire the Project. However, such a declaration may not be construed as contractually obligating or otherwise binding the County. Accordingly, the likelihood that the County will renew the Lease throughout the term of the Certificates is dependent upon certain factors which are beyond the control of the Certificate owners, including (1) the County's continuing need for the Project, (2) the demographic conditions within the County, (3) the County's ability to generate sufficient property taxes, sales taxes, and revenues from other sources to pay its obligations under the Lease and its other obligations, and (4) the value of the Project if the Trustee sells or leases its interest in the Project or if the Trustee institutes any proceeding in the event of the termination of the Lease as a result of an Event of Default or Event of Nonappropriation.

### ***Expiration or Termination of the Lease***

The Lease will expire by its terms on December 31 during each year, unless the County in its sole discretion exercises the option provided in the Lease to extend its term for each next succeeding Renewal Term with a final Lease expiration date of December 31, 2020. If in any year the County does not extend the term of the Lease, the County's obligation to make payments will terminate on the December 31 occurring at the end of the Initial Term or the then current Renewal Term. Upon (1) the expiration of the Initial Term or any Renewal Term during which an Event of Nonappropriation occurs (which is not waived by the Trustee as provided in the Lease) or (2) a default under the Lease and an election by the Trustee to terminate the County's possessory interest under the Lease, the County's right of possession and use of the Leased Property under the Lease will expire or be terminated, as appropriate. See **"SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Events of Default"** and **"- Remedies on Default"** in **Appendix A** hereto.

If the County's right of possession and use of the Project under the Lease expires or is terminated for either of the reasons described in the preceding paragraph, the County's obligation to make payments thereunder will continue through the Initial Term or the Renewal Term then in effect, but not thereafter. The Certificates will be payable from, among other sources, such money as may be available by way of recovery from the County of the Base Rentals that are due through the Initial Term or the Renewal Term then in effect. If the Lease expires at the end of the Initial Term or a Renewal Term without any extension for the next succeeding Renewal Term or if an event occurs as described above pursuant to which the Trustee terminates the County's right of possession of the Project under the Lease, the Trustee may recover and sublease or assign the Project pursuant to its rights under the Base Lease and the Trust Agreement. The net proceeds of any assignment or sublease of the Trustee's interest in the Project, together with certain other money then held by the Trustee under the Trust Agreement, are required to be used to pay the Certificates to the extent of such money.

**Due to the nature of the Project, no assurance can be given that the Trustee could sublease or assign its interest in the Project for the amount necessary (after**



taking into account money legally available from other sources) to pay in full the Principal of and Interest of Base Rentals then due with respect to the Certificates. Furthermore, no assurance can be given that the amount, if any, realized upon any sublease or sale of the Trustee's interest in the Project will be available to provide for the payment of the Certificates on a timely basis.

### ***Delays in Exercising Remedies***

A termination of the County's right of possession of the Project under the Lease as a result of an Event of Default or an Event of Nonappropriation or expiration of the term of the Lease at the end of the Initial Term or any Renewal Term will give the Trustee the right to possession of, and the right to sublease or sell the County's interest in the Project, all in accordance with the provisions of the Base Lease and the Trust Agreement. However, the enforceability of the Base Lease and the Trust Agreement is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the exercise of judicial authority by State of Missouri or federal courts and the exercise by the United States of America of the powers delegated to it by the U.S. Constitution.

Further, the Project is used by the County for the performance of its essential governmental functions of the County. Due to the essential governmental use of the Project and the delays inherent in subleasing or selling the Trustee's interest in the Project and other judicial remedies, no assurance can be given that (i) a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner, or (ii) any money realized by the Trustee upon an exercise of any remedies would be sufficient to pay in full the principal and interest on the Certificates. Any delays in the ability of the Trustee to obtain possession of the Project will, of necessity, result in delays in any payment of Principal of and Interest on the Certificates.

### ***Destruction of the Project***

The Lease requires the Project to be insured as described in **"SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Property and Casualty Insurance," "- Public Liability Insurance"** in **Appendix A** hereto. If the Project is damaged or destroyed, the County is nevertheless required to continue to make Payments under the Lease, subject to the exercise of its option to extend the term of the Lease for each next succeeding Renewal Term and to the application of net proceeds from insurance and certain other sources to repair, restore, modify, improve or replace the affected portion of the Project. If the net proceeds from insurance and such other sources are sufficient to repair, restore, modify, improve or replace the affected portion of the Project, such proceeds are to be so applied. If the net proceeds are insufficient for such purpose, (1) the County is obligated to commence and thereafter complete the work and pay any cost in excess of such net proceeds, but only from funds appropriated for such purpose, in order for the affected portion of the Project to be repaired, restored and replaced or (2) if the failure to repair or restore does not materially detract from the value of the Project, such net proceeds may be deposited into the Certificate Fund.

There can be no assurance either as to the adequacy of or timely payment under property damage insurance in effect at that time or that the County will elect to extend the term of the Lease for the next Renewal Term succeeding such damage or destruction. See **“SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Damage, Destruction, and Condemnation”** in *Appendix A* hereto.

### ***Condemnation of the Project***

Section 49.300 of the Revised Statutes of Missouri, as amended, grants Missouri counties the power to condemn property for, among other purposes, a county courthouse and a jail. There is no assurance that if the County were to condemn the Authority's interest under the Lease that the condemnation award would be sufficient to pay the outstanding principal of and interest on the Certificates.

The County has agreed in the Lease that, in the event that the whole or any part of the Project is taken by eminent domain proceedings, the interest of the Authority will be recognized. Under the Lease, the County and the Trustee have reached an agreement on the terms of the acquisition of the Project at the County's option, and to the use of the Project. The County has agreed that any acquisition of the Project or rights to its use by the County (whether pursuant to the exercise of eminent domain powers or otherwise) shall be pursuant to and in accordance with the Lease, including payment of Rental Payments and the applicable purchase price (as set forth in the Lease). If the County allows the Lease to expire without exercising its option to purchase, whether by failure to exercise its option to extend the Lease for a Renewal Term, failure to exercise its option to purchase at the conclusion of the Lease Term or failure to cure an Event of Default (as such terms are defined in the Lease), the County's failure to exercise the option to purchase shall constitute an irrevocable determination by the County that the Project is not required by it for any public purpose for the term of the Lease. The enforceability of the foregoing agreements of the County has not been the subject of judicial interpretation.

### ***Effect of Tax-Exemption of Termination of the Lease***

Special Tax Counsel is not rendering an opinion with respect to the tax-exempt status of the interest on the Certificates subsequent to the termination of the Lease for any reason (including an Event of Default under the Lease or an Event of Nonappropriation). If the Lease is terminated while Certificates are outstanding, there is no assurance that payments made after such termination with respect to interest will be excluded from gross income of the owners thereof for federal or Missouri income tax purposes.

### ***Credit Rating***

The Certificates are not rated at this time nor is there any intention to make an application for a rating from any nationally recognized rating service in the future. The

absence of a rating by an independent nationally recognized service may have an adverse effect on the market price of the Certificates.

### ***Secondary Markets and Prices***

The Certificates are not readily liquid, and no person should invest in the Certificates with funds such person may need to convert readily into cash. Owners of the Certificates should be prepared to hold their Certificates to the stated maturity date. The Underwriter will not be obligated to repurchase any of the Certificates. No assurance can be given that any secondary market will develop following the completion of the offering of the Certificates as no assurance can be given that the initial offering price for the Certificates will continue for any period of time.

### ***No Reserve Fund***

No Reserve Fund for the Certificates will be funded to insure payment of the principal of or interest on the Certificates. Accordingly, the potential purchaser of the Certificates should consider the financial ability of the County to make the Base Rental payments required under the Lease.

### ***No Credit Enhancement***

No financial guaranty insurance policy for the Certificates or other credit enhancement will be issued to insure payment of the principal of or interest on the Certificates. Accordingly, the potential purchaser of the Certificates should consider the financial ability of the County to make the Base Rental payments required under the Lease.

## **THE PROJECT**

### ***Description of Project***

The Certificates are being issued for the purpose of advance crossover refunding \$2,305,000 principal maturing April 1, 2015 through April 1, 2020 of the County's Leasehold Revenue Bonds, Series 2004 (Randolph County Justice Center Project), dated January 1, 2004 (the "Refunded Bonds"). The proceeds from the Certificates are to be used to purchase an escrow account of State and Local Government Securities that pay the interest on the Certificates through April 1, 2014 when the escrow account, together with other funds provided by the District, will prepay \$2,305,000 of the Refunded Bonds that will be called in for early redemption on April 1, 2014. The Refunded Bonds were issued for the purpose of providing funds (1) to finance and refinance the costs of constructing, furnishing and equipping a new County jail, Sheriff's offices, and judicial facilities (the "Facilities") located on certain real estate (the "Project Site"), the Project Site and Facilities being collectively referred to as the "Project," in Randolph County, Missouri, a third class county and political subdivision of the State of Missouri (the "County"), (2) to fund a

Reserve Fund with respect to the Bonds and (3) to pay related Bond issuance costs. The Project consisted of the following improvements:

***Jail***

- Cell areas contain eight pods to allow for segregation of inmates ranging from maximum to minimum security areas. Outdoor exercise areas are adjacent to cell areas. The entire area is supervised by a centralized housing control center.
- Booking area with holding cells, medical isolation cells with an exam room, inmate property storage and photo/finger printing stations.
- Support facilities including kitchen, storage, laundry and mechanical rooms.
- Inmate contact area for visitation and interview areas, monitored by booking officers.
- Public access areas including public lobby and restrooms accessible at main entry.

***Sheriff's Department***

- This area includes jail administration, evidence and records storage, investigators, training/multipurpose rooms and a staff room.

***Judicial Facilities***

- Public courtroom with gallery seating for up to 80 people. This area accommodates judges' offices, staff, clerks and conference areas.
- Circuit Clerk's offices with direct public access provided adjacent to the main entry. This area includes a large records storage vault.

***Estimated Application of Certificate Proceeds***

The proceeds from the Certificates are to be used to purchase an escrow account of State and Local Government Securities that pay the interest on the Certificates through April 1, 2014 when the escrow account, together with other funds provided by the District, will prepay \$2,305,000 of the Refunded Bonds maturing April 1, 2015 through April 1, 2020 that will be called in for early redemption on April 1, 2014.

The sources and uses of funds in connection with the Certificates are as follows:

***Sources and Uses of Funds***

<b><i>Sources of Funds:</i></b>	
Proceeds of the Leasehold Revenue Refunding Bonds (Aggregate principal amount)	\$2,380,000.00
Estimated Proceeds from the Sale of the Series 2004 Debt Service Reserve Fund	\$400,000.00
<b>TOTAL</b>	<b>\$2,780,000.00</b>
<b><i>Uses of Funds:</i></b>	
Deposit to escrow account to purchase State & Local Securities to prepay \$2,305,000 of the callable Series 2004 Bonds on April 1, 2014	\$2,334,029.76
Funds from the Debt Service Reserve Fund to prepay \$400,000 of the April 1, 2020 maturity of the Series 2004 Bonds on April 1, 2014	\$400,000.00
Funds to be returned to the County	\$2,545.24
Cost of Issuance (including Underwriter's Discount)	\$43,425.00
<b>TOTAL</b>	<b>\$2,780,000.00</b>

## DEBT SERVICE ON THE CERTIFICATES

The following table sets forth the debt service schedule for the Certificates:

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/20/2013	-	-	-	-	-
10/01/2013	-	-	17,046.75	17,046.75	17,046.75
04/01/2014	-	-	16,065.00	16,065.00	-
10/01/2014	-	-	16,065.00	16,065.00	32,130.00
04/01/2015	520,000.00	0.850%	16,065.00	536,065.00	-
10/01/2015	-	-	13,855.00	13,855.00	549,920.00
04/01/2016	485,000.00	1.100%	13,855.00	498,855.00	-
10/01/2016	-	-	11,187.50	11,187.50	510,042.50
04/01/2017	445,000.00	1.350%	11,187.50	456,187.50	-
10/01/2017	-	-	8,183.75	8,183.75	464,371.25
04/01/2018	435,000.00	1.600%	8,183.75	443,183.75	-
10/01/2018	-	-	4,703.75	4,703.75	447,887.50
04/01/2019	395,000.00	1.850%	4,703.75	399,703.75	-
10/01/2019	-	-	1,050.00	1,050.00	400,753.75
04/01/2020	100,000.00	2.100%	1,050.00	101,050.00	-
10/01/2020	-	-	-	-	101,050.00
Total	\$2,380,000.00	-	\$143,201.75	\$2,523,201.75	-

## THE COUNTY

### Location, Size and Population

The County encompasses approximately 482 square miles and is located in the north-central portion of Missouri approximately 28 miles north of Columbia, Missouri, 139 miles east of Kansas County, Missouri and 146 miles west of St. Louis, Missouri. The major highways in the County are US Highway 63 and Highway 24. Interstate 70 is located 30 miles south. The population of the County according to the 2010 census was 25,414 persons, and is currently estimated to be 25,346. The County of Huntsville serves as the county seat and is where the project is located.

### Randolph County, Missouri County Population for Past 2 Censuses

<u>Year</u>	<u>Population</u>
2000	24,663
2010	25,414
2013 (estimated)	25,346

## Government and Organization of the County

Randolph County was organized on January 22, 1829 and is a county of the third class. The County is governed by a County Commission consisting of three Commissioners, who are:

<u>Name</u>	<u>Term Expires</u>
Susan Carter, Presiding Commissioner	December 31, 2014
Wayne Wilcox, Commissioner, Eastern District	December 31, 2017
Jerry Crutchfield, Commissioner, Western District	December 31, 2017

The Clerk of the County is Will Ellis.

## Services

Services provided to the public by the County include law enforcement and corrections facility, judicial (civil and criminal), prosecution, juvenile detention, construction and maintenance of county roads and bridges, recording of property deeds, licensing (including marriage, liquor, merchants), voter registration, planning, zoning and building code regulation. In addition, the County acts as service bureau to other public agencies in the areas of property appraisal, tax collections and conduct of elections.

The County does not provide any utility or fire protection services.

## Commerce, Industry and Employment

Listed below are the 10 major employers located in the County and the number employed by each:

<b>Employer Name</b>	<b>Nature of Business</b>	<b>Est. No. of Employees</b>
Moberly Regional Medical Center	Healthcare	500
Moberly Correctional Center	Correctional institution	500
Wal-Mart	Retail	250
GE Capital Corporation	Credit services	180
Orscheln Products, LLC	Motion Control products	165
Dura Automotive Systems, LLC	Brake parts	146
Everlast Fitness Manufacturing Corp.	Fitness equipment	120
Orscheln Farm & Home, LLC	Agricultural supplies	115
Mid-Am Building Supply, Inc.	Building materials	106
Moberly Area Community College	Education	100

\*Source: [www.manta.com](http://www.manta.com); 2012 Missouri Manufacturers' Register

The following table sets forth the unemployment rates for Randolph County, the State of Missouri and the United States for December 2008 through December 2012:

<u>Year</u>	<u>Randolph County</u>	<u>State of Missouri</u>	<u>United States</u>
2008	6.8%	7.1%	7.3%
2009	9.7%	9.5%	9.9%
2010	9.2%	9.2%	9.3%
2011	8.6%	8.0%	8.5%
2012	6.7%	6.7%	7.8%

*Source: MERIC in cooperation with U.S. Department of Labor, Bureau of Labor Statistics*

## Housing

The median value of owner-occupied housing units in the County and the State of Missouri was, according to the 2010 Census, as follows:

Randolph County	\$81,300
State of Missouri	\$138,900

## Income

The median household income and per capita money income for the County, State of Missouri and United States was, according to the 2010 Census, as follows:

	<u>Median Income</u>	<u>Per Capita Income</u>
Randolph County	\$36,484	\$17,345
State of Missouri	\$47,202	\$25,371
United States	\$52,762	\$27,915

## Population

The following table shows the total population for Randolph County, the State of Missouri and the United States:

<u>Year</u>	<u>Randolph County</u>	<u>Percent Change</u>	<u>State of Missouri</u>	<u>Percent Change</u>	<u>United States</u>	<u>Percent Change</u>
1980	25,460	N/A	4,916,686	N/A	226,545,805	N/A
1990	24,370	-4.28%	5,117,073	+4.08%	249,632,692	+10.19%
2000	24,663	+1.20%	5,595,211	+9.34%	281,421,906	+12.73%
2010	25,414	+3.05%	5,988,927	+7.04%	308,745,538	+9.71%

*Source: U.S. Department of Commerce, Bureau of the Census*



## DEBT STRUCTURE OF THE COUNTY

### ***Current Indebtedness of the County***

The County is authorized to issue general obligation bonds payable from ad valorem taxes to finance capital improvements. The Missouri Constitution provides that the amount of bonds payable out of tax receipts shall not exceed 10% of the total assessed valuation of the taxable property in the County.

A four-sevenths (4/7) approving vote of the qualified voters is required to authorize the issuance of ad valorem tax supported bonds if the vote is held on a general municipal, primary or general election day. A two-thirds (2/3) approving vote is required in all other elections. Principal and interest of general obligation bonds are payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable property within the territorial limits of the County.

There are no presently outstanding general obligation bonds of the County.

### ***Authority to Incur Debt***

The following table sets forth the County's debt limit and debt margin:

Total Assessed Valuation as of December 31, 2012	\$436,227,855.00
Debt Limit - 10% of Assessed Valuation	\$43,622,785.50
Amount of General Obligation Debt Outstanding	\$0.00
Legal Debt Margin	\$43,622,785.50
Overlapping Debt: There is no overlapping general obligation debt	None

### ***Revenue Obligations***

The County is authorized to issue revenue bonds to finance certain capital improvements, including improvements to its water system, sewage system, refuse disposal system, airport and golf facilities. These types of bonds require a simple majority approving vote of the qualified electorate voting on the specific proposition. All revenue bonds issued by the County are payable out of revenues derived from operating of the facility financed from the proceeds of such bonds. Revenue bonds do not carry the full faith and credit of the County in servicing the bonded indebtedness and such bonds are not considered in determining the legal debt margin described above. There are no presently outstanding revenue bonds of the County.

## **FINANCIAL INFORMATION CONCERNING THE COUNTY**

### ***Budgeting***

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for the various County funds. These budgets are adopted or modified to conform with generally accepted accounting principles.

### ***Basis of Accounting***

The County follows a cash system of accounting. Under this system, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

The Treasurer of the County is responsible for handling all moneys of the County and administering the County's funds. All moneys received by the County from whatever source are credited to the appropriate fund. Moneys may be disbursed from such funds by the Treasurer only for the purpose for which they are levied, collected or received and only upon warrants drawn by order of the County Commission.

An annual budget of estimated receipts and disbursements for the coming fiscal year is prepared by the County Clerk and is presented to the County Commission prior to January 1 for approval after a public hearing. The County's fiscal year is January 1 through December 31. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes and includes a statement of the rate of levy per hundred dollars of assessed valuation required to raise each amount shown on the budget as coming from County property taxes.

The financial records of the County are audited by Susan Montee, JD, CPA, State of Missouri Auditor, in accordance with general accepted auditing standards. Copies of the audit reports for the past three years are on file in the County Clerk's office and are available for review. The selected financial statement of the County for the fiscal years ended December 31, 2010 and December 31, 2009 is included in the Appendix A.

### ***Sources of Revenue***

The County's major sources of revenue are taxes on certain tangible real and personal property and two separate ½-cent general sales taxes. Other sources include cigarette and gasoline taxes; commissions on tax collections for other governmental bodies; revenue sharing funds; government grants; licenses and service charges; court fines and costs; and interest on investments. All tax revenues, when collected, are allocated to the various funds of the County in accordance with the levy established for such funds in the county budget. For the fiscal year ended December 31, 2010, the County derived approximately 26.51% of its revenues from property tax, 39.96% from sales tax,

7.41% from intergovernmental revenues; 21.32% from fees and other charges; 0.09% from interest and 4.71% from other miscellaneous sources.

## ***Sales Tax***

In April 2002, voters of the County approved a new ½-cent sales tax (the “Sales Tax”) for the purpose of constructing, equipping, operating and maintaining a County jail with judicial facilities to be located on the County Farm in the County of Huntsville, Missouri (the County seat), to be effective for a period of eighteen years. The revenue from the new Sales Tax began to be collected on October 1, 2002. The County intends to satisfy its obligation to make Rental Payments with respect to the Series 2013 Refunding Certificates out of revenues generated from the Sales Tax. The County’s obligation to make Rental Payments is not, however, limited to revenues of the Sales Tax, and revenues of the County are not, and cannot be, pledged to the payment of Rental Payments. Each year during its budget process, the County Commission will decide whether to appropriate revenues from the Sales Tax or from other available sources during the then current fiscal year to make Rental Payments during such fiscal year. There is nothing in the state statutes that would prevent the County Commission from using funds from the General Fund to make Rental Payments should Sales Tax revenues be insufficient.

The following table shows the amount of revenues received by the County from its ½-cent sales tax for the past five years:

<b>Year</b>	<b>Amount</b>	<b>% Change</b>
2012	\$1,248,357	-1.55%
2011	\$1,267,980	4.41%
2010	\$1,214,472	-0.30%
2009	\$1,218,174	-5.59%
2008	\$1,290,317	

In addition to the Sales Tax, the County has an existing ½-cent sales tax. The following table shows the amount of revenues received by the County from its existing ½-cent sales tax for the past five years.

<b>Year</b>	<b>Amount</b>	<b>% Change</b>
2012	\$1,248,938	-1.56%
2011	\$1,268,698	4.43%
2010	\$1,214,850	-0.32%
2009	\$1,218,801	-5.51%
2008	\$1,289,854	

## ***Property Valuation***

Assessment Procedure: All taxable real and personal property within the County is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

Resident real property.....19%

Agricultural and horticultural real property.....	12%
Utility, industrial, commercial, railroad and all other real property.....	32%

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1997, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 1/2%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

### ***Current Assessed Valuation***

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the County according to the assessment of December 31, 2012 (the last completed assessment):

Real Estate.....	\$289,083,340
Personal Property.....	\$82,452,769
Other Property.....	\$64,691,746
Total.....	\$436,227,855

### ***History of Property Valuation***

<u>Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2012	\$436,227,855	1.25%
2011	\$430,832,677	-0.39%
2010	\$432,504,285	5.45%
2009	\$410,154,888	6.39%
2008	\$385,532,435	-

### ***Retirement Plans***

Lagers: The County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple employer, public employee retirement system that acts as a common investment and administrative agent for local government entities in the State of Missouri, created and governed by State statute to provide

retirement, survivor and disability benefits to the State's local government employees. As such it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. LAGERS is qualified under the Internal Revenue Code, Section 401(a) and is tax exempt.

A member may retire with all age and service allowance after both completing (i) at least five years of credited service and (ii) attaining their minimum service retirement age. This minimum service retirement age is 60 for general members and 55 for law enforcement and/or fire personnel. Benefits are based on average salary and length of service.

The annual contribution rate is determined by the system's retained actuary and is based upon level percent of payroll funding principles. Part of the contribution rate (the normal cost) is to fund the currently accruing monetary credits, with the other part (the prior service contribution rate) calculated as the level percent of payroll needed to amortize the unfunded actuarial liability over a period of 23 years. Randolph County's full time employees contribute four percent of their gross pay to the pension plan. The political subdivision is required to contribute at an actuarially determined rate. As of 2010, the County's contribution rate was 1.9% for General Employees and 3.7% for Law Enforcement.

The County's total pension costs for the year ending December 31, 2010 for employees covered by LAGERS was \$46,869. This amount was equal to the required and actual contribution.

### ***Current Employees' Retirement Fund (CERF)***

The County also participates in CERF, a public employees retirement fund that acts as a common investment and administrative agent for counties in Missouri. CERF was created on August 28, 1994, and is governed by state statute. As such, the system is responsible for administering the law in accordance with the expressed intent of the General Assembly. The retirement plan is qualified under Internal Revenue Code Section 401(a) and is tax-exempt.

All elected or appointed county officials and other county employees who work at least 1,000 hours annually are eligible to participate in CERF, except for prosecuting attorneys, sheriffs, and various state-paid court employees covered under other retirement systems. Benefits vest after eight years of credited service. Employees who retire on or after age sixty-two with eight or more years of service are entitled to an allowance for life. For employees who are also members of LAGERS, the allowance is equal to 1 percent of an employee's final average salary multiplied by the number of years of service. CERF also provides death benefits.

Employees who are also LAGERS members contribute 4 percent of their gross salaries to CERF; employees who are not also LAGERS members contribute 6 percent. To fund member benefits, CERF also receives from participating counties a \$6 fee on all recorded documents, a 3 percent commission on delinquent and back tax collections, a \$20 fee on merchants' licenses, and a penalty for taxpayer failure to return personal property assessment blanks by the statutory deadline.

During 2010 and 2009, the County collected and remitted to CERF employee contributions of approximately \$54,164.31 and \$51,726.29, respectively, for the years then ended, equal to the required contributions.

### ***Employee Relations***

The County employs approximately 100 employees. Benefits provided to full time employees include: health and dental insurance and life insurance, a retirement plan (see the caption "Retirement Plan" above), paid vacation and sick leave. Under State law, public employees belonging to a union have the right to meet and confer, but do not have the authority to bargain collectively. Missouri law also prohibits public employees from striking. County employees are not represented by a union.

## **CERTAIN RELATIONSHIPS**

Commerce Bank, Kansas City, Missouri, is serving as Trustee and Paying Agent for the Certificates.

## **EXPERTS**

The County maintains its financial records on the basis of a fiscal year ending December 31. Set forth in Appendix A hereto are portions of the audited financial statements of the County for the two fiscal years ended December 31, 2010 and December 31, 2009. Such financial statements have been audited by Daniel Jones & Associates, P.C., CPA.

## **APPROVAL OF LEGALITY**

Legal matters incident to the authorization, issuance and sale of the Certificates are subject to the approving legal opinion of Spencer Fane Britt & Browne, LLP, St. Louis, Missouri, Special Tax Counsel.

Special Tax Counsel has participated in the preparation of this Official Statement but the factual and financial information appearing herein has been supplied or reviewed by certain officials of the County and certified public accountants, as referred to herein, and Special Tax Counsel expresses no opinion as to the accuracy or sufficiency thereof or of any other statements, material or financial information contained herein or used in the sale of offering for sale of the Certificates.

## **TAX MATTERS**

### ***Opinion of Special Tax Counsel***

**Federal and Missouri Tax Exemption:** In the opinion of Spencer Fane Britt & Browne, LLP, Special Tax Counsel, under existing law, the interest on the Certificates is excluded from gross income for federal and Missouri income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on

individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in this paragraph are subject to the condition that the County complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Certificates in order that interest thereon be, or continue to be, excluded from gross income for federal and Missouri income tax purposes. The County has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Certificates in gross income for federal and Missouri income tax purposes retroactive to the date of issuance on the Certificates. The Certificates are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80 percent of that portion of such financial institutions' interest expense allocable to interest on the Certificates.

Special Tax Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Certificates.

### ***Other Tax Consequences***

Prospective purchasers of the Certificates should be aware that there may be tax consequences of purchasing the Certificates other than those discussed under the caption "Opinion of Special Tax Counsel", including the following:

- (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Certificates, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the Code);
- (2) With respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Certificates;
- (3) Interest on the Certificates earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code;
- (4) Passive investment income, including interest on the Certificates, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year, if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and
- (5) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Certificates.

Special tax counsel expresses no opinion regarding these tax consequences. Purchasers of Certificates should consult their own tax advisors as to the applicability of these tax consequences.

## **ABSENCE OF LITIGATION**

There is not now pending, or to the best knowledge of the County, threatened, any litigation seeking to restrain or enjoin or in any way limit the approval or the issuance and delivery of this Official Statement or the Certificates or the proceedings or authority under which they are to be issued. There is no litigation pending or, to the knowledge of the County, threatened which in any manner challenges or threatens the powers of the County to enter into or carry out the transactions contemplated by the Indenture, the Lease or the Second Deed of Trust.

## **UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE**

The County has entered into the Continuing Disclosure Agreement dated March 20, 2013 (the "Continuing Disclosure Agreement") with the Trustee obligating the Borrower to send, or cause to be sent, certain financial information with respect to the Project to certain information repositories annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board and a state information repository, if any, of certain enumerated events for the benefit of the Certificate owners, pursuant to the requirements of Section (b)(5)(i) of Securities Exchange Commission Rule 15c2-12 (the "Rule").

A failure by the County to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Certificates, the Indenture or the Lease (although Certificate holders will have any available remedy at law or in equity). Nevertheless, such a failure to comply must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Certificates.

## **UNDERWRITING**

L.J. Hart & Company (the "Underwriter") has agreed to purchase the Certificates at a price equal to 98.734244% of the principal amount of the Certificates. The Underwriter is purchasing the Certificates for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Certificates to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine.



## **MISCELLANEOUS**

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The form of this Official Statement, and its distribution and use by the Underwriter, have been approved by the County; however, the County has not made any warranty or representation regarding either the accuracy or sufficiency of any material contained herein except that contained herein under the heading "The County." The Underwriter is responsible for offering and selling the Certificates in a manner including, without limitation, the use of this Official Statement, which complies with applicable federal and state laws, rules and regulations.

This Official Statement has been prepared only in connection with the initial offering and sale of the Certificates and may not be reproduced or used in whole or in part for any other purpose.

## **APPENDIX A**

### **DEFINITIONS OF WORDS AND TERMS AND SUMMARY OF DOCUMENTS**

## DEFINITIONS OF CERTAIN WORDS AND TERMS AND SUMMARY OF THE DOCUMENTS

### **Definitions**

*In addition to the words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms as used in the Indenture, the Lease, the Base Lease, and this Official Statement unless the context clearly otherwise requires. Reference is hereby made to the Indenture, the Lease and the Base Lease for complete definitions of all terms.*

**"Additional Certificates"** means any additional parity Certificates issued pursuant to the Indenture.

**"Authorized County Representative"** means the Presiding Commissioner of the County Commission or the County Clerk, such other person at the time designated, by written Certificate furnished to the Trustee, as the person or persons authorized to act on behalf of the County by resolution or order of a majority of the Commissioners of the County Commission. Such Certificate shall contain the specimen signature of such person, shall be signed on behalf of the County by the Presiding Commissioner and may designate an alternate or alternates.

**"Base Lease"** means the Base Lease, dated as of March 20, 2013, between the County and the Trustee, as amended or supplemented from time to time.

**"Certificate Fund"** means "Lease Refunding Certificates of Participation, Certificate Fund – Randolph County" created in the Trust Agreement.

**"Certificate Registrar"** means the Trustee when acting as such under the Trust Agreement.

**"Certificates"** means the \$2,380,000 Randolph County, Missouri, Lease Refunding Certificates of Participation (Randolph County Justice Center Project) Series 2013 and any Additional Certificates issued pursuant to the Trust Agreement.

**"Business Day"** means any day other than a Saturday, Sunday or other day on which banks located in the County in which the principal corporate trust office of the Trustee are required or authorized by law to remain closed or a day on which the New York Stock Exchange is closed.

**"Code"** means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

**"Costs of Issuance"** means all items of expense directly or indirectly payable by or reimbursable to the County and related to the authorization, execution, sale and delivery of the Certificates.

**“County”** means Randolph County, Missouri, a third class county and political subdivision organized and existing under the laws of the State of Missouri, and its successors and assigns.

**"Event of Default"** means an Event of Default as described in the Indenture and in the Lease.

**“Event of Nonappropriation”** means a nonrenewal of the Lease by the County determined by the failure of the County to appropriate and budget, or the election of the County not to so appropriate or budget, on or before the first day of each Fiscal Year during the Initial Term or any Renewal Term, money sufficient to pay the Rental Payments and reasonably expected Additional Payments due and payable during the next Renewal Term.

**"Fiscal Year"** means the fiscal year adopted by the County for accounting purposes, which as of the date hereof commences on January 1 of each calendar year and ends on the following December 31.

**“Government Securities”** means direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America.

**"Initial Term"** means the period from the dated date of the Lease until the end of the Fiscal Year then in effect.

**"Interest Payment Date"** means the date on which interest on any Certificates is payable.

**"Lease"** means the Project Lease Agreement dated as of the date of the Trust Agreement, between the Trustee, as Lessor, and the County, as Lessee, as from time to time amended and supplemented in accordance with the provisions of the Trust Agreement.

**“Lease Term”** means the period from the effective date of the Lease until the expiration thereof which includes the Initial Term and any Renewal Term or Terms pursuant to the Lease.

**"Leased Property"** means all of the County's interest (whether now existing or hereafter acquired) in the Project Site and improvements now or hereafter situated thereon which have been leased from the County to the Trustee pursuant to the Base Lease, including, without limitation the Project.

**“Lessor”** means Commerce Bank, a state banking corporation organized under the laws of the State of Missouri, Kansas City, Missouri, and its successors and assigns.

**"Net Proceeds"** means the gross proceeds derived from any insurance or condemnation award with respect to the Project, less payment of all expenses (including

attorneys' fees, Trustee's fees and any extraordinary expenses of the Trustee) incurred in the collection of such gross proceeds.

**“Opinion of Counsel”** means a written opinion of counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the County or the Trustee.

**“Original Purchaser”** with respect to the Certificates, means L.J. Hart & Company, or, with respect to any series of Additional Certificates, the original purchaser of such series of Additional Certificates.

**"Outstanding"** means, when used with reference to Certificates, as of any particular date of determination, all Certificates theretofore authenticated and delivered pursuant to the Trust Agreement except (i) Certificates cancelled by the Trustee or surrendered to the Trustee for cancellation; (ii) Certificates paid or deemed to be paid; and (iii) Certificates for the transfer or exchange of or in substitution for which other Certificates have been authenticated and delivered by the Trustee pursuant to the Trust Agreement.

**"Owner"** means the Certificate Owner.

**"Payment Date"** means any date on which any amount representing the Principal of or any Interest with respect to the Certificates is payable to the Owners.

**"Permitted Encumbrances"** means as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent; (ii) the Base Lease; (iii) the Trust Agreement; (iv) a security interest in any personal property used in connection with the Projects; (v) utility access and other easements and right-of-ways, mineral rights, restrictions, exceptions and encumbrances that will not materially interfere with or impair the operations being conducted on the Project Site or easements granted to the Lessor; and (vi) such minor defects, irregularities, encumbrances, easements, mechanics' liens, right-of-way and clouds on title as normally exist with respect to property similar in character to the Projects and as do not in the aggregate materially impair the property affected thereby for the purpose for which it was acquired or is held by the Lessor.

**“Permitted Investments”** means any of the following:

- (i) Government Securities;
- (ii) Direct general obligations of the State of Missouri, to the payment of the principal of and interest on which the full faith and credit of such State is pledged, provided that at the time of their purchase under the Trust Agreement such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;
- (iii) Deposits of any bank or savings and loan associations (including the Trustee and its affiliates) which meet the requirements of Section 165.051 of the Revised Statutes of Missouri, as amended;
- (iv) Shares of any so-called “money market fund” that has at

least 85% of its assets invested in investments of the types described in clauses (i) and (ii) and repurchase agreements that are invested solely in Government Securities;

(v) Repurchase agreements entered into with either state or national banks (including the Trustee and its affiliates) which are members of the federal reserve system and whose combined capital and surplus equals or exceeds \$10,000,000, or primary reporting dealers in United States government securities, which repurchase agreements must be collateralized at least 100% by Government Securities, if (A) such Government Securities are delivered to the Trustee or are supported by a safekeeping receipt issued by a depository satisfactory to the Trustee, and (B) there is delivered to the Trustee an Opinion of Counsel to the effect that a prior perfected security interest in the obligations which are securing such agreement has been granted to the Trustee; or

(vi) Securities issued by any of the following entities: Federal Home Loan Banks, Federal National Mortgage Association, Student Loan Marketing Association, The Resolution Funding Corporation, and Federal Farm Credit Banks.

**“Prepayment Date”** means any date set for prepayment of the Principal of Base Rentals represented by Certificates.

**“Principal Component”** means the portion of each Base Rental payment that represents the payment of principal as set forth in the Lease.

**“Project”** means the construction, furnishing and equipping of a new County jail, Sheriff’s offices, and judicial facilities located on certain real estate in Randolph County, Missouri, the costs of which were financed by the Refunded Bonds.

**“Project Additions”** means any capital improvements that are financed with the proceeds of Additional Certificates issued pursuant to Section 2.09 of the Trust Agreement for the use and benefit of the County.

**“Project Site”** means the real estate described in the Lease.

**“Refunded Bonds”** means the Randolph County, Missouri Public Facilities Authority Leasehold Revenue Bonds (Randolph County Justice Center Project) Series 2004, dated January 1, 2004.

**“Renewal Term”** means any one-year renewal term of the Lease commencing on January 1 and expiring on the December 31 of any calendar year.

**“Rental Note”** means the Promissory Note dated as of the date of the Trust Agreement from the Lessor to the County, as consideration for the conveyance of a leasehold interest to the Project and the improvements thereon from the County to the

Lessor pursuant to the Base Lease.

**“Supplemental Trust Agreement”** means any Trust Agreement supplemental or amendatory to the Trust Agreement executed by the Trustee and joined in by the County pursuant to the Trust Agreement.

**“Trust Agreement”** means the Declaration of Trust, as from time to time amended and supplemented in accordance to the Trust Agreement.

**"Trust Estate"** means the Trust Estate described in the Granting Clauses of the Trust Agreement.

**"Trustee"** means Commerce Bank, Kansas City, Missouri, and its successor or successors and any other corporation which at the time may be substituted in its place pursuant to and at the time serving as Trustee.

## **SUMMARY OF THE BASE LEASE**

*The following is a summary of certain provisions contained in the Base Lease. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Base Lease for a complete recital of the terms thereof*

### ***Lease***

The County leases the Project to the Lessee for the rentals and other consideration set forth in the Base Lease and the Lessee leases from the County the Project for a Base Lease Term. Simultaneously with the delivery of the Base Lease, the Lessee is leasing the Leased Property to the County pursuant to the Lease, but subject to permitted encumbrances and the reservation of certain rights under the Base Lease. The County agrees that if, at any time prior to the termination of the Base Lease, it acquires fee title or any other or greater estate to the Project Site, that the Base Lease shall attach and extend to such fee simple title or other or greater estate of the Project Site.

### ***Term***

The term of the Base Lease shall commence as of the date of the delivery of the Base Lease, and shall end on December 31, 2025, unless such term is sooner terminated as provided in the Base Lease.

### ***Termination***

The Base Lease shall terminate upon the completion of the term set forth in the Base Lease; provided, however, in the event the County exercises the option to demand that the Lessee convey to the County such title as the Lessee then may have to the Project as provided in the Lease and satisfies the conditions thereof, then the Base Lease shall be

considered assigned to the County and terminated through merger of the leasehold interest with the interest of the County, provided the County elects to terminate the leasehold interest so acquired from the Lessee. The Base Lease shall terminate at the election of the County, as provided in and upon satisfaction of the requirements of the Lease. The Lessee agrees, upon any such assignment and termination or upon termination or completion of the Base Lease Term, to quit and surrender the Project Site and the Project and that such title as it then may have to the Project Site and the Project shall vest in the County.

If an Event of Default under the Lease occurs or if the County fails to renew the Lease for any Renewal Term for any reason, the Lessee shall have the right to possession of the Project for the remainder of the term of the Base Lease and shall have the right to sublease the Project or sell its leasehold interest in the Project and in this Base Lease upon whatever terms and conditions it deems prudent; provided that the Project and the Project Site shall always be operated for a public purpose. In the event the Lessee shall receive a payment for the sale of its interest or total rental payments for subleasing that are, after the payment of the Lessee's expenses in connection therewith, including fees, charges and expenses (including attorneys fees and expenses) of the Trustee, in excess of the stated principal amount of the outstanding Certificates at the time of termination or default and amounts representing interest and premium, if any, due with respect thereto and to become due (with amounts so received to be credited first to such interest and then to principal), then such excess shall be paid to the County by the Lessee, its assigns or its sublessee.

### ***Default***

Notwithstanding any default by the Trustee under the Base Lease, the County shall not have the right to exclude the Lessee from the Project or to take possession of the Project (except pursuant to the Lease) or to terminate this Base Lease prior to the termination of the Base Lease Term upon any default by the Lessee hereunder; except that if, upon exercise of the option to purchase the Lessee's interest in the Project and the Project Site granted to the County in Article XI of the Lease and after the payment of the purchase price specified therein and the other sums payable under the Lease, the Lessee fails to convey its interest in the Project and the Project Site to the County pursuant to said option, then the County shall have the right to terminate this Base Lease, such termination to be effective 30 days after delivery of written notice of such termination to the Lessee. However, in the event of any default by the Lessee hereunder, the County may maintain an action, if permitted in equity, for specific performance.

### ***Amendments, Changes and Modifications***

This Base Lease may not be effectively amended, changed, modified, altered or terminated, except as provided in the Trust Agreement or unless the Trustee shall have approved in writing such amendment, change or modification.

## **SUMMARY OF THE PROJECT LEASE AGREEMENT**



*The following is a summary of certain provisions of the Project Lease Agreement (the "Lease"). The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Lease for a full recital of the provisions thereof.*

### ***Demise of the Leased Property***

In connection with the execution and delivery of the Lease relating to the issuance of the Certificates, the Lessor has, pursuant to the Base Lease, acquired a leasehold interest in the Leased Property and proposes to (i) refinance the Project by prepaying the Refunded Bonds and (ii) lease the Project to the County and may sell its interest in the Project to the County if the County exercise its option to purchase the such interest subject to Permitted Encumbrances, on the terms and conditions and for the purposes set forth in the Lease, together with all easements, rights and appurtenances in connection therewith or thereto belonging, to have and to hold for the term of the Lease.

### ***Commencement of the Term of the Lease***

The initial term of the Lease shall expire on December 31, 2013 (the "Initial Term"), subject to the County's option to extend the term of the Lease for seven successive one-year renewal terms commencing January 1, 2014, and a final renewal term ending December 31, 2020 (herein referred to individually as a "Renewal Term" and collectively as the "Renewal Terms"). The terms and conditions of the Lease during any Renewal Term shall be the same as the terms and conditions during the Initial Term.

The County's option to renew or not to renew the Lease shall be conclusively determined by whether or not the County Commission has, on or before any Renewal Term, budgeted and appropriated, specifically with respect to this Lease, money sufficient to pay all the Base Rentals and reasonably estimated Additional Payments for the next ensuing Renewal Term. The Treasurer of the County (or any other officer at any time charged with the responsibility of formatting budget proposals) is hereby directed to include in the budget proposal submitted to the County Commission, in any year in which this Lease shall be in effect, items for all payments required for the next ensuing Renewal Term under this Lease; it being the intention of the County Commission that the decision to renew or not to renew this Lease shall be made solely by the County Commission and not by any other official of the County.

### ***Expiration or Termination of the Term of the Lease***

The Term of the Lease will expire or terminate, as appropriate, as to the County's right of possession of the Leased Property as described in the Lease, upon the first to occur of any of the following events: (a) the expiration of the Initial Term or any Renewal Term for which there occurs an Event of Nonappropriation (which is not thereafter waived by the Trustee as provided in the Lease); (b) on the Optional Prepayment Date on which the County has purchased the Trustee's interest in the Leased Property pursuant to the Lease; (c) an Event of Default and a termination of the Term of the Lease as to the possessory interest of the County as provided in the Lease; (d) discharge of the Trust Agreement as provided in the Trust Agreement; or (e) December 31, 2020.

### ***Amounts Payable***

The County shall pay the Base Rentals and the Additional Payments (but shall not be entitled to prepay or cause to be prepaid any such Base Rentals or Additional Payments except as otherwise expressly provided in the Trust Agreement or in the Lease, in which event such moneys shall be applied to the prepayment of the Certificates in accordance with the Trust Agreement) in the amounts, at the times, and in the manner set forth in the Lease, said amounts constituting in the aggregate the total of the annual Payments which are payable under the Lease as follows:

#### **Base Rentals.**

(a) The County covenants and agrees to make lease payments ("Base Rentals") directly to the Trustee at its principal corporate trust office during the initial term of the Lease and during any Renewal Term for which the County has exercised its option to renew this Lease, for deposit in the Certificate Fund, on or before each March 15 and September 15 during the Lease Term, beginning on September 15, 2013, in the amounts set forth in the Lease, and on or before any date on which any amount may come due with respect to the Certificates during the Lease Term in accordance with the provisions of the Trust Agreement and the Lease. All Base Rentals shall be deposited in the Certificate Fund and shall be used and applied by the Trustee in the manner and for the purposes set forth in the Trust Agreement.

(b) Each Base Rental payment shall at all times be sufficient to pay the total amount representing the Principal (whether at the Final Payment Date, by acceleration or by prepayment as provided in the Trust Agreement), premium, if any, and the Interest, payable with respect to the Certificates as the same become due on each April 1 and October 1 of the Initial Term or the then current Renewal Term, but not during any subsequent period of time; provided that the Excess Amount (as hereinafter defined) held by the Trustee in the Certificate Fund on a Payment Date shall be credited against the Base Rental payment due on such date. The term "Excess Amount" as of any date shall mean the amount in the Certificate Fund on such date in excess of the amounts representing the Principal Components payable with respect to the Certificates on or before such date or which have been called for prepayment and past due interest in all cases where Certificates have not

been presented for payment.

*Additional Payments.*

The County shall pay as Additional Payments the following amounts:

- (a) All fees, charges and expenses, including agent and counsel fees and expenses, of the Trustee incurred under the Trust Agreement, the Base Lease or this Lease, as and when the same become due.
- (b) All costs incident to the payment of amounts representing principal, premium, if any, and interest with respect to the Certificates as the same become due and payable, including all costs and expenses in connection with the call, redemption and payment of Certificates.
- (c) An amount sufficient to reimburse the Lessor for all fees, charges, and expenses reasonably (including agent and counsel fees and expenses) incurred by the Lessor hereunder and in connection with the performance of the Lessor's obligations under this Lease or the Trust Agreement.
- (d) All fees, charges and expenses (including attorneys' fees and expenses) incurred in connection with the enforcement of any rights under this Lease, the Base Lease or the Trust Agreement by the Lessor, the Trustee or the Certificate Owners.
- (e) All other payments of whatever nature which the County has agreed to pay or assume under the provisions of this Lease.

***Obligations of County Absolute and Unconditional***

The obligations of the County under this Lease to make Base Rentals and Additional Payments during the Initial Term or any Renewal Term on or before the date the same become due, and to perform all of its other obligations, covenants and agreements hereunder shall, subject to the provisions of subsection (b) hereof, be absolute and unconditional, without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense whatsoever, whether now existing or hereafter arising, and irrespective of whether the Project shall have been started or completed, or whether the Lessor's interest in the Leased Property or to any part thereof is defective or nonexistent, and notwithstanding any damage to, loss, theft or destruction of the Leased Property or any part thereof, any failure of consideration, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Leased Property, legal curtailment of the County's use thereof, the eviction or constructive eviction of the County, any change in the tax or other laws of the United States, the State of Missouri or any political subdivision thereof, any change in the Lessor's legal organization or status, or any default of the Lessor hereunder, and regardless of the invalidity of any action of the Lessor, and regardless of the invalidity of any portion of this Lease.

Notwithstanding any provision or covenant contained in this Lease, the Trust

Agreement or the Certificates, the County is not obligated to renew the Lease beyond the Initial Term or any Renewal Term, nor is it obligated to budget or appropriate money or to pay Base Rentals beyond the end of the Initial Term or the then current Renewal Term. The County shall be under no obligation to levy any taxes in order to raise revenues to pay Base Rentals, except to the extent required during the Initial Term and any Renewal Term for which the County is obligated.

It is the intent of the Lease that the County shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under the Lease (including the obligation to pay Base Rentals and Additional Payments) for the benefit of the Certificate Owners, but only during the Initial Term or any then current Renewal Term. The County may, however, at its own cost and expense and in its own name prosecute or defend any action or proceeding or take any other action involving third persons which the County deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the Lessor hereby agrees to cooperate fully with the County and to take all action necessary to effect the substitution of the County for the Lessor in any such action or proceeding if the County shall so request and shall provide the Lessor indemnity satisfactory to the Lessor for all expenses paid or incurred by the Lessor in connection therewith.

### ***Prepayment of the Certificates***

If the County is not in default in paying Base Rentals under the Lease, the Trustee, at the written direction of the County, at any time when the aggregate moneys in the Certificate Fund are sufficient for such purposes, shall (i) if the Outstanding Certificates are then redeemable under the provisions of the Trust Agreement, take all steps that may be necessary under the applicable redemption provisions of the Trust Agreement to effect the redemption of all or such part of the then Outstanding Certificates as may be specified by the County, or (ii) cause such money in the Certificate Fund or such part thereof as the County shall direct in writing, to be applied by the Trustee to the extent practicable, using its best efforts, for the purchase of Certificates in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest to the date of delivery for cancellation, or (iii) a combination of (i) and (ii) as provided in such direction.

### ***Maintenance and Operation***

The County shall throughout the Lease Term and at its own expense (i) keep and maintain the Leased Property and all parts thereof in good repair and operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof, and (ii) keep the Leased Property and all parts thereof in safe condition and free from filth, nuisance or conditions unreasonably increasing the danger of fire or other casualty.

The County shall contract in its own name and pay for all utilities and utility services used by the County in, on or about the Leased Property, and the County shall, at its sole cost and expense, procure any and all permits, licenses or authorizations necessary in

connection therewith.

### ***Insurance***

The County shall at all times maintain or cause to be maintained with responsible insurers all such insurance (including casualty, public liability and workers' compensation insurance, blanket insurance) on the Leased Property (valued as defined below) which is customarily maintained (in amounts not less than provided below) with respect to properties of like character

The County shall, during the term of the Lease, keep or cause to be kept a policy or policies of insurance against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State of Missouri in an amount equal to the Full Insurable Value thereof (subject to a loss deductible clause not to exceed \$25,000). The Full Insurable Value of the Leased Property shall be determined from time to time at the request of the County (but not more frequently than once in every three years) by an architect, contractor, appraiser, appraisal company or one of the insurers, to be selected and paid by the County. The insurance required pursuant to this Section shall be maintained at the County's sole cost and expense, and shall be maintained with one or more generally recognized responsible insurance companies authorized to do business in the State of Missouri and selected by the County. Copies of the insurance policies required under this Section, or originals or Certificates thereof, each bearing notations evidencing payment of the premiums or other evidence of such payment, shall, at the time of execution and delivery of the Certificates and upon any renewal thereof, be delivered by the County to the Trustee. All such insurance policies required by this Section, and all renewals thereof, shall name the Lessor, the County and the Trustee as insureds as their respective interests may appear, shall contain a provision that such insurance may not be canceled by the issuer thereof without at least 15 days' advance written notice to the Lessor, the County and Trustee, and shall be payable to the Trustee.

The County shall at its sole cost and expense maintain or cause to be maintained at all times during the Lease Term general accident and public liability insurance, under which the County shall be named as insured and the Lessor shall be named as an additional insured, properly protecting and indemnifying the Lessor. The policies of said insurance shall contain a provision that such insurance may not be canceled by the issuer thereof without at least 15 days' advance written notice to the Lessor and the County. Such policies or copies or Certificates thereof shall be furnished to the Lessor.

All insurance required by this Lease shall be effected under policies issued by insurers of recognized responsibility, licensed or permitted to do business in the State of Missouri, except as otherwise provided in the Lease. The County may satisfy any of the insurance requirements set forth in this Article by using blanket policies of insurance, provided that the County complies with each and all of the requirements and specifications of the Lease respecting insurance.

## ***Liens***

Neither the Lessor nor the County shall do or suffer anything to be done whereby the Leased Property, or any part thereof, may be encumbered by any mechanics' or other similar lien. Whenever and as often as any mechanics' or other similar lien is filed against the Leased Property, or any part thereof, purporting to be for or on account of any labor done or materials or services furnished in connection with any work in or about the Project, the County shall discharge the same of record within 60 days after the date of filing. Notice is hereby given that the Lessor shall not be liable for any labor or materials furnished to the County or to anyone claiming by, through or under the County upon credit, and that no mechanics' or other similar lien for any such labor, services or materials shall attach to or affect the reversionary or other estate of the Lessor or the Trustee in and to the Leased Property or any part thereof.

The County, notwithstanding paragraph (a) above, shall have the right to contest any such mechanics' or other similar lien if the County (i) within the 60-day period stated above notifies the Lessor in writing of the County's intention to do so, (ii) diligently prosecutes such contest, (iii) at all times effectively stays or prevents any official or judicial sale of the Leased Property, or any part thereof or interest therein, under execution or otherwise, (iv) promptly pays or otherwise satisfies any final judgment adjudging or enforcing such contested lien claim, and (v) thereafter promptly procures record release or satisfaction thereof. The County shall hold the Lessor whole and harmless from any loss, liability, costs or expenses which the Lessor or the Trustee may incur in relation to any such contest. The Lessor will cooperate fully with the County in any such contest.

## ***Taxes, Assessments and Other Governmental Charges***

The County shall promptly pay and discharge, as the same become due, all taxes and assessments, general and special, and other governmental charges of any kind whatsoever, if any, that may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Project, or any part thereof or interest therein (including the leasehold estate of the County therein) or any buildings, improvements, machinery and equipment at any time installed thereon by the County, or amounts payable under this Lease, including any new taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all utility charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Certificates or encumber the Lessor's interest in Project; provided that with respect to any special assessments or other governmental charges that are lawfully levied and assessed but which may be paid in installments, the County shall be obligated to pay only such installments thereof as become due and payable during the Initial Term or any then current Renewal Term.

The County shall have the right, in its own name or in the Lessor's name, to contest the validity or amount of any tax, assessment or other governmental charge which the

County is required to bear, pay and discharge pursuant to the terms of this Article by appropriate legal proceedings instituted at least 10 days before the contested tax, assessment or other governmental charge becomes delinquent, if the County (i) before instituting any such contest, gives the Lessor written notice of the County's intention to do so, (ii) diligently prosecutes any such contest, (iii) at all times effectively stays or prevents any official or judicial sale therefor, under execution or otherwise, (iv) promptly pays any final judgment enforcing the tax, assessment or other governmental charge so contested, and (v) thereafter promptly procures record release or satisfaction thereof. The Lessor agrees to cooperate with the County in connection with any and all administrative or judicial proceedings related to any tax, assessment or other governmental charge. The County shall hold the Lessor whole and harmless from any loss, liability, costs and expenses the Lessor may incur in relation to any of the above.

### ***Alterations, Additions and Improvements to the Leased Property***

The County shall have the right during the term of the Lease to make any alterations, additions or improvements of any kind, structural or otherwise, as it shall deem necessary or desirable, on or to the Leased Property, to attach fixtures, structures or signs, and to affix any personal property to the improvements on the Leased Property; provided, however, that no such alteration, addition or improvement shall reduce or otherwise materially and adversely affect the value of the Leased Property or the fair rental value thereof or materially alter or change the character or use of the Leased Property or impair the excludability from gross income for federal income tax purposes of the Interest Component of the Base Rentals represented by the Certificates.

### ***Title to Alterations, Additions and Improvements***

All alterations, additions and improvements to the Leased Property shall become the property of the County and shall constitute a part of the Leased Property for all purposes of the Lease and shall be subject to the Lease and to the Trust Agreement.

### ***Damage, Destruction and Condemnation***

If at any time during the Lease Term, the Leased Property is damaged or destroyed, in whole or in part, by fire or other casualty, to such extent that the claim for loss (including any deductible amount pertaining thereto) resulting from such damage or destruction is greater than \$25,000, the County shall promptly notify the Lessor in writing as to the nature and extent of such damage or loss and whether it is practicable and desirable to rebuild, repair, restore or replace such damage or loss.

If the County shall determine that such rebuilding, repairing, restoring or replacing is practicable and desirable, the County shall proceed promptly with and complete with reasonable dispatch such rebuilding, repairing, restoring or replacing of the property damaged or destroyed so as to place the Leased Property in substantially the same condition as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the County and as will not impair utility of the Leased

Property. In such case, any Net Proceeds of casualty insurance required under the Lease and received with respect to any such damage or loss to the Leased Property, if such Net Proceeds exceed \$25,000, shall be paid to the Trustee and shall be deposited into a separate account to be established by the Trustee and shall be used and applied in accordance with the disbursement requirements under the Lease for the purpose of paying the cost of such rebuilding, repairing, restoring or replacing such damage or loss. Any amount remaining in such separate account after completion of such rebuilding, repairing, restoring or replacing, as certified in writing to the Trustee by the Authorized County Representative, shall be deposited into the Certificate Fund. If said Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding or restoration, the County shall nonetheless complete the work thereof and shall pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

If the County shall determine that rebuilding, repairing, restoring or replacing the Leased Property is not practicable and desirable, any Net Proceeds of casualty insurance required under the Lease and received with respect to any such damage or loss to the Leased Property shall be paid into the Certificate Fund and shall be used to redeem Certificates on the earliest possible redemption date or to pay the stated principal amount of any Certificates as the same become due. The County agrees to be reasonable in exercising its judgment pursuant to the Lease.

The County shall not, by reason of damage or destruction of all or any part of the Leased Property or its inability to use all or any part of the Leased Property during any period in which the Leased Property is damaged or destroyed, or is being repaired, rebuilt, restored or replaced, or by reason of the payment of the costs of such rebuilding, repairing, restoring or replacing, be entitled to any reimbursement from the Lessor, the Trustee or the Owners of the Certificates or any abatement or diminution of the Base Rentals payable by the County under the Lease or of any other obligations of the County under the Lease or the Trust Agreement except as expressly provided in the Lease.

### ***Arbitrage Covenant***

The County covenants and agrees that it will not make or cause or permit to be made, whether by the Lessor or otherwise, any use of the proceeds of the Certificates which would cause the Certificates to be "arbitrage certificates" within the meaning of Section 148 of the Code. The County further covenants and agrees that it will comply with and will take all action reasonably required to insure that the Trustee complies with all applicable requirements of said Section 148 and applicable Treasury Regulations for so long as any of the Certificates, including amounts representing premium, if any, and interest with respect thereto, remain Outstanding and unpaid.

### ***Covenants, Warranties and Indemnity Relating to Environmental Matters***

The County covenants that it is now in compliance with and agrees to comply fully with all applicable laws, statutes, resolutions, rules and regulations of any governmental or quasi-governmental authority, specifically including without limitation the Resource Conservation and Recovery Act and the Comprehensive Environmental Response,



Compensation and Liability Act, both as amended, and all other environmental protection of toxic waste or hazardous substance handling, treatment, storage, or disposal laws, statutes, resolutions, rules and regulations (collectively "Environmental Laws"). The County shall promptly and diligently take or cause to be taken all actions necessary to cure any noncompliance with any Environmental Law and shall be solely responsible for any violation by it, its employees or agents of any Environmental Laws, and the County further agrees that it will take all necessary action to clean up, eliminate or contain any environmental contamination including contamination caused by any previous owner or use of the Leased Property and will pay in full all costs and expenses associated with such action.

The County hereby covenants and agrees, to the extent permitted by law, to indemnify, protect and hold harmless the Lessor and its members, officials, directors, officers, employees, advisors, attorneys and agents from and against any and all losses, claims, demands, liabilities, fines, penalties and costs, including without limitation attorneys' fees and expenses, arising from (a) any "release" (as defined as in 42 U.S.C. Section 9601(22)) or threat of a "release," actual or alleged, of any "hazardous substances" (as defined in 42 U.S.C. Section 9601(14)) upon or about the Leased Property or respecting any products or materials previously or now located upon, delivered to or in transit to or from the Leased Property regardless of whether such release or threat of a release or alleged release or threat of release has occurred prior to the date hereof or hereafter occurs and regardless of whether such release or threat of a release or alleged release or threat of a release occurs as a result of the negligence or misconduct of the County or any third party or otherwise, or (b) any violation, actual or alleged, of or any other liability under or in connection with any Environmental Law upon or about the Leased Property or respecting any products or materials previously or now located upon, delivered to or in transit to or from the Leased Property, regardless of whether such violation or alleged violation has occurred prior to the date hereof or hereafter occurs and regardless of whether such violation or alleged violation occurs as a result of the negligence or misconduct of the County or any third party or otherwise. Notwithstanding the foregoing, the County shall not be obligated to indemnify and hold harmless any person from and against any claims, demands, liabilities and costs, including without limitation attorneys' fees, which arise solely as a result of the negligence or willful misconduct of such person.

### ***Option to Demand Conveyance of Title to the Leased Property***

The County shall have, and is hereby granted, the option to demand that the Lessor convey to the County such title or interest as the Lessor then may have to or in the Leased Property at any time, upon payment in full of all Certificates then Outstanding or provision for their payment having been made pursuant to the Trust Agreement. To exercise such option the County shall give written notice to the Lessor and to the Trustee, if any of the Certificates shall then be unpaid or provision for their payment shall not have been made in accordance with the provisions of the Trust Agreement, and shall specify therein the date of closing such conveyance, which date shall be not less than 45 nor more than 90 days from the date when such notice is mailed, and in case of a prepayment of the Certificates in accordance with the provisions of the Trust Agreement the County shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption.

### ***Amendments, Changes and Modifications***

Subsequent to the initial issuance of Certificates and prior to the payment of all Outstanding Certificates having been made in accordance with the provisions of the Trust Agreement, the Lease may not be effectively amended, changed, modified, altered or terminated (except as provided in the Trust Agreement), without the prior written consent of the Trustee, given in accordance with the provisions of the Trust Agreement.

### ***Events of Default***

Any of the following shall be an "Event of Default" under the Lease;

(a) Default in the due and punctual payment of a Base Rental payment during the Initial Term or any Renewal Term, or any Additional Payments; or

(b) Default in the due observance or performance of any other covenant, agreement, obligation or provision of this Lease on the part of the County to be observed or performed, and the continuance thereof for a period of 30 days after written notice thereof shall have been given to the County by the Lessor, or to the Lessor and the County by the Owners of not less than a majority in aggregate stated principal amount of Certificates then Outstanding; provided, however, if any default shall be such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Lessor or the County within such period and diligently pursued until the default is corrected; or

(c) The County shall (i) admit in writing its inability to pay its debts as they become due; or (ii) file a petition in bankruptcy or for reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the federal Bankruptcy Code as now or in the future amended or any other similar present or future Federal or State statute or regulation, or file a pleading asking for such relief; or (iii) make an assignment for the benefit of its creditors generally; or (iv) consent to the appointment of a trustee, receiver or liquidator which was made without the County's consent or acquiescence; or (v) be finally adjudicated as bankrupt or insolvent under any federal or State law; or (vi) be subject to any proceeding or suffer the entry of a final and non-appealable court order, under any federal or State law appointing a receiver, trustee or liquidator for all or a major part of its property or ordering the winding-up or liquidation of its affairs, or approving a petition filed against it under the federal Bankruptcy Code, as now or in the future amended, which order or proceeding, if not the subject of the County's consent, shall not be dismissed, vacated, denied, set aside or stayed within 60 days after the day of entry or commencement; or (vii) suffer a writ or warrant of attachment or any similar process to be issued by any court against all or any substantial portion of its property, and such writ or warrant of attachment or any similar process is not contested, stayed or is not released within 60 days after the final entry, or levy or after any contest is finally adjudicated or any stay is vacated or set aside; or

(d) The County shall vacate or abandon the Leased Property, and the same shall remain uncared for and unoccupied for a period of 60 days.

### ***Remedies on Default***

If any Event of Default specified in the Lease shall have occurred or be continuing, or if the County's obligations hereunder terminate pursuant to the Lease, then the Lessor may (subject, however, to any restrictions contained in the Trust Agreement against acceleration of the maturity of the Certificates or termination of this Lease), then or at any time thereafter, and while such Event of Default shall continue, take any one or more of the following actions:

- (a) cause the Base Rental payments and any Additional Payments for the remainder of the Lease Term to become due and payable, as provided in the Trust Agreement; or
- (b) give the County written notice of intention to terminate this Lease on a date specified in such notice, which date shall not be earlier than 60 days after such notice is given, and if all defaults have not then been cured, on the date so specified, the County's rights to possession of the Leased Property shall cease and this Lease shall thereupon be terminated, and the Lessor may re-enter and take possession of the Leased Property; or
- (c) without terminating this Lease, re-enter the Leased Property or take possession thereof pursuant to legal proceedings or pursuant to any notice provided for by law, and having elected to re-enter or take possession of the Leased Property or any portion thereof without terminating this Lease, the Lessor shall use reasonable diligence to re-let the Leased Property, or parts thereof, for such term or terms and at such rental and upon such other provisions and conditions as the Lessor may deem advisable, with the right to make alterations and repairs to the Leased Property, and no such re-entry or taking of possession of the Leased Property by the Lessor shall be construed as an election on the Lessor's part to terminate this Lease, and no such re-entry or taking of possession by the Lessor shall relieve the County of its obligation to pay Base Rentals or Additional Payments (at the time or times provided herein), or of any of its other obligations under this Lease, all of which shall survive such re-entry or taking of possession, and the County shall continue to pay the Base Rentals and Additional Payments specified in this Lease until the end of the Initial Term or any then current Renewal Term, whether or not the Leased Property shall have been re-let, less the net proceeds, if any, of any re-letting of the Leased Property after deducting all of the Lessor's and the Trustee's reasonable expenses in or in connection with such reletting, including without limitation all fees, repossession costs, brokerage commissions, legal fees and expenses, expenses of employees, alteration costs and expenses of preparation for reletting (such net proceeds of any reletting to be deposited in the Certificate Fund); or
- (d) take whatever action at law or in equity may appear necessary or appropriate to collect the amounts then due and thereafter to become due, or to enforce performance and observation of any obligations, agreements or covenants of the County under the Lease.

Having elected to re-enter or take possession of the Leased Property without terminating this Lease, the Lessor may (subject, however, to any restrictions in the Trust Agreement against termination of this Lease), by notice to the County given at any time

thereafter while the County is in default in the payment of Base Rentals or Additional Payments or in the performance of any other obligation under this Lease, elect to terminate this Lease on a date to be specified in such notice, which date shall not be earlier than 30 days after re-entry under subparagraph (c) above, and if all defaults shall not have then been cured, on the date so specified this Lease shall thereupon be terminated. If in accordance with any of the foregoing provisions of this article the Lessor shall have the right to elect to re-enter and take possession of the Leased Property, the Lessor may enter and expel the County and those claiming through or under the County and remove the property and effects of both or either (forcibly if necessary) without being guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or for any preceding breaches of covenants. The Lessor may take whatever action at law or in equity which may appear necessary or desirable to collect rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the County under this Lease.

### **SUMMARY OF THE DECLARATION OF TRUST**

*The following is a summary of certain provisions contained in the Declaration of Trust. The following is not a comprehensive description; however, and is qualified in its entirety by reference to the Declaration of Trust for a complete recital of the terms thereof.*

#### ***Trust Estate***

The County, in order to obtain the most advantageous financing, has requested the Trustee to create the trust and Trust Fund contemplated by the Declaration of Trust, to assign to the trust its interest in and to the Lease, including its right to receive Base Rentals thereunder, and to sell the Certificates in the trust, representing undivided interests in the Lease and the right to receive the Base Rentals thereunder and the Trustee does hereby transfer in trust, pledge, assign and grant a security interest forever in, the property described in paragraphs (a) and (b) below (said property being herein called the "Trust Estate"):

(a) all right, title and interest of the Lessor in, to and under the Lease, including all Base Rentals and other payments, revenues and receipts derived by the Lessor under and pursuant to and subject to the provisions of the Lease (except for the rights of the Lessor to receive money for its own account and to indemnify under the Lease and any amounts required under Section 148(f) of the Code to be paid to the United States, referred to herein collectively as the "Unassigned Rights"); and

(b) all money and securities (except money in the Rebate Fund) from time to time held by the Trustee under the terms of this Trust Agreement, and any and all other real or personal property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder by or on behalf of the Lessor, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such

property at any and all times and to hold and apply the same subject to the terms hereof.

### ***Additional Certificates***

Additional Certificates may be sold under and be equally and ratably secured by this Trust Agreement on a parity with the Certificates and any other Additional Certificates Outstanding, at any time and from time to time, upon compliance with the provisions of this Section, for any of the following purposes:

To provide funds to pay the costs of completing the Project, the total of such costs to be evidenced by a Certificate signed by an Authorized County Representative.

To provide funds to pay all or any part of the costs of repairing, replacing or restoring the Leased Property in the event of damage, destruction or condemnation thereto or thereof, but only to the extent that such costs exceed the Net Proceeds of the insurance or condemnation awards out of which such costs are to be paid pursuant to the Lease.

To provide funds to pay all or any part of the costs of acquisition, construction, furnishing and equipping of Project Additions.

To provide funds for refunding all or any portion of the Certificates of any series then Outstanding, including the payment of any premium thereon and interest to accrue to the designated redemption date and any expenses in connection with such refunding.

Before any Additional Certificates shall be sold under the provisions of this Section, the County shall enact an ordinance (i) authorizing or approving the sale of such Additional Certificates; (ii) authorizing or approving the execution of a Supplemental Trust Agreement for the purpose of selling such Additional Certificates and fixing the amount and terms thereof and describing the purpose or purposes for which such Additional Certificates are being sold or describing the Certificates to be refunded; and, if required, (iii) authorizing the execution of an amendment to the Lease to provide for Base Rentals at least sufficient to pay, during any Renewal Term, amounts representing the Principal Component, premium, if any, and Interest Components with respect to the Certificates then to be Outstanding (including the Additional Certificates to be sold ) as the same become due during such Renewal Term.

Such Additional Certificates shall have the same designation as the Certificates (except for an identifying series designation and the addition or deletion of the word "Refunding" when applicable), shall be dated, shall have Final Payment Dates on April 1 in such year or years, shall provide for Interest Components at such rate or rates not exceeding the maximum rate then permitted by law, and shall be subject to prepayment at such times and prices (subject to the provisions of Article 3 of the Trust Agreement), all as may be provided by the Supplemental Trust Agreement authorizing the issuance of such Additional Certificates. Except as to any difference in date, Final Payment Dates, Interest Components or prepayment provisions, such Additional Certificates shall be on a parity with and shall be entitled to the same benefit and security of the Trust Agreement as the

Certificates and any other Additional Certificates Outstanding after the sale of such Additional Certificates.

Such Additional Certificates shall be executed substantially in the form and manner set forth in the Trust Agreement, but prior to or simultaneously with the execution of such Additional Certificates there shall be filed with the Trustee the following:

A certified copy of the resolution adopted by the Board of Education authorizing or approving the sale of such Additional Certificates and the execution of such Supplemental Trust Agreement.

An original executed counterpart of the Supplemental Trust Agreement providing for the sale of such Additional Certificates. An original executed counterpart of the amendment to the Lease, if required, which amendment shall clearly establish that the County has agreed that the Additional Certificates shall constitute Certificates for the purpose of computing the required Base Rentals. A request and authorization to the Trustee, on behalf of the County, executed by an Authorized County Representative, to execute the Additional Certificates and to deliver them to or upon the order of the Original Purchaser therein identified upon payment of the purchase price thereof to the Trustee. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the name of the Original Purchaser and the amount of such purchase price.

An Opinion of Counsel which counsel is nationally recognized in the area of municipal finance to the effect that the sale of such Additional Certificates will not result in amounts representing interest payable with respect to any Certificates then Outstanding (including such Additional Certificates) becoming includable in gross income for federal income tax purposes. The Opinions of Counsel required by the Trust Agreement.

In the case of Additional Certificates being sold to refund Outstanding Certificates, such additional documents as shall be reasonably required by the Trustee to evidence that provision has been duly made in accordance with the provisions of Article 13 of the Trust Agreement for the payment of all of the Certificates to be refunded.

Such other Certificates, statements, receipts, opinions and documents as the Trustee shall reasonably require for the delivery of such Additional Certificates.

When the documents described above have been filed with the Trustee, and when such Additional Certificates have been executed as required by this Trust Agreement, the Trustee shall deliver such Additional Certificates to or upon the order of the Original Purchaser thereof upon payment to the Trustee of the purchase price of such Additional Certificates. The proceeds of the sale of such Additional Certificates (except Additional Certificates sold to prepay Outstanding Certificates), including any accrued Interest Components and premium thereon, shall be immediately paid over to the Trustee and the Trustee shall deposit such proceeds in accordance with Article V of the Trust Agreement. The proceeds of all Additional Certificates sold to prepay Outstanding Certificates (excluding any accrued Interest Components and premium, which shall be deposited in the Certificate Fund) shall be deposited by the Trustee, after payment or making provision for payment of all expenses incident to such financing, to the credit of a special trust fund, to

be held in trust for the sole and exclusive purpose of paying amounts representing Principal Components, premium, if any, and Interest Components with respect to the Certificates to be prepaid, as provided in the Trust Agreement and in the Supplemental Trust Agreement authorizing the issuance of such Additional Certificates.

Except as provided in the Trust Agreement, no obligations payable from the sources pledged for payment or security of the Certificates shall be sold on a parity with the Certificates, but obligations subordinate to the Certificates may be sold upon the express written direction of the Lessor with the express written consent of the County.

### ***Establishment of Funds***

There are created and established in the custody of the Trustee the following special trust funds to be designated as follows:

“Lease Refunding Certificates of Participation Prepayment Fund – Randolph County”; within the Prepayment Fund two accounts are established – the 2004 Prepayment Account and the Prepayment Account.

“Lease Refunding Certificates of Participation Costs of Issuance Fund – Randolph County”

“Lease Refunding Certificates of Participation Certificate Fund – Randolph County”

“Lease Refunding Certificates of Participation Rebate Fund – Randolph County”

The money in the above Funds and Accounts shall be held by the Trustee in trust and shall be applied solely in accordance with the provisions of the Lease and this Trust Agreement.

### ***Disbursements from the Escrow Account***

On April 1, 2014, the Trustee shall apply the moneys on deposit in the 2004 Prepayment Account to the prepayment of the Refunded Bonds in accordance with the provisions therefor contained in the related Escrow Agreement.

### ***Disbursements from the Costs of Issuance Fund***

Money in the Costs of Issuance Fund shall be used to pay the costs of issuing the Certificates, including all printing expenses in connection with the Trust Agreement, the Base Lease, the Lease, the preliminary and final Official Statements for the Certificates, and the Certificates, Blue Sky fees and expenses, legal fees and expenses of counsel to the Lessor, counsel to the County, special tax counsel and counsel to the Original Purchaser of the Certificates, any accounting expenses incurred in connection with determining that the Certificates are not arbitrage certificates, and initial fees of the Trustee upon the submission to the Trustee of written requests of an Authorized County Representative stating the amount to be paid, to whom it is to be paid and the reason for

such payment, and stating that the amount of such requisition is justly due and owing and has not been the subject of another requisition which was paid and is a proper expense of issuing such Certificates. In paying any requisition under this Section, the Trustee may conclusively rely as to the completeness and accuracy of all statements in such requisition Certificate without further inquiry or investigation if such requisition Certificate is signed by an Authorized County Representative. All disbursements of Costs of Issuance Fund money shall, at the option of the County, be made either directly to the appropriate payees or to the County. Any funds remaining in the Cost of Issuance Fund shall be transferred to the Certificate Fund.

### ***Application of Moneys in the Certificate Fund***

Except as otherwise provided Trust Agreement, money in the Certificate Fund shall be expended solely for the payment of amounts representing the Principal Component, premium, if any, and the Interest Components payable with respect to the Certificates as the same mature and become due or upon the prepayment thereof or purchase for cancellation prior to maturity.

The Trustee is authorized and directed to withdraw sufficient money from the Certificate Fund to pay amounts representing the Principal Component, premium, if any, and the Interest Components with respect to the Certificates as the same become due and payable and to make such money available to the paying agent for the purpose of paying such amounts.

The Trustee, upon written direction of the County and so long as the County is not in default with respect to any payments under the Lease, shall use money in the Certificate Fund to prepay all or part of the Outstanding Certificates in accordance with and to the extent permitted the Trust Agreement, to the extent such money is in excess of the amount required for payment of Certificates theretofore matured or called for prepayment. The County may cause such excess money in the Certificate Fund or such part thereof or other money of the County, as the County may direct, to be applied by the Trustee to the extent practicable, using its best effort, to purchase Certificates in the open market for the purpose of cancellation, at prices not exceeding the stated Principal Component thereof plus Interest Components accrued with respect thereto to the date of delivery for cancellation.

After payment or provision for payment in full of amounts representing the Principal Component, premium, if any, and Interest Components with respect to the Certificates and the fees, charges and expenses of the Trustee and the paying agent and any other amounts required to be paid under the Trust Agreement and the Lease, all amounts remaining in the Certificate Fund shall be paid to the County.



### ***Payments Due on Saturdays, Sundays and Holidays***

In any case where any amount representing the Principal Component, prepayment price or Interest Component with respect to any Certificate is payable on a Saturday, Sunday or legal holiday or a day on which banking institutions in the City of payment are authorized by law to close, then payment of such amounts with respect to the Certificates need not be made on such date but may be made on the next succeeding Business Day which is not a Saturday, Sunday or legal holiday or a day on which such banking institutions are authorized by law to close, with the same force and effect as if made when due, and no interest shall accrue for the period after such date.

### ***Nonpresentment of Certificates***

In the event that any Certificate is not presented for payment when the stated Principal Component or prepayment price thereof becomes due, whether at the Final Payment Date, upon prepayment or otherwise, if funds sufficient to pay such Certificate shall have been made available to the Trustee, all liability of the County to the Owner thereof for the payment of such Certificate shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of such Owner, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Trust Agreement with respect to such Certificate. If any Certificate is not presented for payment within four years following the date when such Certificate becomes due, whether by maturity, upon redemption or otherwise, the Trustee upon the written request of the County signed by the Authorized County Representative shall, without liability for interest thereon, repay to the County the funds theretofore held by the Trustee for payment of such Certificate, and such Certificate shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the County, and the Owner thereof shall be entitled to look only to the County for payment, and then only to the extent of the amount so repaid, and neither the Trustee nor the County shall be liable for any interest thereon and shall not be regarded as a trustee of such money.

### ***Investment of Moneys in Various Funds***

Money held in the Prepayment Fund, the Costs of Issuance Fund, the Certificate Fund and the Rebate Fund shall, pursuant to the written direction of the County given by an Authorized County Representative, be separately invested and reinvested by the Trustee in Permitted Investments, and, in the case of money held in the Prepayment Fund, the Costs of Issuance Fund, the Certificate Fund and the Rebate Fund, such Permitted Investment which shall mature or are subject to redemption by the holder thereof prior to the date when such money is needed; provided, however, that such money shall not be invested in any manner which would violate the provisions of the Trust Agreement. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times to be a part of the fund or account in which such money is originally held. Profits realized on Permitted Investments in the Certificate Fund and the Prepayment Fund and interest earnings thereon shall be credited to and accumulated in the Certificate Fund. All earnings derived from the investment of money in the Rebate Fund shall be credited to and

retained in the Rebate Fund. Any loss resulting from Permitted Investments shall be charged to the applicable fund or account. After the Trustee has notice pursuant to the Trust Agreement of the existence of an Event of Default, the Trustee shall direct the investment of money in each fund established under this Trust Agreement. The Trustee shall sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in any fund or account is insufficient for the purposes of such fund or account. In determining the balance in any fund or account, investments in such fund or account shall be valued at the lower of their original cost or their fair market value as of the first day of the calendar month which includes the most recent Payment Date. The Trustee may make any and all investments permitted by the provisions of this Section through its own bond department or any affiliate or short-term investment department. Notwithstanding any other provision of this Trust Agreement, if the Trustee fails to receive written directions of the County regarding investment of funds pursuant to this Section, moneys held in any fund or account hereunder shall be invested or reinvested in Permitted Investments described in subparagraph (iv) of the definition of Permitted Investments at the discretion of the Trustee.

### ***Amendments Permitted***

The Trustee shall, without the consent of or notice to the Certificate Owners, consent to any amendment, change or modification of the Lease as may be required (i) by the provisions of the Lease or the Trust Agreement, (ii) for the purpose of curing any ambiguity or formal defect or omission in the Lease or in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Certificate Owners, (iii) so as to more precisely identify the Leased Property or substitute or add property thereto, or (iv) in connection with the issuance of Additional Certificates under the Trust Agreement.

Except for the amendments, changes or modifications as specified in Section 12.01 of the Trust Agreement, neither the Lessor nor the Trustee shall consent to any other amendment, change or modification of the Lease without the giving of notice and the obtaining of the written approval or consent of the Owners of not less than a majority in aggregate stated Principal Component of the Certificates at the time Outstanding given and obtained as provided in the Trust Agreement. If at any time the Lessor and the County shall request the consent of the Trustee to any such proposed amendment, change or modification of the Lease, the Trustee shall cause notice of such proposed amendment, change or modification to be given in the same manner as provided in the Trust Agreement with respect to Supplemental Trust Agreements. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the same are on file at the principal office of the Trustee for inspection by all Certificate Owners. The Trustee shall not be obligated to consent to any amendment to the Lease which, in the judgment of the Trustee, is prejudicial to the rights of the Trustee.

### ***Defaults***

If any of the following events occurs, it is hereby defined as and declared to be and to constitute an Event of Default under the Trust Agreement:

- (i) Default by the Lessor in the due and punctual payment of any amount representing an Interest Component with respect to any Certificate;
- (ii) Default by the Lessor in the due and punctual payment of any amount representing the Principal Component or prepayment price with respect to any Certificate, whether at the Final Payment Date, upon prepayment or otherwise;
- (iii) Failure by the County to appropriate funds sufficient to renew the Lease pursuant to the Trust Agreement, on or before any August 15 during the Lease Term;
- (iv) Default in the performance or observance of any other covenants, agreements or conditions on the part of the Lessor in the Trust Agreement contained, and the continuance thereof for a period of 30 days after written notice thereof has been given to the Lessor and the County by the Trustee, or to the Trustee, the Lessor and the County by the Owners of not less than a majority in aggregate stated Principal Component of Certificates then Outstanding; provided, however, if any default shall be such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Lessor or the County within such period and diligently pursued until the default is corrected;
- (v) The filing by the County of a voluntary petition in bankruptcy, or failure by the County to promptly lift any execution, garnishment or attachment of such consequence as would impair the ability of the County to carry on its operations, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of creditors generally, or the entry by the County into any agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceeding instituted under the provisions of the federal bankruptcy law, or under any similar acts which may hereafter be enacted; or
- (vi) Default as specified in the Lease.

With regard to any alleged default specified in paragraph (iv) above concerning which notice is given to the County under the provisions of the Trust Agreement, the Lessor hereby grants the County full authority to perform any covenant or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Lessor, with full power to do any and all things and acts to the same extent that the Lessor could do and perform any such things and acts in order to remedy such default.

### ***Acceleration***

If an Event of Default shall have occurred and be continuing, the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate stated Principal Components of Certificates then Outstanding shall, by notice in writing delivered to the Lessor and the County, declare the stated Principal Component of all Certificates then Outstanding and amounts representing the Interest Components accrued with respect thereto immediately due and payable, and such amounts shall thereupon become and be immediately due and payable.

If, at any time after such declaration, but before the Final Payment Dates of the Certificates, all overdue installments representing the Principal Component and Interest Components with respect to the Certificates, together with the reasonable and proper fees, costs and expenses of the Trustee, and all other sums then payable by the Lessor under this Trust Agreement, either have been paid or provision satisfactory to the Trustee for such payment has been made, then and in every such case the Trustee shall rescind such declaration and annul such default in its entirety. In such event, the Trustee shall rescind any declaration of acceleration of installments of Base Rentals.

In case of any rescission, then and in every such case the County, the Lessor, the Trustee, and the Certificate Owners shall be restored to their former positions and rights hereunder respectively, but no such rescission shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

### ***Sale in the Event of Default or Event of Nonappropriation***

If an Event of Default occurs and the Final Payment Date of the Outstanding Certificates is accelerated pursuant to the Trust Agreement, the Trustee may, subject to its rights and indemnity as provided in the Trust Agreement, sell its interest in the Leased Property either by sale at public auction or by private sale, and any Certificate Owner may become the purchaser at any sale. The Trustee shall receive the proceeds of any sale and shall pay the same in accordance with the provisions of Trust Agreement.

In lieu of selling its interest in the Leased Property, the Trustee may lease the Leased Property or any part thereof, in the name of and for the account of the Lessor, and collect, receive and sequester the payments, rents, revenues and receipts therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including without limitation (i) reasonable compensation to the Trustee, its agents and counsel, (ii) any charges of the Trustee hereunder, (iii) any taxes and assessments and other charges which the Trustee may deem it prudent to pay, and (iv) all expenses of repairs and improvements to the Leased Property, and the Trustee shall apply any balance of the money so received in accordance with the provisions of the Trust Agreement. Whenever all amounts payable with respect to the Certificates have been paid and all defaults made good, the Trustee shall surrender possession of the Leased Property to the Lessor, its successors or assigns. While the Leased Property is

being leased by the Trustee, the Trustee shall render annually to the Lessor and the County a summarized statement of receipts and expenditures in connection therewith.

In the event of a sale, the Trustee shall execute and deliver an instrument of conveyance of the Leased Property to the purchaser thereof, and any statement or recital of fact in such instrument in relation to the nonpayment of the Certificates, default, existence of the Certificates, notice of advertisement, sale, receipt of money, and the happening of any event whereby a successor trustee may be appointed as herein provided, shall be prima facie evidence of the truth of such statement or recital. The Trustee shall receive the proceeds of sale and pay the same in accordance with the provisions of the Trust Agreement.

### ***Rights of Certificate Owners***

If an Event of Default shall have occurred and be continuing, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights and remedies of the Trustee and of the Certificate Owners under this Trust Agreement, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Trust Estate, or any part thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

### ***Application of Money***

All money received by the Trustee pursuant to any right given or action taken under the provisions of the Trust Agreement shall, after payment of the costs and expenses of the proceedings resulting in the collection of such money and of the fees, expenses, liabilities and advances incurred or made by the Trustee, including any expenses for environmental investigation or remediation under the Trust Agreement, be deposited in the Certificate Fund. All money so deposited in the Certificate Fund shall be applied as follows:

Unless the stated Principal Component of all the Certificates shall have become or shall have been declared due and payable, all such money shall be applied:

First -- To the payment to the persons entitled thereto of all amounts representing the Interest Components then due and payable with respect to the Certificates, in the order in which such Interest Components became due and payable and, if the amount available shall not be sufficient to pay in full any particular Interest Component, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second -- To the payment to the persons entitled thereto of the unpaid amounts representing the Principal Component with respect to any of the Certificates which have become due and payable (other than Certificates called for redemption for the payment of which money is held pursuant to the provisions of this Trust Agreement), in the order of their Final Payment Dates and, if the amount available shall not be sufficient to pay in full amounts representing Principal Components due with respect

to Certificates on any particular Final Payment Date, then to the payment, ratably, according to the amount of Principal Components due on such date, to the persons entitled thereto without any discrimination or privilege.

If the stated Principal Components of all Outstanding Certificates has become due or been declared due and payable, all such money shall be applied to the payment of amounts then due and unpaid with respect to all of the Certificates, without preference or priority of Principal Components over Interest Components or of Interest Components over Principal Components or of any installment of an Interest Component over any other installment of an Interest Component or of any Certificate over any other Certificate, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or privilege.

If the stated Principal Component of all the Outstanding Certificates has been declared due and payable, and if such declaration thereafter has been rescinded and annulled under the provisions of the Trust Agreement, then, subject to the provisions of such Trust Agreement in the event that the stated Principal Component of all the Outstanding Certificates later becomes due or is declared due and payable, the money shall be applied in accordance with the provisions of subparagraphs designated "First" and "Second" above.

Whenever money is to be applied pursuant to the provisions described herein, such money shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such money available and which may become available for such application in the future. Whenever the Trustee shall apply such money, it shall fix the date (which shall be a Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such money and of the fixing of any such date, and shall not be required to make payment to the Owner of any unpaid Certificate until such Certificate shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

When all amounts representing the Principal Component and the Interest Components with respect to all the Outstanding Certificates have been paid under the provisions of the Trust Agreement, and all fees, expenses and charges of the Trustee have been paid, any balance remaining in the Certificate Fund shall be applied as provided in the Trust Agreement.

### ***Remedies Cumulative***

No remedy herein conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Certificate Owners hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or shall be construed to be a

waiver of any such Event of Default or acquiescence therein; and every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by the Trustee or by the Certificate Owners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

### ***Rights and Remedies of Certificate Owners***

No Certificate Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Trust Agreement or for the execution of any trust thereunder or for the appointment of a receiver or any other remedy hereunder, unless (i) an Event of Default has occurred of which the Trustee has been notified or is deemed to have notice as provided in the Trust Agreement, (ii) the Owners of not less than a majority in aggregate stated Principal Component of Certificates then Outstanding have made written request to the Trustee and have furnished the Trustee reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and have furnished to the Trustee indemnity as provided in the Trust Agreement and the Trustee thereafter fails or refuses to exercise the powers and remedies herein granted or to institute such action, suit or proceeding in its own name. Such occurrence, request and indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and the trusts of the Trust Agreement and to any action or cause of action for the enforcement of the Trust Agreement or for the appointment of a receiver or for any other right or remedy thereunder; it being understood and intended that no one or more Certificate Owners shall have any right in any manner whatsoever to affect, disturb or prejudice the Trust Agreement or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Certificates then Outstanding. Nothing in the Trust Agreement contained shall, however, affect or impair the right of any Certificate Owner to payment of amounts representing the Principal Component and Interest Components with respect to any Certificates at and after the Final Payment Date thereof or the obligation of the Lessor to provide for payment of amounts representing the Principal Component, premium, if any, and Interest Components with respect to any Certificate sold to the respective Owners thereof at the time, place, from the source and in the manner in the Trust Agreement and in the Certificates expressed.

Anything in the Trust Agreement to the contrary notwithstanding, subject to the Trustee's rights and indemnity as provided in the Trust Agreement, the Owners of not less than a majority in aggregate stated principal amount of Certificates Outstanding shall have the right, at any time upon an Event of Default, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Trust Agreement, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and the Trust Agreement; provided, further, such direction shall not be in conflict with any rule of law or the Trust Agreement and the Trustee shall not be required to take any action which it, in good faith, concludes may result in personal liability to the

Trustee.

### ***Waivers of Defaults***

Subject to the provisions the Trust Agreement, the Trustee may in its discretion waive any Event of Default under the Trust Agreement and its consequences and rescind any declaration of acceleration of the Outstanding Certificates, and shall do so upon the written request of the Owners of at least a majority in aggregate stated Principal Component of all Certificates then Outstanding. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee under the Trust Agreement on account of any such Event of Default are discontinued or abandoned for any reason, or are determined adversely, then and in every such case the County, the Lessor, the Trustee and the Certificate Owners shall be restored to their former positions, rights and obligations hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been undertaken.

### ***Notices of Defaults***

If an Event of Default occurs of which the Trustee is required to take notice or if notice of default is given as provided in the Trust Agreement, then the Trustee shall, within 30 days after knowledge of such Event of Default, give written notice thereof to the Owners of all Certificates then Outstanding, as shown by the certificate registration books required to be maintained by the Trustee and kept at the principal corporate trust office of the Trustee.

### ***Discharge of Trust Agreement***

When the Principal Component, premium, if any, and Interest Components of all the Certificates have been paid in accordance with their terms or provision has been made for such payment, as provided in the Trust Agreement, and provision has also been made for paying all other sums payable hereunder, including the fees and expenses of the Trustee to the date of retirement of the Certificates, and the payment of amounts to the United States as required, then the right, title and interest of the Trustee under this Trust Agreement shall thereupon cease, determine and be void, and thereupon the Trustee shall, upon the written request of the County and an Opinion of Counsel, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of this Trust Agreement have been complied with, cancel, discharge and release this Trust Agreement and shall execute, acknowledge and deliver to the Lessor such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and the satisfaction and discharge of this Trust Agreement, and shall assign and deliver to the Lessor any property at the time subject to this Trust Agreement which may then be in the Trustee's possession, except amounts in the Certificate Fund required to be paid to the County and except funds or securities in which such moneys are invested and held by the Trustee for the payment of amounts representing the Principal Component, premium, if any, or Interest Component with respect to the Certificates.



To accomplish defeasance, the County shall cause to be delivered to the Trustee (i) a report of an independent firm of nationally recognized certified public accountants or other accountant or a structuring agent ("Accountant") verifying the sufficiency of the escrow established to pay the Certificates in full on the Final Payment Date of the prepayment date ("Verification"), (ii) an Escrow Trust Agreement, (iii) an opinion of nationally recognized special tax counsel to the effect that the Certificates are no longer outstanding under the Trust Agreement and (iv) a Certificate of discharge of the Trustee with respect to the Certificates. Each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Trustee and the County. The Certificates shall be deemed "Outstanding" under this Trust Agreement unless and until they are in fact paid or the criteria set forth are met.

### ***Certificates Deemed to be Paid***

Certificates shall be deemed to be paid within the meaning of the Trust Agreement when payment of the stated Principal Component thereof, and amounts representing the premium, if any, and Interest Components with respect thereto to the due date thereof (whether such due date is by reason of the Final Payment Date or upon prepayment as provided in this Trust Agreement, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms hereof, or (ii) provision therefor shall have been made by depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment, (1) money sufficient to make such payment or (2) direct noncallable obligations of the United States maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient money to make such payment. In the event of an advance refunding, the County shall cause to be delivered the verification report of an independent structuring agent or public accountant satisfactory to the Trustee. If a forward supply contract is employed in connection with the refunding, (i) such verification report shall expressly state that the adequacy of the escrow to accomplish the prepayment relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement, the terms of the escrow agreement will be controlling. At such time as a Certificate shall be deemed to be paid hereunder, as aforesaid, such Certificate shall no longer be secured by or be entitled to the benefits of this Trust Agreement, except for the purposes of any such payment from such moneys or direct noncallable obligations of the United States.

Notwithstanding the foregoing, in the case of any Certificate which by its terms may be prepaid, no deposit under clause (ii) above shall be deemed a payment of such Certificate as aforesaid until, as to all such Certificates which are to be prepaid, proper notice of such prepayment shall have been given in accordance with the Trust Agreement or irrevocable instructions shall have been given to the Trustee to give such notice.

Notwithstanding any provision of any other Section of the Trust Agreement which may be contrary to the provisions described above, all money or direct noncallable obligations of the United States of America set aside and held in trust for the payment of

the stated Principal Component, premium, if any, and Interest Components with respect to any Certificates shall be held in trust exclusively for the payment of such amounts with respect to such Certificates.

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## **APPENDIX B**

STATE AUDIT  
OF RANDOLPH COUNTY, MISSOURI  
FOR THE FISCAL YEARS ENDING DECEMBER 31, 2010  
AND DECEMBER 31, 2009

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORTS  
AND SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2010 & 2009

**THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
TABLE OF CONTENTS**

---

<b><u>FINANCIAL SECTION</u></b>	<b>PAGE</b>
---------------------------------	-------------

Independent Auditor's Report.....	1-2
-----------------------------------	-----

**FINANCIAL STATEMENTS**

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances – All Governmental Funds- Regulatory Basis	
Year Ended December 31, 2010.....	3
Year Ended December 31, 2009.....	4
Comparative Statements of Receipts, Disbursements and Changes in Cash and Investment Balances – Budget and Actual – All Governmental Funds – Regulatory Basis	
Years Ended December 31, 2010 and 2009.....	5-17

*Fiduciary Funds:*

Statements of Assets and Liabilities Arising From Cash Transactions – Agency Funds - Regulatory Basis	
As of December 31, 2010.....	18-19
As of December 31, 2009.....	20-21
Notes to the Financial Statements.....	22-35

**SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT**

**STATE COMPLIANCE SECTION**

Schedule of State Findings.....	36
---------------------------------	----

**FEDERAL COMPLIANCE SECTION**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	37-38
Schedule of Findings and Responses	
Years Ended December 31, 2010 and 2009.....	39-43
Summary Schedule of Prior Year Findings and Responses.....	44-47

## **FINANCIAL SECTION**



# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the County Commission  
The County of Randolph, Missouri

We have audited the accompanying financial statements of the County of Randolph ("County"), Missouri, as of and for the years ended December 31, 2010 and 2009, which collectively comprise the County's financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note I, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements 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.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County of Randolph, Missouri, as of December 31, 2010 and 2009, the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investment balances of the governmental and agency funds of the County of Randolph, Missouri, as of December 31, 2010 and 2009, and the receipts, disbursements and budgetary results of the governmental funds for the years then ended, on the basis of accounting described in Note I.



In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2011 on our consideration of the County'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* and should be considered in assessing the results of our audit.

*Daniel Jones & Associates*

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

September 29, 2011

## **FINANCIAL STATEMENTS**

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010

FUND	CASH AND INVESTMENTS JANUARY 1, 2010	RECEIPTS 2010	DISBURSEMENTS 2010	CASH AND INVESTMENTS DECEMBER 31, 2010
General Revenue	\$ 345,523.73	\$ 3,055,618.72	\$ 2,854,970.16	\$ 546,172.29
Special Road & Bridge	656,885.63	1,328,500.49	1,232,669.45	752,716.67
Assessment	248,639.45	399,582.67	370,023.36	278,198.76
Sheriff Restitution	8,183.40	5,135.60	9,480.27	3,838.73
Recorder Tech	5,253.91	4,388.21	6,303.38	3,338.74
Law Enforcement Training	26,189.49	7,360.07	7,531.69	26,017.87
Prosecuting Attorney Bad Check	10,078.77	24,866.48	25,146.26	9,798.99
Prosecuting Attorney Training	(3,102.48)	1,213.49	1,427.85	(3,316.84)
Capital	25,000.00	-	2,135.90	22,864.10
Collector Tax Maintenance	87,192.61	33,694.99	38,952.78	81,934.82
Prosecuting Attorney Grant	(5,057.18)	83,135.59	76,902.48	1,175.93
Justice Center	479.56	1,193,868.18	1,194,300.69	47.05
Building	60,000.00	-	20,000.00	40,000.00
Sheriff Deputy Supplemental	-	18,141.08	18,141.08	-
Domestic Abuse	932.00	1,017.00	1,200.00	749.00
User	22,156.34	7,726.88	16,128.30	13,754.92
Sheriff	42,766.77	48,914.69	49,017.16	42,664.30
Local Emergency Planning Committee	27,898.08	74.18	-	27,972.26
Cemetery Trust	20,571.29	1,105.53	1,392.39	20,284.43
Delinquent Tax Trust	247.12	4,026.32	2,687.80	1,585.64
Election Service	12,883.63	9,916.59	9,722.83	13,077.39
E-911	605.34	108,398.57	108,986.70	17.21
Justice Center Bond Accounts	847,876.87	1,952,375.59	1,965,156.67	835,095.79
<b>Total</b>	<b>\$ 2,441,204.33</b>	<b>\$ 8,289,060.92</b>	<b>\$ 8,012,277.20</b>	<b>\$ 2,717,988.05</b>

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2009

FUND	CASH AND INVESTMENTS JANUARY 1, 2009	RECEIPTS 2009	DISBURSEMENTS 2009	CASH AND INVESTMENTS DECEMBER 31, 2009
General Revenue	\$ 251,142.89	\$ 2,852,092.21	\$ 2,757,711.37	\$ 345,523.73
Special Road & Bridge	345,462.26	1,411,924.70	1,100,501.33	656,885.63
Assessment	236,943.27	390,707.66	379,011.48	248,639.45
Sheriff Restitution	3,889.98	5,138.71	845.29	8,183.40
Recorder Tech	11,366.00	4,928.66	11,040.75	5,253.91
Law Enforcement Training	24,943.08	7,557.54	6,311.13	26,189.49
Prosecuting Attorney Bad Check	22,535.89	28,218.89	40,676.01	10,078.77
Prosecuting Attorney Training	(1,796.91)	1,282.22	2,587.79	(3,102.48)
Capital	10,000.00	15,000.00	-	25,000.00
Collector Tax Maintenance	75,409.27	33,682.68	21,899.34	87,192.61
Prosecuting Attorney Grant	(9,413.65)	82,331.37	77,974.90	(5,057.18)
Justice Center	2.08	1,178,271.44	1,177,793.96	479.56
Building	25,000.00	35,000.00	-	60,000.00
Sheriff Deputy Supplemental	-	21,880.00	21,880.00	-
Domestic Abuse	1,237.00	895.00	1,200.00	932.00
User	22,564.96	8,788.02	9,196.64	22,156.34
Sheriff	46,043.14	66,967.08	70,243.45	42,766.77
Local Emergency Planning Committee	30,080.62	1,106.94	3,289.48	27,898.08
Cemetery Trust	21,481.91	582.24	1,492.86	20,571.29
Delinquent Tax Trust	726.80	2,769.67	3,249.35	247.12
Election Service	13,474.72	4,561.80	5,152.89	12,883.63
E-911	143.37	111,835.21	111,373.24	605.34
Justice Center Bond Accounts	974,221.69	2,171,700.57	2,298,045.39	847,876.87
<b>Total</b>	<u>\$ 2,105,458.37</u>	<u>\$ 8,437,222.61</u>	<u>\$ 8,101,476.65</u>	<u>\$ 2,441,204.33</u>

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	GENERAL REVENUE FUND			
	2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property taxes	\$ 772,000.00	\$ 809,980.00	\$ 706,750.00	\$ 706,144.00
Sales taxes	1,205,000.00	1,221,006.00	1,227,696.00	1,223,346.47
Intergovernmental	245,441.00	226,512.00	217,055.00	216,084.00
Charges for services	605,250.00	651,390.00	584,900.00	618,245.00
Interest	5,000.00	2,740.00	15,000.00	3,065.74
Other	41,695.00	122,485.72	55,066.00	61,451.00
Transfers in	121,333.00	21,505.00	35,106.00	23,756.00
TOTAL RECEIPTS	2,995,719.00	3,055,618.72	2,841,573.00	2,852,092.21
DISBURSEMENTS				
County Commission	101,554.00	104,304.00	105,654.00	106,796.00
County Clerk	117,325.00	116,437.00	115,414.00	114,820.00
Elections	92,525.00	85,135.00	17,000.00	17,212.00
Buildings and grounds	96,934.00	70,324.00	76,000.00	91,031.00
Employee fringe benefits	392,920.00	416,163.00	392,383.00	364,847.00
Treasurer	59,703.00	58,740.00	48,619.00	48,043.00
Collector	105,472.00	107,790.00	113,652.00	120,456.00
Recorder of Deeds	93,824.00	96,102.00	95,992.00	96,914.00
Circuit Clerk	66,001.00	61,448.00	66,177.00	61,985.00
Associate Circuit Court	11,520.00	6,066.00	16,320.00	7,123.00
Associate Circuit Court (Probate)	3,200.00	2,697.00	3,700.00	2,021.00
Court Administration	1,200.00	390.00	2,300.00	307.00
Public Administrator	74,763.00	74,769.00	75,813.00	75,355.00
Sheriff	599,487.00	592,309.00	683,411.00	628,040.00
Jail	-	-	-	-
Prosecuting Attorney	304,280.00	276,606.00	293,844.00	308,474.00
Juvenile Officer	237,640.00	234,565.00	220,431.00	248,882.00
Coroner	40,978.00	38,822.00	39,278.00	39,230.00
Building Improvements	-	-	-	-
Emergency Management	-	-	-	-
Other	196,570.00	231,703.16	155,548.00	175,675.37
Health and Welfare	-	-	-	-
Transfers out	309,830.00	280,600.00	233,537.00	250,500.00
Emergency fund	89,872.00	-	85,247.00	-
TOTAL DISBURSEMENTS	2,995,598.00	2,854,970.16	2,840,320.00	2,757,711.37
RECEIPTS OVER (UNDER) DISBURSEMENTS	121.00	200,648.56	1,253.00	94,380.84
CASH AND INVESTMENT BALANCES, JANUARY 1	345,523.73	345,523.73	251,142.89	251,142.89
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 345,644.73	\$ 546,172.29	\$ 252,395.89	\$ 345,523.73

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	SPECIAL ROAD & BRIDGE FUND			
	2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property taxes	\$ 471,450.00	\$ 447,932.03	\$ 450,525.00	\$ 480,456.09
Sales taxes	-	-	-	-
Intergovernmental	752,988.00	780,016.22	663,117.00	726,619.32
Charges for services	5,600.00	68,010.57	5,600.00	73,926.31
Interest	2,500.00	2,307.49	14,000.00	2,644.41
Other	85,000.00	30,234.18	153,600.00	128,278.57
Transfers in	-	-	65,000.00	-
TOTAL RECEIPTS	1,317,538.00	1,328,500.49	1,351,842.00	1,411,924.70
DISBURSEMENTS				
Salaries	380,536.00	382,655.00	379,288.00	345,075.00
Employee fringe benefits	132,937.00	133,492.00	122,051.00	113,924.00
Supplies	27,000.00	28,788.00	27,800.00	23,893.00
Insurance	34,039.00	35,337.00	37,000.00	35,704.00
Road & Bridge Materials	469,000.00	319,771.00	414,750.00	281,179.00
Equipment Repairs	64,600.00	52,759.00	59,300.00	62,643.00
Equipment Purchases	105,100.00	89,154.00	125,000.00	108,826.00
Road & Bridge Construction	5,000.00	820.00	5,000.00	4,071.00
Other	156,100.00	189,893.45	166,552.00	125,186.33
Transfers out	56,827.00	-	-	-
TOTAL DISBURSEMENTS	1,431,139.00	1,232,669.45	1,336,741.00	1,100,501.33
RECEIPTS OVER (UNDER) DISBURSEMENTS	(113,601.00)	95,831.04	15,101.00	311,423.37
CASH AND INVESTMENT BALANCES, JANUARY 1	656,885.63	656,885.63	345,462.26	345,462.26
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 543,284.63	\$ 752,716.67	\$ 360,563.26	\$ 656,885.63

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	ASSESSMENT FUND				SHERIFF RESTITUTION FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	396,128.00	398,151.00	424,692.00	386,117.00	-	-	-	-
Charges for services	500.00	283.00	1,000.00	448.00	5,000.00	5,135.60	4,600.00	5,138.71
Interest	1,000.00	943.00	7,000.00	1,429.66	-	-	-	-
Other	4,000.00	205.67	2,308.00	2,713.00	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	401,628.00	399,582.67	435,000.00	390,707.66	5,000.00	5,135.60	4,600.00	5,138.71
DISBURSEMENTS								
Assessor	404,759.00	370,023.36	410,624.00	379,011.48	-	-	-	-
Equipment	-	-	-	-	1,800.00	9,480.27	4,600.00	845.29
TOTAL DISBURSEMENTS	404,759.00	370,023.36	410,624.00	379,011.48	1,800.00	9,480.27	4,600.00	845.29
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,131.00)	29,559.31	24,376.00	11,696.18	3,200.00	(4,344.67)	-	4,293.42
CASH AND INVESTMENT BALANCES, JANUARY 1	248,639.45	248,639.45	236,943.27	236,943.27	8,183.40	8,183.40	3,889.98	3,889.98
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 245,508.45</u>	<u>\$ 278,198.76</u>	<u>\$ 261,319.27</u>	<u>\$ 248,639.45</u>	<u>\$ 11,383.40</u>	<u>\$ 3,838.73</u>	<u>\$ 3,889.98</u>	<u>\$ 8,183.40</u>

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	RECORDER TECH FUND				LAW ENFORCEMENT TRAINING FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	5,000.00	-	-	-	-	-
Charges for services	4,950.00	4,379.00	-	4,884.00	7,600.00	7,360.07	8,500.00	7,557.54
Interest	40.00	9.21	200.00	44.66	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	4,990.00	4,388.21	5,200.00	4,928.66	7,600.00	7,360.07	8,500.00	7,557.54
DISBURSEMENTS								
Training Expenses	-	-	-	-	10,000.00	7,531.69	10,000.00	6,311.13
Equipment	10,000.00	6,303.38	10,000.00	11,040.75	-	-	-	-
TOTAL DISBURSEMENTS	10,000.00	6,303.38	10,000.00	11,040.75	10,000.00	7,531.69	10,000.00	6,311.13
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,010.00)	(1,915.17)	(4,800.00)	(6,112.09)	(2,400.00)	(171.62)	(1,500.00)	1,246.41
CASH AND INVESTMENT BALANCES, JANUARY 1	5,253.91	5,253.91	11,366.00	11,366.00	26,189.49	26,189.49	24,943.08	24,943.08
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 243.91</u>	<u>\$ 3,338.74</u>	<u>\$ 6,566.00</u>	<u>\$ 5,253.91</u>	<u>\$ 23,789.49</u>	<u>\$ 26,017.87</u>	<u>\$ 23,443.08</u>	<u>\$ 26,189.49</u>

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



THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	PROSECUTING ATTORNEY BAD CHECK FUND				PROSECUTING ATTORNEY TRAINING FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	22,320.00	24,866.48	-	26,719.00	1,300.00	1,213.49	2,298.00	1,282.22
Interest	-	-	-	35.00	-	-	-	-
Other	-	-	35,000.00	1,464.89	-	-	-	-
Transfers in	-	-	-	-	1,700.00	-	-	-
TOTAL RECEIPTS	22,320.00	24,866.48	35,000.00	28,218.89	3,000.00	1,213.49	2,298.00	1,282.22
DISBURSEMENTS								
Training Expenses	-	-	-	-	3,000.00	1,427.85	500.00	2,587.79
As Reported by PA	3,092.00	25,146.26	51,500.00	40,676.01	-	-	-	-
TOTAL DISBURSEMENTS	3,092.00	25,146.26	51,500.00	40,676.01	3,000.00	1,427.85	500.00	2,587.79
RECEIPTS OVER (UNDER) DISBURSEMENTS	19,228.00	(279.78)	(16,500.00)	(12,457.12)	-	(214.36)	1,798.00	(1,305.57)
CASH AND INVESTMENT BALANCES, JANUARY 1	10,078.77	10,078.77	22,535.89	22,535.89	(3,102.48)	(3,102.48)	(1,796.91)	(1,796.91)
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 29,306.77</u>	<u>\$ 9,798.99</u>	<u>\$ 6,035.89</u>	<u>\$ 10,078.77</u>	<u>\$ (3,102.48)</u>	<u>\$ (3,316.84)</u>	<u>\$ 1.09</u>	<u>\$ (3,102.48)</u>

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	CAPITAL FUND				COLLECTOR TAX MAINTENANCE FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	28,000.00	33,694.99	29,400.00	33,682.68
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	15,000.00	15,000.00	-	-	-	-
TOTAL RECEIPTS	-	-	15,000.00	15,000.00	28,000.00	33,694.99	29,400.00	33,682.68
DISBURSEMENTS								
Expenses	13,000.00	2,135.90	-	-	98,580.00	38,952.78	94,800.00	21,899.34
TOTAL DISBURSEMENTS	13,000.00	2,135.90	-	-	98,580.00	38,952.78	94,800.00	21,899.34
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,000.00)	(2,135.90)	15,000.00	15,000.00	(70,580.00)	(5,257.79)	(65,400.00)	11,783.34
CASH AND INVESTMENT BALANCES, JANUARY 1	25,000.00	25,000.00	10,000.00	10,000.00	87,192.61	87,192.61	75,409.27	75,409.27
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 12,000.00</u>	<u>\$ 22,864.10</u>	<u>\$ 25,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ 16,612.61</u>	<u>\$ 81,934.82</u>	<u>\$ 10,009.27</u>	<u>\$ 87,192.61</u>

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	PROSECUTING ATTORNEY GRANT FUND				JUSTICE CENTER FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	76,998.00	83,135.59	-	82,331.37	288,000.00	287,920.00	265,000.00	284,746.00
Charges for services	-	-	-	-	65,000.00	70,739.00	117,000.00	67,210.00
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	44,000.00	53,209.18	85,000.00	41,815.44
Transfers in	-	-	88,880.00	-	807,783.00	782,000.00	761,007.00	784,500.00
TOTAL RECEIPTS	76,998.00	83,135.59	88,880.00	82,331.37	1,204,783.00	1,193,868.18	1,228,007.00	1,178,271.44
DISBURSEMENTS								
Expenses	-	76,902.48	-	-	-	-	-	-
Salaries	69,630.00	-	72,000.00	70,973.00	516,574.00	516,113.00	516,440.00	518,832.00
Office	-	-	-	-	8,050.00	10,154.00	8,800.00	7,713.00
Operating	-	-	-	-	289,500.00	292,162.00	300,000.00	279,753.00
Building & Grounds	-	-	-	-	124,316.00	130,459.00	156,600.00	129,603.00
Equipment	-	-	-	-	47,853.00	34,386.00	32,000.00	24,080.00
Other	-	-	-	160.90	9,000.00	3,773.69	7,000.00	6,106.96
Benefits	7,251.00	-	7,466.00	6,841.00	209,969.00	207,253.00	207,167.00	211,706.00
TOTAL DISBURSEMENTS	76,881.00	76,902.48	79,466.00	77,974.90	1,205,262.00	1,194,300.69	1,228,007.00	1,177,793.96
RECEIPTS OVER (UNDER) DISBURSEMENTS	117.00	6,233.11	9,414.00	4,356.47	(479.00)	(432.51)	-	477.48
CASH AND INVESTMENT BALANCES, JANUARY 1	(5,057.18)	(5,057.18)	(9,413.65)	(9,413.65)	479.56	479.56	2.08	2.08
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ (4,940.18)</u>	<u>\$ 1,175.93</u>	<u>\$ 0.35</u>	<u>\$ (5,057.18)</u>	<u>\$ 0.56</u>	<u>\$ 47.05</u>	<u>\$ 2.08</u>	<u>\$ 479.56</u>

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	BUILDING FUND				SHERIFF DEPUTY SUPPLEMENTAL FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	22,000.00	18,141.08	63,000.00	21,880.00
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	35,000.00	35,000.00	-	-	-	-
TOTAL RECEIPTS	-	-	35,000.00	35,000.00	22,000.00	18,141.08	63,000.00	21,880.00
DISBURSEMENTS								
Expenses	30,000.00	20,000.00	-	-	22,000.00	18,141.08	63,000.00	21,880.00
TOTAL DISBURSEMENTS	30,000.00	20,000.00	-	-	22,000.00	18,141.08	63,000.00	21,880.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30,000.00)	(20,000.00)	35,000.00	35,000.00	-	-	-	-
CASH AND INVESTMENT BALANCES, JANUARY 1	60,000.00	60,000.00	25,000.00	25,000.00	-	-	-	-
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 30,000.00	\$ 40,000.00	\$ 60,000.00	\$ 60,000.00	\$ -	\$ -	\$ -	\$ -

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	DOMESTIC ABUSE FUND				USER FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	9,800.00	-
Charges for services	900.00	1,017.00	1,000.00	895.00	8,725.00	7,662.00	-	8,697.00
Interest	-	-	-	-	90.00	64.88	500.00	91.02
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	900.00	1,017.00	1,000.00	895.00	8,815.00	7,726.88	10,300.00	8,788.02
DISBURSEMENTS								
Equipment	-	-	-	-	13,200.00	4,046.00	6,200.00	790.00
Computer	-	-	-	-	3,000.00	6,453.00	2,000.00	2,945.00
Microfilming	-	-	-	-	6,000.00	3,144.00	6,000.00	2,932.00
Training	-	-	-	-	6,500.00	2,119.00	3,400.00	2,200.00
Shelter	1,200.00	1,200.00	1,200.00	1,200.00	-	-	-	-
Miscellaneous	-	-	-	-	2,000.00	366.30	4,000.00	329.64
TOTAL DISBURSEMENTS	1,200.00	1,200.00	1,200.00	1,200.00	30,700.00	16,128.30	21,600.00	9,196.64
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300.00)	(183.00)	(200.00)	(305.00)	(21,885.00)	(8,401.42)	(11,300.00)	(408.62)
CASH AND INVESTMENT BALANCES, JANUARY 1	932.00	932.00	1,237.00	1,237.00	22,156.34	22,156.34	22,564.96	22,564.96
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 632.00	\$ 749.00	\$ 1,037.00	\$ 932.00	\$ 271.34	\$ 13,754.92	\$ 11,264.96	\$ 22,156.34

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	SHERIFF FUND				LOCAL EMERGENCY PLANNING COMMITTEE FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	60,000.00	-	-	-	-	-
Charges for services	60,000.00	48,354.00	-	61,505.00	-	-	-	-
Interest	200.00	141.00	1,000.00	181.00	100.00	74.18	1,000.00	106.94
Other	-	419.69	19,000.00	5,281.08	1,000.00	-	5,000.00	1,000.00
Transfers in	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	60,200.00	48,914.69	80,000.00	66,967.08	1,100.00	74.18	6,000.00	1,106.94
DISBURSEMENTS								
Expenses	-	-	-	-	5,600.00	-	3,036.00	3,289.48
Equipment	75,000.00	19,978.00	76,000.00	36,279.00	-	-	-	-
Miscellaneous	6,461.00	7,534.16	7,000.00	10,208.45	-	-	-	-
Transfers Out	21,505.00	21,505.00	23,756.00	23,756.00	-	-	-	-
TOTAL DISBURSEMENTS	102,966.00	49,017.16	106,756.00	70,243.45	5,600.00	-	3,036.00	3,289.48
RECEIPTS OVER (UNDER) DISBURSEMENTS	(42,766.00)	(102.47)	(26,756.00)	(3,276.37)	(4,500.00)	74.18	2,964.00	(2,182.54)
CASH AND INVESTMENT BALANCES, JANUARY 1	42,766.77	42,766.77	46,043.14	46,043.14	27,898.08	27,898.08	30,080.62	30,080.62
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 0.77	\$ 42,664.30	\$ 19,287.14	\$ 42,766.77	\$ 23,398.08	\$ 27,972.26	\$ 33,044.62	\$ 27,898.08

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	CEMETERY TRUST FUND				DELINQUENT TAX TRUST FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	500.00	1,105.53	550.00	582.24	-	-	-	-
Other	-	-	-	-	-	4,026.32	-	2,769.67
Transfers in	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	500.00	1,105.53	550.00	582.24	-	4,026.32	-	2,769.67
DISBURSEMENTS								
Services and Other	2,200.00	1,392.39	2,300.00	1,492.86	-	2,687.80	-	3,249.35
TOTAL DISBURSEMENTS	2,200.00	1,392.39	2,300.00	1,492.86	-	2,687.80	-	3,249.35
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,700.00)	(286.86)	(1,750.00)	(910.62)	-	1,338.52	-	(479.68)
CASH AND INVESTMENT BALANCES, JANUARY 1	20,571.29	20,571.29	21,481.91	21,481.91	-	247.12	-	726.80
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 18,871.29</u>	<u>\$ 20,284.43</u>	<u>\$ 19,731.91</u>	<u>\$ 20,571.29</u>	<u>\$ -</u>	<u>\$ 1,585.64</u>	<u>\$ -</u>	<u>\$ 247.12</u>

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	ELECTION SERVICE FUND				E-911 FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	8,000.00	5,631.00	4,200.00	4,511.00	94,000.00	93,798.57	92,000.00	95,835.21
Interest	50.00	35.00	300.00	50.80	-	-	-	-
Other	-	4,250.59	-	-	-	-	-	-
Transfers in	-	-	-	-	18,047.00	14,600.00	22,530.00	16,000.00
TOTAL RECEIPTS	8,050.00	9,916.59	4,500.00	4,561.80	112,047.00	108,398.57	114,530.00	111,835.21
DISBURSEMENTS								
Salaries	-	-	-	-	12,483.00	9,670.00	12,445.00	10,130.00
Operation	-	-	-	-	99,084.00	98,435.00	101,000.00	100,123.00
Benefits	-	-	-	-	1,085.00	881.00	1,085.00	969.00
Equipment	10,000.00	8,530.00	4,200.00	4,323.00	-	-	-	-
Training	1,000.00	-	1,500.00	-	-	-	-	-
Miscellaneous	1,500.00	1,192.83	2,000.00	829.89	-	0.70	-	151.24
TOTAL DISBURSEMENTS	12,500.00	9,722.83	7,700.00	5,152.89	112,652.00	108,986.70	114,530.00	111,373.24
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,450.00)	193.76	(3,200.00)	(591.09)	(605.00)	(588.13)	-	461.97
CASH AND INVESTMENT BALANCES, JANUARY 1	12,883.63	12,883.63	13,474.72	13,474.72	605.34	605.34	143.37	143.37
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 8,433.63	\$ 13,077.39	\$ 10,274.72	\$ 12,883.63	\$ 0.34	\$ 17.21	\$ 143.37	\$ 605.34

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



THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	JUSTICE CENTER BOND ACCOUNTS FUND			
	2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property taxes	\$ -	\$ 1,952,375.59	\$ -	\$ 2,171,700.57
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Transfers in	-	-	-	-
TOTAL RECEIPTS	-	1,952,375.59	-	2,171,700.57
DISBURSEMENTS				
Services and Other	-	1,449,156.67	-	1,698,045.39
Transfers Out	-	516,000.00	-	600,000.00
TOTAL DISBURSEMENTS	-	1,965,156.67	-	2,298,045.39
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(12,781.08)	-	(126,344.82)
CASH AND INVESTMENT BALANCES, JANUARY 1	-	847,876.87	-	974,221.69
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ -	\$ 835,095.79	\$ -	\$ 847,876.87

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
AGENCY FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010

	MOBERLY SPECIAL ROAD	CERF	UNCLAIMED FEES	SPECIAL ELECTION	SURPLUS TAX	CRIMINAL COSTS
ASSETS						
Cash and Cash Equivalents	\$ 32,518.83	\$ 4,737.97	\$ 0.10	\$ 84.00	\$ 574.85	\$ 48.01
Investments	-	-	-	-	-	-
TOTAL ASSETS	<u>32,518.83</u>	<u>4,737.97</u>	<u>0.10</u>	<u>84.00</u>	<u>574.85</u>	<u>48.01</u>
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	<u>32,518.83</u>	<u>4,737.97</u>	<u>0.10</u>	<u>84.00</u>	<u>574.85</u>	<u>48.01</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 32,518.83</u>	<u>\$ 4,737.97</u>	<u>\$ 0.10</u>	<u>\$ 84.00</u>	<u>\$ 574.85</u>	<u>\$ 48.01</u>

	CAPITAL SCHOOLS	FAMILY PRESERVATION	CASA	SHERIFF CCS	COLLECTOR	PROSECUTING ATTORNEY
ASSETS						
Cash and Cash Equivalents	\$ 48,905.44	\$ 23.49	\$ 9,211.39	\$ 16,429.59	\$ 21,649,573.78	\$ 1,990.82
Investments	-	-	-	-	-	-
TOTAL ASSETS	<u>48,905.44</u>	<u>23.49</u>	<u>9,211.39</u>	<u>16,429.59</u>	<u>21,649,573.78</u>	<u>1,990.82</u>
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	<u>48,905.44</u>	<u>23.49</u>	<u>9,211.39</u>	<u>16,429.59</u>	<u>21,649,573.78</u>	<u>1,990.82</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 48,905.44</u>	<u>\$ 23.49</u>	<u>\$ 9,211.39</u>	<u>\$ 16,429.59</u>	<u>\$ 21,649,573.78</u>	<u>\$ 1,990.82</u>

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
AGENCY FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010

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	SHERIFF	RECORDER OF DEEDS	TOTAL FIDUCIARY FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 14,378.32	\$ 13,952.16	\$ 21,792,428.75
Investments	-	-	-
TOTAL ASSETS	<u>14,378.32</u>	<u>13,952.16</u>	<u>21,792,428.75</u>
LIABILITIES AND FUND BALANCES			
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
UNRESERVED FUND BALANCES	<u>14,378.32</u>	<u>13,952.16</u>	<u>21,792,428.75</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,378.32</u>	<u>\$ 13,952.16</u>	<u>\$ 21,792,428.75</u>

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
AGENCY FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2009

	MOBERLY SPECIAL ROAD	CERF	UNCLAIMED FEES	SPECIAL ELECTION	SURPLUS TAX	CRIMINAL COSTS
ASSETS						
Cash and Cash Equivalents	\$ 1,500.44	\$ 4,467.75	\$ 3,117.21	\$ -	\$ 5,660.28	\$ 48.01
Investments	-	-	-	-	-	-
TOTAL ASSETS	<u>1,500.44</u>	<u>4,467.75</u>	<u>3,117.21</u>	<u>-</u>	<u>5,660.28</u>	<u>48.01</u>
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	<u>1,500.44</u>	<u>4,467.75</u>	<u>3,117.21</u>	<u>-</u>	<u>5,660.28</u>	<u>48.01</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,500.44</u>	<u>\$ 4,467.75</u>	<u>\$ 3,117.21</u>	<u>\$ -</u>	<u>\$ 5,660.28</u>	<u>\$ 48.01</u>

	CAPITAL SCHOOLS	INSTITUTIONAL TAX	MONITEAU FIRE	HIGBEE FIRE	FAMILY PRESERVATION	CASA
ASSETS						
Cash and Cash Equivalents	\$ 30,564.32	\$ 17,803.23	\$ 0.06	\$ 0.17	\$ 23.49	\$ 5,188.49
Investments	-	-	-	-	-	-
TOTAL ASSETS	<u>30,564.32</u>	<u>17,803.23</u>	<u>0.06</u>	<u>0.17</u>	<u>23.49</u>	<u>5,188.49</u>
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	<u>30,564.32</u>	<u>17,803.23</u>	<u>0.06</u>	<u>0.17</u>	<u>23.49</u>	<u>5,188.49</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 30,564.32</u>	<u>\$ 17,803.23</u>	<u>\$ 0.06</u>	<u>\$ 0.17</u>	<u>\$ 23.49</u>	<u>\$ 5,188.49</u>

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
AGENCY FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2009

	SHERIFF CCS	COLLECTOR	PROSECUTING ATTORNEY	SHERIFF	RECORDER OF DEEDS	TOTAL FIDUCIARY FUNDS
ASSETS						
Cash and Cash Equivalents	\$ 10,898.35	\$ 19,873,797.61	\$ 308.14	\$ 6,877.77	\$ 12,426.34	\$ 19,972,681.66
Investments	-	-	-	-	-	-
TOTAL ASSETS	<u>10,898.35</u>	<u>19,873,797.61</u>	<u>308.14</u>	<u>6,877.77</u>	<u>12,426.34</u>	<u>19,972,681.66</u>
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
UNRESERVED FUND BALANCES	<u>10,898.35</u>	<u>19,873,797.61</u>	<u>308.14</u>	<u>6,877.77</u>	<u>12,426.34</u>	<u>19,972,681.66</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,898.35</u>	<u>\$ 19,873,797.61</u>	<u>\$ 308.14</u>	<u>\$ 6,877.77</u>	<u>\$ 12,426.34</u>	<u>\$ 19,972,681.66</u>

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Randolph, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1849 by an Act of the Missouri Territory. In addition to the three Commissioners, there are ten elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk and ex officio Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

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

A. Reporting Entity

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

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

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

B. Basis of Presentation

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

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following fund types are used by the County:

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Types

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

Fiduciary Fund Types

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

C. Basis of Accounting

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

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and 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.

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.

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

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

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.
2. On or before 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.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning the following January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.
4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.
5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

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

7. 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 prohibits expenditures in excess of the approved budgets.



THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Taxes

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

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2010 and 2009, for purposes of taxation was:

	<u>2010</u>	<u>2009</u>
Real Estate	\$ 295,688,690	\$ 279,412,990
Personal Property	84,800,652	81,809,770
Railroad and Utilities	<u>52,817,113</u>	<u>49,902,655</u>
	<u>\$ 433,306,455</u>	<u>\$ 411,125,415</u>

During 2010 and 2009, the County Commission approved a \$.4124 and \$.4125, respectively, tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2010 and 2009, for purposes of County taxation, as follows:

	<u>2010</u>	<u>2009</u>
General Revenue Fund	\$ 0.2139	\$ 0.2140
Road and Bridge Fund	0.1985	0.1985

F. Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash and investments applicable to a particular fund are readily identifiable. Some County offices also hold cash and investments in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements.

G. Interfund Transactions

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

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

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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II. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and Equivalents" under each fund's caption. Deposits with maturities greater than three months are considered investments. In addition, cash and investments are separately held by several of the County's funds. Investments of the County consist of certificates of deposit with local banking institutions.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2010 and 2009, the carrying amount of the County's deposits was \$2,717,988.05 and \$2,441,204.33, and the bank balance was \$20,057,534.57 and \$13,023,738.65, respectively. As of December 31, 2010 and 2009, 100% of the County's investments were guaranteed by the U.S. Government.

SUMMARY OF CARRYING VALUES

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2010, as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances -	
Deposits	\$ 2,703,008.21
Investments	14,979.84
	<hr/>
Total Deposits & Investments as of December 31, 2010	\$ <u>2,717,988.05</u>

The carrying values of deposits and investments at December 31, 2009, are as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances -	
Deposits	\$ 2,425,222.00
Investments	15,982.33
	<hr/>
Total Deposits & Investments as of December 31, 2009	\$ <u>2,441,204.33</u>

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 years ended December 31, 2010 & 2009.

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

II. DEPOSITS AND INVESTMENTS (concluded)

Custodial Credit Risk – Investments

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

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 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 County's investments were not exposed to concentration of investment credit risk for the year end December 31, 2010 & 2009.

III. LONG-TERM DEBT

In 2004, the County received a Leasehold Revenue Bond Series 2004 for \$6,800,000 maturing in 2020. Interest rates vary between 3.6% and 5.4%.

LEASEHOLD REVENUE BONDS SERIES 2004 - 2009

YEARS ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2010	\$ 470,000.00	\$ 247,370.00	\$ 717,370.00
2011	465,000.00	225,397.50	690,397.50
2012	505,000.00	202,602.50	707,602.50
2013	495,000.00	179,102.50	674,102.50
2014	480,000.00	154,990.00	634,990.00
2015-2019	2,190,000.00	420,940.00	2,610,940.00
2020-2024	515,000.00	13,905.00	528,905.00
	<u>\$ 5,120,000.00</u>	<u>\$ 1,444,307.50</u>	<u>\$ 6,564,307.50</u>

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

III. LONG-TERM DEBT (continued)

Balance – December 31, 2008	\$ 5,600,000.00
Additions	-
Payments	<u>(480,000.00)</u>
Balance – December 31, 2009	<u>\$ 5,120,000.00</u>

LEASEHOLD REVENUE BONDS SERIES 2004 - 2010

YEARS ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2011	\$ 465,000.00	\$ 225,397.50	\$ 690,397.50
2012	505,000.00	202,602.50	707,602.50
2013	495,000.00	179,102.50	674,102.50
2014	480,000.00	154,990.00	634,990.00
2015	465,000.00	130,420.00	595,420.00
2016-2020	<u>2,240,000.00</u>	<u>304,425.00</u>	<u>2,544,425.00</u>
	<u>\$ 4,650,000.00</u>	<u>\$ 1,196,937.50</u>	<u>\$ 5,846,937.50</u>

Balance – December 31, 2009	\$ 5,120,000.00
Additions	-
Payments	<u>(470,000.00)</u>
Balance – December 31, 2010	<u>\$ 4,650,000.00</u>

IV. LEASES

Capital Leases

In 2006, the County entered into a capital lease agreement with General Motors for the purchase of two automobiles for the Sheriff's department. The agreement consists of a four year period with a principal of \$51,550.24 at a 6.85% annual interest rate. The capital lease agreement expires in 2009.

In 2009, the County entered into a capital lease agreement with John Deere for a Motograder. Terms for this lease are three equal payments of \$49,230.34 made annually with the lease ending in July 2011. Interest is compounded monthly at 4.50% with payment at the same time as principle.

In 2009, the County entered into a capital lease agreement with Kansas State Bank of Manhattan for the purchase of one 2010 International 7400 Dump Truck with a \$47,826.47 principal. Terms for the lease include two equal payments paid annually with an additional \$3,900 in interest.

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

IV. LEASES (continued)

Capital Leases (concluded)

AMORTIZATION SCHEDULE FOR CAPITAL LEASES - 2009

YEARS ENDING DECEMBER, 31	PRINCIPAL	INTEREST	TOTAL
2010	\$ 69,308.42	\$ 5,785.45	\$ 75,093.87
2011	72,678.80	2,416.07	75,094.87
	<u>\$ 141,987.22</u>	<u>\$ 8,201.52</u>	<u>\$ 150,188.74</u>
Balance – December 31, 2008		\$ 13,285.19	
Additions		189,126.47	
Payments		<u>(60,424.44)</u>	
Balance – December 31, 2009		<u>\$ 141,987.22</u>	

AMORTIZATION SCHEDULE FOR CAPITAL LEASES - 2010

YEARS ENDING DECEMBER, 31	PRINCIPAL	INTEREST	TOTAL
2011	\$ 72,678.80	\$ 2,416.07	\$ 75,094.87
	<u>\$ 72,678.80</u>	<u>\$ 2,416.07</u>	<u>\$ 75,094.87</u>
Balance – December 31, 2009		\$ 141,987.22	
Additions		-	
Payments		<u>(69,308.42)</u>	
Balance – December 31, 2010		<u>\$ 72,678.80</u>	

Operating Leases

In September 2007, the County entered into an annual lease agreement with the Randolph County Health Department for land. The term consists of a 12 month period with monthly payments of \$72.

In March 2004, the County entered into a lease agreement for a storage unit with Xtra Space Rentals. The term of the tenancy is month-to-month and the County shall pay \$30 per month rent for the storage unit.

In October 2009, per addendum, the lease agreement dated April 2005 with B&P Properties and the Counties of Chariton, Howard, Linn, Macon, and Randolph was changed to increase space. The end date of the lease is December 31, 2015. Allocation of the payment is divided among the counties based on population. Randolph County paid \$2,262,19 per quarter from April 2005 until October 2009 and \$2,539.50 per quarter from October 15 until the end date of the lease.

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

IV. LEASES (concluded)

Operating Leases (concluded)

AMORTIZATION SCHEDULE FOR OPERATING LEASE - 2009

YEARS ENDING DECEMBER 31,	PRINCIPAL	TOTAL
2010	\$ 10,158.00	\$ 10,158.00
2011	10,158.00	10,158.00
2012	10,158.00	10,158.00
2013	10,158.00	10,158.00
2014	10,158.00	10,158.00
2015-2019	10,158.00	10,158.00
	<u>\$ 60,948.00</u>	<u>\$ 60,948.00</u>

AMORTIZATION SCHEDULE FOR OPERATING LEASE - 2010

YEARS ENDING DECEMBER 31,	PRINCIPAL	TOTAL
2011	\$ 10,158.00	\$ 10,158.00
2012	10,158.00	10,158.00
2013	10,158.00	10,158.00
2014	10,158.00	10,158.00
2015	10,158.00	10,158.00
2016-2020	0.00	0.00
	<u>\$ 50,790.00</u>	<u>\$ 50,790.00</u>

V. INTERFUND TRANSFERS

Transfers between funds for the year ended December 31, 2010 and 2009 are as follows:

	2010		2009	
	Transfers In	Transfers Out	Transfers In	Transfers Out
MAJOR FUNDS				
General Fund	\$ 21,505.00	\$ 280,600.00	\$ 23,756.00	\$ 250,500.00
Capital Fund	-	-	15,000.00	-
Justice Center Fund	782,000.00	-	784,500.00	-
Building Fund	-	-	35,000.00	-
Sheriff Fund	-	21,505.00	-	23,756.00
Justice Center Bond Accounts	-	516,000.00	-	600,000.00
911 Services Fund	14,600.00	-	16,000.00	-
TOTAL	<u>\$ 818,105.00</u>	<u>\$ 818,105.00</u>	<u>\$ 874,256.00</u>	<u>\$ 874,256.00</u>

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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V. INTERFUND TRANSFERS (concluded)

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

VI. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

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

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000 could opt out of the system.

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

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, P.O. Box 2271, Jefferson City, MO 65102-2271, or by calling 1-573-632-9203.

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, in addition to the prior contributions requirements, participating county employees hired on or after February 25, 2002 are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. During 2010 and 2009, the County collected and remitted to CERF, employee contributions of approximately for \$54,164.31 and \$51,726.29, respectively, for the years then ended.

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

A. Plan Description

Randolph County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMO. 70.600 - 70.755. As such, it is the system'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 it is tax exempt. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Status

Randolph County's full time employees contribute 4% of their gross pay to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rates for 2010 are 1.9% (general) and 3.7% (police), for 2009 they are 0.9% (general) and 2.7% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

For 2010, the political subdivision's annual pension cost of \$46,869 was equal to the required and actual contributions. The annual required contribution (ARC) was determined as part of the February 29, 2008 and February 28, 2009 annual actuarial valuations using the entry age actuarial cost method. The actuarial valuation using the entry age actuarial cost method. For 2009, the political subdivision's annual pension cost of \$119,846 was equal to the required and actual contributions.



THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (concluded)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (concluded)

The required contribution was determined as part of February 28, 2007 and February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5 percent per year, compounded annually, (b) projected salary increases of 4.0 percent per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0 percent to 6.0 percent per year, depending on age, attributable to seniority/merit, (d) pre-retirement mortality based on RP 2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality Table for males projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of 2/29/08 was 15 years for the General division and 15 years for the Police division. The amortization period as of 2/28/09 was 2 years for the General division and 6 years for the Police division.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6/30/2008	\$ 42,995	100%	\$ 0
6/30/2009	34,936	100%	0
6/30/2010	46,869	100%	0

REQUIRED SUPPLEMENTARY INFORMATION  
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/29/2008	\$ 4,052,901	\$ 2,975,311	\$ (1,077,590)	136%	\$ 2,050,490	0%
2/28/2009	3,424,742	3,183,806	(240,936)	108%	2,010,367	0%
2/28/2010	3,816,790	3,558,100	(258,690)	107%	2,114,071	0%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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VIII. OTHER RETIREMENT PLAN

Contributions to a voluntary plan are paid by a voluntary deduction from employees' salary. These contributions qualify under the Internal Revenue Code and are tax exempt. These contributions are then remitted to Great West who administers the 401a Plan and 457 Plan. Employee contributions were \$473.27 and \$493.99 for the years ended December 31, 2010 and 2009, respectively.

IX. 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 two Cobra participants at December 31, 2009, and one Cobra participant at December 31, 2010.

X. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$2,244 and \$2,244, respectively, for the years ended December 31, 2010 and 2009.

XI. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is involved in pending litigation at December 31, 2010.

B. Compensated Absences

The County provides employees with up to four weeks of paid vacation based upon the number of years of continuous service. Unused vacation time may carry over from year to year; however, no more than ten days of fully earned vacation may be carried forward at the end of a calendar year. Time in excess of the ten days will be forfeited. Upon termination, an employee is reimbursed for any unused vacation days at a rate equal to the base rate in effect on the employee's last day of work. Employees accrue one sick day per month. The County allows employees to accrue up to a maximum of 720 hours of sick time. Accrued sick time is deemed lost and will not be paid upon termination of employment. These have not been subjected to auditing procedures.

C. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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XII. 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 purchases workers' compensation and employers' liability insurance and is insured up to \$1,000,000 per occurrence. The County's general liability insurance is insured up to \$2,000,000 per occurrence.

XIII. SUBSEQUENT EVENTS

On January 1, 2011, the County entered into a lease agreement for a building with David Fusselman. The term of the tenancy is for four consecutive one year terms from January 1, 2011, and terminating on December 31 of each successive year through the year 2015. The County will pay a yearly rental of \$9,600 payable in monthly installments of \$800 each.

**SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT**

## **STATE COMPLIANCE SECTION**

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
SCHEDULE OF STATE FINDINGS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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SCHEDULE OF STATE FINDINGS

- A. For the year ended December 31, 2009, expenditures exceeded those budgeted for the following: recorder tech fund, prosecuting attorney training fund and local emergency planning committee fund.
- B. For the year ended December 31, 2010, expenditures exceeded those budgeted for the following: sheriff restitution fund, prosecuting attorney bad check fund and prosecuting attorney grant fund.
- C. For the year ended December 31, 2010, funds were deficit budgeted for the following: prosecuting attorney training fund and prosecuting attorney grant fund.
- D. For the year ended December 31, 2009, funds did not have budgets for the following: delinquent tax trust fund and justice center bond accounts.
- E. For the year ended December 31, 2010, funds did not have budgets for the following: delinquent tax trust fund and justice center bond accounts.

## **FEDERAL COMPLIANCE SECTION**



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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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  
The County of Randolph, Missouri

We have audited the financial statements of the County of Randolph ("County"), Missouri, as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 29, 2011. 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. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (FS 09/10-01, FS 09/10-02, FS 09/10-03, FS 09/10-04, FS 09/10-05, FS 09/10-06, FS 09/10-07 and FS 09/10-08) 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.



### Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated September 29, 2011.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the County Commission, County Officeholders, Missouri State Auditor, the Federal awarding agencies and pass-through entities and is not to be and should not be used by anyone other than those specified parties.

*Daniel Jones & Associates*

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

September 29, 2011

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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I. FINANCIAL STATEMENT FINDINGS

FS 09/10-01     Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under 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, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency. SAS No. 115 supersedes SAS No. 112.

Condition: During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to financial statements.

Context: During discussions with management, we noted that we will be assisting the County with the preparation of their audited financial statements and footnotes.

Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 115 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

Cause: Management did not prepare the financial statements or the notes to financial statements.

Recommendation: Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

Views of responsible officials and planned corrective actions: The County will take this recommendation into consideration.

FS 09/10-02     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, 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 115 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.

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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I. FINANCIAL STATEMENT FINDINGS (continued)

FS 09/10-02     Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The County is currently working on the creation of documentation for risk assessment.

FS 09/10-03     Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

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

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

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

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

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 currently working on the creation of documentation for risk assessment.

FS 09/10-04     Criteria: The County does not have an investment policy in place as required by RSMo 30.950. A model investment policy is provided by the State Treasurer.

Condition: During our audit, we noted that the County does not have an investment policy in place.

Context: During discussions with management, we noted there was no investment policy implemented.

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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I. FINANCIAL STATEMENT FINDINGS (continued)

FS 09/10-04     Effect: The County is required to adopt and comply with a formal written investment policy to ensure that the County has considered the appropriate levels of safety, liquidity and return in the responsible management of public funds.

Cause: Management has not adopted a formal written investment policy.

Recommendation: We recommend that the County adopt and comply with a formal written investment policy in accordance with State Statutes.

Views of responsible officials and planned corrective actions: The County is in the process of implementing an investment policy in accordance with RSMo 30.950 that has been provided by the Missouri State Treasurer's Office.

FS 09/10-05     Criteria: County voters approved a sales tax levy in 2002 to fund the construction of the Justice Center. The County opened four bank accounts with Commerce Trust Company in Kansas City in order to receive the sales tax and make the bond payments. The State of Missouri submits the Justice Center sales tax it collects on behalf of the County directly to the Bank, who also makes the bond payments for the County. However, the County does not report the revenue or the principal and interest payments in any fund on the budget.

Condition: During our audit, we noted the County does not report these four bank accounts or their activity with Commerce Trust Company.

Context: During discussions with management, we noted the County does not report these four bank accounts or their activity with Commerce Trust Company.

Effect: Lack of reporting these four bank accounts and their activity misrepresents overall County funds.

Cause: Management has not made a fund to report the noted accounts.

Recommendation: We recommend that the County report the sales tax money received by the bank and the bond principal interest to more accurately reflect the financial position and transactions of the County.

Views of responsible officials and planned corrective actions: Randolph County will add this information to the County's and the State's Budgetary reports.

FS 09/10-06     Criteria: The Assessor's office incorrectly accounted for expense items that should be treated as interfund transfers.

Condition: During our audit, we noted the Assessor's office does not correctly account for interfund transfers.

Context: During discussions with management, we noted that the Assessor's office does not correctly account for interfund transfers.

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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I. FINANCIAL STATEMENT FINDINGS (continued)

FS 09/10-06     Effect: Improperly accounting for interfund transfers causes an overstatement of both expenses and revenues.

Cause: Management has not correctly accounted for interfund transfers in certain instances.

Recommendation: We recommend that future interfund transfers be treated as a journal entry and not a transaction within the entity.

Views of responsible officials and planned corrective actions: The Assessor's office will implement necessary changes as recommended.

FS 09/10-07     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: During our audit, we noted certain instances in the Recorder's office that cause concern. The Recorder is able to perform multiple duties of the accounting process including: custody of assets, authorization of related transactions affecting those assets and recording or related transaction activity.

Context: During discussions with management, we noted that the Recorder is able to perform multiple duties of the accounting process.

Effect: Sound internal controls require segregation of duties in the office. Segregation of duties is critical to effective internal controls because it reduces the risk of mistakes and inappropriate actions.

Cause: The Recorder has not implemented sound internal controls in the office.

Recommendation: We recommend that the Recorder segregate duties in the office if possible to implement.

Views of responsible officials and planned corrective actions: The Recorder's office will implement necessary changes as recommended.

FS 09/10-08     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: During our audit, we noted certain instances in the Treasurer's and Collector's offices that cause concern. The Collector writes, signs, reviews and reconciles checks to the bank statement for tax monies paid to the state and to clerk to distribute to taxing districts, customer refunds, or monies collected as cash for other county collections, to remit to that county. The Treasurer collects monies from other offices to be deposited. Receipts for monies received are generated from the computer software by the Treasurer. The Treasurer also deposits the monies and reconciles the monies to be deposited against the settlement statements she generates.

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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I. FINANCIAL STATEMENT FINDINGS (concluded)

FS 09/10-08     Context: During discussions with management, we noted that there are segregation of duties issues in the offices of the Collector and Treasurer.

Effect: Sound internal controls require segregation of duties in the office. Segregation of duties is critical to effective internal controls because it reduces the risk of mistakes and inappropriate actions.

Cause: The Treasurer and Collector have not implemented sound internal controls in their offices.

Recommendation: We recommend that the Treasurer and Collector segregate duties in their offices if possible to implement.

Views of responsible officials and planned corrective actions: The Treasurer's and Collector's offices will take these recommendations under consideration.

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 07/08-01     Condition: 1) The County Clerk's office does not mark invoices a paid after the Commission approves claims for payment. A Deputy County Clerk indicated that the County has acquired a stamp for this purpose and will begin stamping invoices. 2) Invoices for the purchase of rock and a tractor by the Road and Bridge department and cleaning services at the Justice Center were not approved by the department heads or other employees of the department before being submitted to the County Clerk. The Clerk's office indicated that if an invoice is sent directly to their office, no attempt is made to contact the department that made the purchase to ensure that the invoice is for a legitimate purchase and that the goods or services were received. 3) The purchase of a pickup truck by the Sheriff was not properly supported. Attached to the claim was the bid received from the vendor rather than an invoice. The amount of the bid was different than the amount that the County actually paid for the truck.

Recommendation: We recommend that 1) the County Clerk's office mark each invoice as paid immediately after it is approved for payment by the County Commission to prevent invoices being presented for payment more than once; 2) all invoices be approved by the department head or another employee of the department making the purchase to ensure that all invoices presented for payment are for authorized purchases and that the goods or services being paid for have been received; 3) all payments have sufficient documentation to support the legitimacy and the amount of the expenditure.

Management's Response: All three recommendations have been implemented: invoices are being date stamped; invoices needing department approval are being authorized and approved before payment and a county policy on documentation of purchases has been adopted.

Status: It appears this finding has been resolved in the current year.

FS 07/08-02     Condition: The County Assessor does not have adequate control over assessment values. All staff members have unlimited access to the assessment value database after entering personal passwords. Therefore, the records within the system can be altered by any member of the staff without appropriate authorization or oversight. Assessment value changes should be monitored to limit errors and prevent unauthorized changes to property values.

Status: We recommend that the County implement a process to account for changes to the assessment value database. Also, the Assessor should review change reports reflecting modifications to assess valuations for property.

Management's Response: The Assessor recognizes that added oversight is highly beneficial to the security and integrity of the assessment function, and, has contacted the software programmer to install such items that will provide a higher degree of safeguards over the current programming. It is the intention of the Assessor to implement these new safeguards this year.

Status: It appears this finding has been resolved in the current year.

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (continued)

FS 07/08-03     Condition: The County had expenditures in excess of budgeted amounts for a number of funds in both 2007 and 2008, including major funds such as Road & Bridge and Justice Center. By law, the County is prohibited from having actual expenditures in excess of budgeted amounts for each individual fund. The Prosecuting Attorney Training fund and the Prosecuting Attorney Grant fund reported expended cash in excess of the cash balance in the funds. Use of funds in excess of available balances creates an implicit borrowing on other funds which can also result in statutory violations pertaining to the use of those funds.

Recommendation: We recommend that the County strictly adhere to the budget, and not authorize any expenditure which results in, or increases, the negative cash balance of a fund. Furthermore, the County should properly amend the budget if circumstances arise during the year that require or allow for additional expenditures.

Management's Response: The County will continue to monitor the revenues and expenses to ensure they are kept within the budget guidelines. In addition, procedures will be considered to ensure budgets are properly amended in accordance with the audit recommendation.

Status: These issues were present in the current year. Therefore, this finding has been re-issued as a state finding in the current year under *Schedule of State Findings*.

FS 07/08-04     Condition: 1) The Prosecuting Attorney Bad Check fund and Collector Tech (Tax Maintenance) fund had material discrepancies between amounts reported as fund balances, receipts, and disbursements on the approved budgets sent to the State Auditor by the County Clerk and the financial statements published in the local newspaper. The County Clerk reported 2006 receipts and expenditures and 2007 expenditures as zero for the Bad Check fund; however, the Treasurer's settlement statements showed that the fund did have activity in 2006 and expenditures in 2007. This caused the ending fund balances on the budgets to differ from those reported on the published financial statements (which agree with the Treasurer's settlement statements). 2) The County Clerk reported a different amount of receipts and expenditures on the budget for the Tax Maintenance fund in 2007 than was reported on the Treasurer's settlement statement and published financial statements showed, although both reported the same beginning fund balance. However, on the 2009 budget, the County Clerk reported the December 31, 2007 fund balance as the Treasurer's settlement statement balance instead of what it reported.

Recommendation: We recommend that the County officials work together to ensure that all amounts reported on the budgets and published financial statements are accurate and in agreement. The County Clerk has a statutory responsibility to reconcile with the Treasurer and to publish reliable financial statements. We recommend that the County Clerk and Treasurer reconcile the balances of all funds included the Prosecuting Attorney Bad Check fund on a monthly basis. Accordingly, we recommend that disbursements from the Bad Check fund be provided to the County Clerk on a timely basis each month, in order to allow the County Clerk to keep records of activity in all funds.



THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (continued)

FS 07/08-04     Management's Response: The County will attempt to implement this recommendation.

Status: It appears this finding has been resolved in the current year.

FS 07/08-05     Condition: The County's records of transfers from funds did not equal transfers to funds in either 2007 or 2008. This out-of-balance situation occurred because transactions are recorded inconsistently. The County collects the property tax levy for the Moberly Special Road District, which is a separate entity, and keeps a withholding of 20% for common roads and administration. This withholding was improperly recorded as a transfer into the Road & Bridge fund in 2007 and 2008 instead of as Fees and Charges. The County recorded grants funds from the state as transfers into the Prosecuting Attorney Grant fund in both years. This money should have been recorded as intergovernmental revenue. Also, the County improperly recorded money received from Commerce Bank for Justice Center operations as a transfer into the Justice Center fund in both years. Transfers in and out should only be recorded for transactions between County funds and should at all times be equal and thus in balance.

Recommendation: We recommend that the County record transfers in and out only for transactions between County funds and ensure that they are recorded consistently and are in balance.

Management's Response: The County Treasurer is compiling information to implement this recommendation.

Status: It appears this finding has been resolved in the current year.

FS 07/08-06     Condition: As of December 31, 2008, the County Treasurer listed on the bank reconciliation 27 outstanding checks that were written prior to 2008. One was written in 1999, one in 2002, six in 2004, 8 in 2005, seven in 2006, and three in 2007. All of these checks were for minor amounts with the largest being \$27. The total amount of all the outstanding checks was \$379. None of these checks had been voided or the subject of a stop payment order. According to RSMo 447.532.1, "All intangible personal property...that has remained unclaimed by the owner for more than three years is deemed abandoned and shall be turned over immediately to the treasurer pursuant to section 447.543." The Missouri State Treasurer has defined unclaimed property to include stale outstanding checks. Furthermore, as long as the County has stale outstanding checks older than three years, a Report of Unclaimed Property should be filed annually by November 1<sup>st</sup> as provided in RSMo 447.539.

Recommendation: We recommend that the County remit dollars represented by the outstanding checks that are older than three years to the State's Unclaimed Property Fund as required and submit Reports of Unclaimed Property annually, if applicable, to the Missouri State Treasurer according to RSMo 447.

THE COUNTY OF RANDOLPH  
HUNTSVILLE, MISSOURI  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (concluded)

FS 07/08-06     Management's Response: The County Treasurer is currently submitting outstanding balances to the State Treasurer.

Status: It appears this finding has been resolved in the current year.

FS 07/08-07     Condition: The County does not have an investment policy in place as required by RSMo 30.950. The County is required to adopt and comply with a formal written investment policy to ensure that the County has considered the appropriate levels of safety, liquidity and return in the responsible management of public funds. A model investment policy is provided by the State Treasurer.

Recommendation: We recommend that the County adopt and comply with a formal written investment policy in accordance with State Statutes.

Management's Response: The County Treasurer is compiling information to implement this recommendation.

Status: It appears no corrective action plan has been implemented. Therefore, this finding has been re-issued in the current year as FS 09/10-04.

FS 07/08-08     Condition: County voters approved a sales tax levy in 2002 to fund the construction of the Justice Center. The County opened four bank accounts with Commerce Trust Company in Kansas City in order to receive the sales tax and make the bond payments. The State of Missouri submits the Justice Center sales tax it collects on behalf of the County directly to the Bank, who also makes the bond payments for the County. However, the County does not report the revenue or the principal and interest payments in any fund on the budget or in the published financial statements. For 2007 and 2008 combined, the County received \$2,539,025 in Justice Center sales tax revenue and made bond principal payments of \$890,000 and interest payments of \$593,810.

Recommendation: We recommend that the County report the sales tax money received by the bank and the bond principal interest to more accurately reflect the financial position and transactions of the County.

Management's Response: The County will attempt to implement this recommendation.

Status: It appears no corrective action plan has been implemented. Therefore, this finding has been re-issued in the current year as FS 09/10-05.