



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

To the County Commission  
and  
Officeholders of Lewis County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Lewis County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the year ended December 31, 2017, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Stopp & VanHoy, Certified Public Accountants, and Business Advisors, LLC, is attached.

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

Nicole R. Galloway, CPA  
State Auditor

September 2018  
Report No. 2018-096

**The County of Lewis  
Monticello, Missouri  
Financial Statements, Independent Auditor's Reports and Supplementary Information  
For the year ended December 31, 2017**



**The County of Lewis  
Monticello, Missouri  
Table of Contents**

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	<u>Page</u>
<u>Financial Section</u>	
Independent Auditor's Report.....	1
Financial Statements:	
Statement of Receipts, Disbursements, and Changes in Cash- All Governmental Funds: Regulatory Basis For the year ended December 31, 2017.....	3
Statements of Receipts, Disbursements, and Changes in Cash- Budget and Actual, All Governmental Funds: Regulatory Basis For the year ended December 31, 2017.....	4
Notes to the Financial Statements.....	16
<u>Compliance Section</u>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i> .....	25
Schedule of Findings and Responses.....	27
Summary Schedule of Prior Year Findings and Responses.....	28

## INDEPENDENT AUDITOR'S REPORT

To the County Commission and  
Officeholders of Lewis County, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Lewis County, Missouri, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Lewis County, Missouri's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by Lewis County, Missouri on the basis of accounting practices prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

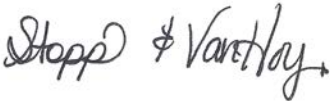
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Lewis County, Missouri as of December 31, 2017, or changes in financial position thereof for the year then ended.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of each fund of Lewis County, Missouri as of December 31, 2017, and their respective cash receipts and disbursements, and budgetary results for the year then ended in accordance with the basis of accounting practices prescribed or permitted by Missouri law as described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2018 on our consideration of Lewis County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lewis County, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lewis County, Missouri's internal control over financial reporting and compliance.



Creve Coeur, Missouri  
August 9, 2018

**The County of Lewis  
Monticello, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2017**

<u>Fund</u>	Cash and Equivalents January 1, 2017	Receipts 2017	Disbursements 2017	Cash and Equivalents December 31, 2017
General Revenue	\$ 672,835	\$ 1,845,303	\$ 1,637,668	\$ 880,470
Special Road and Bridge	135,683	1,106,530	1,040,546	201,667
Road and Bridge Capital	7,831	668,949	322,833	353,947
Assessment	38,488	184,234	171,450	51,272
Records Preservation	8,382	3,196	1,328	10,250
Law Enforcement Operating	163,509	877,698	841,471	199,736
Law Enforcement Training	5,324	6,493	8,344	3,473
County Farm	51,333	57,979	12,515	96,797
Domestic Violence	9,532	9,306	9,482	9,356
Prosecuting Attorney Training	501	1,098	1,187	412
Prosecuting Attorney Bad Check	6,987	1,947	2,685	6,249
D.W.I.	7,244	1,007	-	8,251
Law Enforcement Restitution	65,274	39,654	57,320	47,608
Collector's Tax Maintenance	17,028	14,262	7,591	23,699
Recorder's Technology	7,863	1,967	3,043	6,787
Sheriff Civil Fees	15,273	18,911	11,667	22,517
Sheriff Revolving	23,587	3,443	8,595	18,435
Election Services	2,657	9,179	9,748	2,088
D.A.R.E.	4,702	4,796	2,250	7,248
Inmate Security	44,581	19,858	29,185	35,254
Total	<u>\$ 1,288,614</u>	<u>\$ 4,875,810</u>	<u>\$ 4,178,908</u>	<u>\$ 1,985,516</u>

See Notes to the Financial Statements

**The County of Lewis  
Monticello, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2017**

	General Revenue Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ 305,784	\$ 353,546
Sales Taxes	910,069	1,035,780
Intergovernmental	75,010	98,472
Charges for Services	252,650	254,704
Interest	8,150	8,490
Other Receipts	105,100	94,311
Transfers In	38,000	-
Total Receipts	\$ 1,694,763	\$ 1,845,303
<u>Disbursements</u>		
County Commission	\$ 100,334	\$ 100,178
County Clerk	88,980	79,128
Elections	14,150	12,414
Building and Grounds	219,768	89,758
Employee Fringe Benefits	225,150	186,002
Treasurer	51,915	50,740
Collector	84,804	84,832
Recorder of Deeds	71,200	67,020
Circuit Clerk	23,000	11,746
Public Administrator	56,966	53,756
Prosecuting Attorney	137,650	117,724
Juvenile Officer	45,007	45,007
Coroner	26,504	22,155
Emergency Management	13,768	10,551
Other County Government	451,638	304,157
Emergency Fund	350,000	-
Transfers Out	402,500	402,500
Total Disbursements	\$ 2,363,334	\$ 1,637,668
Receipts Over (Under) Disbursements	\$ (668,571)	\$ 207,635
Cash and Cash Equivalents		
January 1	672,835	672,835
Cash and Cash Equivalents		
December 31	\$ 4,264	\$ 880,470

See Notes to the Financial Statements

**The County of Lewis  
Monticello, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2017**

	Special Road and Bridge Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ 368,000	\$ 370,429
Sales Taxes	170,000	175,962
Intergovernmental	473,680	528,872
Charges for Services	-	-
Interest	2,900	2,568
Other Receipts	15,400	28,699
Transfers In	30,000	-
Total Receipts	<u>\$ 1,059,980</u>	<u>\$ 1,106,530</u>
<u>Disbursements</u>		
Salaries	\$ 322,197	\$ 320,979
Employee Fringe Benefits	165,886	150,526
Supplies	187,600	118,277
Insurance	9,000	8,720
Road and Bridge Materials	357,200	332,835
Equipment Repairs	100,000	67,681
Rentals	-	475
Equipment Purchases	42,500	32,031
Road and Bridge Construction	-	-
Other Disbursements	10,200	9,022
Transfers Out	-	-
Total Disbursements	<u>\$ 1,194,583</u>	<u>\$ 1,040,546</u>
Receipts Over (Under) Disbursements	\$ (134,603)	\$ 65,984
Cash and Cash Equivalents		
January 1	<u>135,683</u>	<u>135,683</u>
Cash and Cash Equivalents		
December 31	<u>\$ 1,080</u>	<u>\$ 201,667</u>

See Notes to the Financial Statements



**The County of Lewis  
Monticello, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2017**

	Road and Bridge Capital Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ -	\$ -
Sales Taxes	260,000	264,050
Intergovernmental	811,660	393,796
Charges for Services	-	-
Interest	1,400	2,528
Other Receipts	6,500	8,575
Transfers In	-	-
Total Receipts	<u>\$ 1,079,560</u>	<u>\$ 668,949</u>
<u>Disbursements</u>		
Salaries	\$ -	\$ -
Employee Fringe Benefits	-	-
Supplies	-	-
Insurance	-	-
Road and Bridge Materials	296,000	188,176
Equipment Repairs	-	-
Rentals	-	-
Equipment Purchases	160,929	112,929
Road and Bridge Construction	554,919	622
Other Disbursements	44,200	21,106
Transfers Out	30,000	-
Total Disbursements	<u>\$ 1,086,048</u>	<u>\$ 322,833</u>
Receipts Over (Under) Disbursements	\$ (6,488)	\$ 346,116
Cash and Cash Equivalents		
January 1	<u>7,831</u>	<u>7,831</u>
Cash and Cash Equivalents		
December 31	<u>\$ 1,343</u>	<u>\$ 353,947</u>

See Notes to the Financial Statements

**The County of Lewis  
Monticello, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2017**

	Assessment Fund		Records Preservation Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	150,000	159,059	-	-
Charges for Services	100	1,150	3,100	3,096
Interest	400	470	100	100
Other Receipts	1,500	1,055	-	-
Transfers In	22,500	22,500	-	-
Total Receipts	<u>\$ 174,500</u>	<u>\$ 184,234</u>	<u>\$ 3,200</u>	<u>\$ 3,196</u>
<u>Disbursements</u>				
Salaries	\$ 90,030	\$ 91,979	\$ -	\$ -
Employee Fringe Benefits	52,170	38,825	-	-
Materials and Supplies	20,000	10,808	6,000	1,029
Services	7,675	7,786	-	-
Capital Outlay	20,000	22,052	5,000	299
Other Disbursements	-	-	500	-
Transfer Out	-	-	-	-
Total Disbursements	<u>\$ 189,875</u>	<u>\$ 171,450</u>	<u>\$ 11,500</u>	<u>\$ 1,328</u>
Receipts Over (Under) Disbursements	\$ (15,375)	\$ 12,784	\$ (8,300)	\$ 1,868
Cash and Cash Equivalents				
January 1	<u>38,488</u>	<u>38,488</u>	<u>8,382</u>	<u>8,382</u>
Cash and Cash Equivalents				
December 31	<u>\$ 23,113</u>	<u>\$ 51,272</u>	<u>\$ 82</u>	<u>\$ 10,250</u>

See Notes to the Financial Statements

**The County of Lewis  
Monticello, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2017**

	Law Enforcement Operating Fund		Law Enforcement Training Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	334,000	351,149	-	-
Intergovernmental	102,000	105,509	-	-
Charges for Services	-	-	5,800	6,443
Interest	1,000	1,837	75	50
Other Receipts	36,000	39,203	-	-
Transfers In	380,000	380,000	-	-
Total Receipts	<u>\$ 853,000</u>	<u>\$ 877,698</u>	<u>\$ 5,875</u>	<u>\$ 6,493</u>
<u>Disbursements</u>				
Salaries	\$ 504,565	\$ 453,787	\$ -	\$ -
Employee Fringe Benefits	179,020	175,702	-	-
Materials and Supplies	50,100	38,480	-	-
Services	83,900	76,651	6,500	4,861
Capital Outlay	141,000	76,247	500	2,346
Other Disbursements	19,500	20,604	3,000	1,137
Transfer Out	38,000	-	-	-
Total Disbursements	<u>\$ 1,016,085</u>	<u>\$ 841,471</u>	<u>\$ 10,000</u>	<u>\$ 8,344</u>
Receipts Over (Under) Disbursements	\$ (163,085)	\$ 36,227	\$ (4,125)	\$ (1,851)
Cash and Cash Equivalents				
January 1	<u>163,509</u>	<u>163,509</u>	<u>5,324</u>	<u>5,324</u>
Cash and Cash Equivalents				
December 31	<u>\$ 424</u>	<u>\$ 199,736</u>	<u>\$ 1,199</u>	<u>\$ 3,473</u>

See Notes to the Financial Statements

**The County of Lewis  
Monticello, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2017**

	County Farm Fund		Domestic Violence Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	400	111	-	-
Charges for Services	57,405	56,076	9,640	9,306
Interest	400	336	-	-
Other Receipts	100	1,456	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 58,305</u>	<u>\$ 57,979</u>	<u>\$ 9,640</u>	<u>\$ 9,306</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	6,000	1,765	-	-
Services	22,250	10,750	9,532	9,482
Capital Outlay	60,000	-	-	-
Other Disbursements	20,000	-	-	-
Transfer Out	-	-	-	-
Total Disbursements	<u>\$ 108,250</u>	<u>\$ 12,515</u>	<u>\$ 9,532</u>	<u>\$ 9,482</u>
Receipts Over (Under) Disbursements	\$ (49,945)	\$ 45,464	\$ 108	\$ (176)
Cash and Cash Equivalents				
January 1	<u>51,333</u>	<u>51,333</u>	<u>9,532</u>	<u>9,532</u>
Cash and Cash Equivalents				
December 31	<u>\$ 1,388</u>	<u>\$ 96,797</u>	<u>\$ 9,640</u>	<u>\$ 9,356</u>

See Notes to the Financial Statements

**The County of Lewis  
Monticello, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2017**

	<u>Prosecuting Attorney Training Fund</u>		<u>Prosecuting Attorney Bad Check Fund</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	1,050	1,098	2,000	1,870
Interest	50	-	75	77
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 1,100</u>	<u>\$ 1,098</u>	<u>\$ 2,075</u>	<u>\$ 1,947</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	1,300	1,187	6,000	2,545
Capital Outlay	-	-	2,000	140
Other Disbursements	-	-	-	-
Transfer Out	-	-	-	-
Total Disbursements	<u>\$ 1,300</u>	<u>\$ 1,187</u>	<u>\$ 8,000</u>	<u>\$ 2,685</u>
Receipts Over (Under) Disbursements	\$ (200)	\$ (89)	\$ (5,925)	\$ (738)
Cash and Cash Equivalents				
January 1	<u>501</u>	<u>501</u>	<u>6,987</u>	<u>6,987</u>
Cash and Cash Equivalents				
December 31	<u>\$ 301</u>	<u>\$ 412</u>	<u>\$ 1,062</u>	<u>\$ 6,249</u>

See Notes to the Financial Statements

**The County of Lewis  
Monticello, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2017**

	D.W.I. Fund		Law Enforcement Restitution Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	1,000	952	40,100	39,138
Interest	-	55	700	516
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 1,000</u>	<u>\$ 1,007</u>	<u>\$ 40,800</u>	<u>\$ 39,654</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	5,000	4,300
Services	-	-	15,000	13,895
Capital Outlay	5,000	-	67,000	33,220
Other Disbursements	-	-	15,000	5,905
Transfer Out	2,000	-	-	-
Total Disbursements	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ 102,000</u>	<u>\$ 57,320</u>
Receipts Over (Under) Disbursements	\$ (6,000)	\$ 1,007	\$ (61,200)	\$ (17,666)
Cash and Cash Equivalents				
January 1	<u>7,244</u>	<u>7,244</u>	<u>65,274</u>	<u>65,274</u>
Cash and Cash Equivalents				
December 31	<u>\$ 1,244</u>	<u>\$ 8,251</u>	<u>\$ 4,074</u>	<u>\$ 47,608</u>

See Notes to the Financial Statements

**The County of Lewis  
Monticello, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2017**

	Collector's Tax Maintenance Fund		Recorder's Technology Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	12,000	14,153	1,800	1,880
Interest	100	109	62	87
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 12,100</u>	<u>\$ 14,262</u>	<u>\$ 1,862</u>	<u>\$ 1,967</u>
<u>Disbursements</u>				
Salaries	\$ 5,000	\$ 3,813	\$ -	\$ -
Employee Fringe Benefits	1,600	1,165	-	-
Materials and Supplies	1,000	1,505	5,900	1,146
Services	12,100	934	3,600	1,897
Capital Outlay	-	-	-	-
Other Disbursements	9,421	174	-	-
Transfer Out	-	-	-	-
Total Disbursements	<u>\$ 29,121</u>	<u>\$ 7,591</u>	<u>\$ 9,500</u>	<u>\$ 3,043</u>
Receipts Over (Under) Disbursements	\$ (17,021)	\$ 6,671	\$ (7,638)	\$ (1,076)
Cash and Cash Equivalents				
January 1	<u>17,028</u>	<u>17,028</u>	<u>7,863</u>	<u>7,863</u>
Cash and Cash Equivalents				
December 31	<u>\$ 7</u>	<u>\$ 23,699</u>	<u>\$ 225</u>	<u>\$ 6,787</u>

See Notes to the Financial Statements

**The County of Lewis  
Monticello, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2017**

	Sheriff Civil Fees Fund		Sheriff Revolving Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	11,000	18,715	5,000	3,220
Interest	175	196	225	223
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 11,175</u>	<u>\$ 18,911</u>	<u>\$ 5,225</u>	<u>\$ 3,443</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	2,500	3,240	5,000	390
Services	5,000	5,641	3,000	2,807
Capital Outlay	5,000	2,786	15,000	4,371
Other Disbursements	10,000	-	4,000	1,027
Transfer Out	-	-	-	-
Total Disbursements	<u>\$ 22,500</u>	<u>\$ 11,667</u>	<u>\$ 27,000</u>	<u>\$ 8,595</u>
Receipts Over (Under) Disbursements	\$ (11,325)	\$ 7,244	\$ (21,775)	\$ (5,152)
Cash and Cash Equivalents				
January 1	<u>15,273</u>	<u>15,273</u>	<u>23,587</u>	<u>23,587</u>
Cash and Cash Equivalents				
December 31	<u>\$ 3,948</u>	<u>\$ 22,517</u>	<u>\$ 1,812</u>	<u>\$ 18,435</u>

See Notes to the Financial Statements



**The County of Lewis  
Monticello, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2017**

	Election Services Fund		D.A.R.E. Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	7,800	7,847	-	-
Charges for Services	1,300	1,275	-	3,700
Interest	20	57	-	46
Other Receipts	50	-	2,500	1,050
Transfers In	-	-	2,000	-
Total Receipts	<u>\$ 9,170</u>	<u>\$ 9,179</u>	<u>\$ 4,500</u>	<u>\$ 4,796</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	11,200	6,000	-	-
Services	600	3,748	6,100	2,250
Capital Outlay	-	-	-	-
Other Disbursements	-	-	3,000	-
Transfer Out	-	-	-	-
Total Disbursements	<u>\$ 11,800</u>	<u>\$ 9,748</u>	<u>\$ 9,100</u>	<u>\$ 2,250</u>
Receipts Over (Under) Disbursements	\$ (2,630)	\$ (569)	\$ (4,600)	\$ 2,546
Cash and Cash Equivalents				
January 1	<u>2,657</u>	<u>2,657</u>	<u>4,702</u>	<u>4,702</u>
Cash and Cash Equivalents				
December 31	<u>\$ 27</u>	<u>\$ 2,088</u>	<u>\$ 102</u>	<u>\$ 7,248</u>

See Notes to the Financial Statements

**The County of Lewis  
Monticello, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2017**

	Inmate Security Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ -	\$ -
Sales Taxes	-	-
Intergovernmental	-	-
Charges for Services	18,187	19,423
Interest	300	435
Other Receipts	-	-
Transfers In	-	-
Total Receipts	<u>\$ 18,487</u>	<u>\$ 19,858</u>
<u>Disbursements</u>		
Salaries	\$ -	\$ -
Employee Fringe Benefits	-	-
Materials and Supplies	650	2,776
Services	22,200	18,877
Capital Outlay	36,000	7,532
Other Disbursements	-	-
Transfer Out	-	-
Total Disbursements	<u>\$ 58,850</u>	<u>\$ 29,185</u>
Receipts Over (Under) Disbursements	\$ (40,363)	\$ (9,327)
Cash and Cash Equivalents		
January 1	<u>44,581</u>	<u>44,581</u>
Cash and Cash Equivalents		
December 31	<u>\$ 4,218</u>	<u>\$ 35,254</u>

See Notes to the Financial Statements

**The County of Lewis  
Monticello, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2017**

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**Note 1 - Summary of Significant Accounting Policies**

The County of Lewis, Missouri ("County") was established in 1833. The County's is a county-organized, third-class county. The county seat is Monticello. The County's government is composed of a three-member board of commissioners and the following separately elected Constitutional Officers: Assessor, Circuit Clerk, County Clerk, Collector, Coroner, Treasurer, Recorder of Deeds, Sheriff, Surveyor, Public Administrator and Prosecuting Attorney.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

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

The County's operations include tax assessments and collections, state/county courts administration, recording of deeds and other instruments, public safety, economic development, road and bridge maintenance, public welfare, and social and human services.

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

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

Basis of Presentation

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

Basis of Accounting

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

**The County of Lewis  
Monticello, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2017**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Basis of Accounting (continued)

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

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

Budget and Budgetary Accounting

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

On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

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

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

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

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

**The County of Lewis  
Monticello, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2017**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Taxes

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

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2017 for the purposes of taxation was:

	General Revenue	Special Road and Bridge
Real Estate	\$ 79,790,760	\$ 44,541,260
Personal Property	42,160,570	23,854,630
Railroad and Utilities	21,281,456	13,526,454
	\$ 143,232,786	\$ 81,922,344

The tax levy per \$100 assessed valuation of tangible taxable property for the calendar year 2017 for the purpose of County taxation, was as follows:

General Revenue	\$	0.2685
Special Road and Bridge		0.2561

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

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's Funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

**The County of Lewis  
Monticello, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2017**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Interfund Transactions

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

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

**Note 2 - Deposits and Investments**

The County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

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

The carrying values and bank balances of deposits and investments shown above are included in the financial statements at December 31, 2017, as follows:

	<u>Carrying Value</u>	<u>Bank Balances</u>
Deposits	\$ 1,985,516	\$ 2,324,492
Investments	-	-
Total Deposits and Investments as of December 31, 2017	<u>\$ 1,985,516</u>	<u>\$ 2,324,492</u>

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

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the year ended December 31, 2017; all deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

**The County of Lewis  
Monticello, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2017**

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**Note 2 - Deposits and Investments (continued)**

Custodial Credit Risk - Investments

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

All investments, evidenced by individual securities, are registered in the name of 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 investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U. S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities.

**Note 3 - Capital Leases**

In August 2010, the county entered into a lease-purchase agreement to finance the purchase of a 2010 John Deere 770G Motor Grader at a cost of \$152,298, net of trade-in. The agreement requires seven annual payments of \$25,688, which includes interest payable annually at 4.25%. The lease was paid off in 2017.

In June 2012, the county entered into a lease-purchase agreement to finance the purchase of a 2012 John Deere 770G Motor Grader at a cost of \$199,236, net of trade-in. The agreement requires seven annual payments of \$25,241, which includes interest payable at 2.80%.

In March 2017, the County entered into a lease-purchase agreement to finance the purchase of a 2017 John Deere 770G Motor Grader at a cost of \$173,964, net of trade-in. The agreement requires four annual payments of \$36,303, which includes interest payable at 3.25%.

The following is the changes in long-term debt for the year ended December 31, 2017:

	Balance at 1/1/2017	Amount Borrowed	Amount Repaid	Balance at 12/31/2017	Interest Paid During Year
2010 770G John Deere Grader	\$ 24,622	\$ -	\$ (24,622)	\$ -	\$ 1,066
2012 770G John Deere Grader	71,624	-	(23,210)	48,414	2,031
2017 770G John Deere Grader	-	173,964	(40,000)	133,964	-
	<u>\$ 96,246</u>	<u>\$ 173,964</u>	<u>\$ (87,832)</u>	<u>\$ 182,378</u>	<u>\$ 3,097</u>

**The County of Lewis  
Monticello, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2017**

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**Note 3 - Capital Leases (continued)**

The following is the future minimum payments for all leases obligations as of December 31, 2017:

2012 770G John Deere Grader			
Year Ending December 31,	Principal	Interest	Total
2018	\$ 23,868	\$ 1,373	\$ 25,241
2019	24,546	695	25,241
Total	\$ 48,414	\$ 2,068	\$ 50,482

2017 770G John Deere Grader			
Year Ending December 31,	Principal	Interest	Total
2018	\$ 31,883	\$ 4,420	\$ 36,303
2019	32,935	3,368	36,303
2020	34,021	2,282	36,303
2021	35,145	1,158	36,303
Total	\$ 133,984	\$ 11,228	\$ 145,212

**Note 4 - Interfund Transfers**

Transfers between funds for the year ended December 31, 2017 are as follows:

Fund	Transfers In	Transfers Out
General Revenue Fund	\$ -	\$ 402,500
Assessment Fund	22,500	-
Law Enforcement Operating Fund	380,000	-
	\$ 402,500	\$ 402,500

**Note 5 - Local Government Employees Retirement System (LAGERS)**

Plan Description

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 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, RSMo. Sections 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 is tax exempt.

The Missouri Local Government Employees Retirement System issues a publically 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, Missouri, 65102, by calling (800) 447-4334, or by visiting the LAGERS website at [www.molagers.org](http://www.molagers.org).



**The County of Lewis  
Monticello, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2017**

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**Note 5 - Local Government Employees Retirement System (LAGERS) (continued)**

Benefits Provided

Benefits are available to all full-time employees working in a LAGERS covered department. Benefits vest when an employee earns five years (60 months) of service credit in the system. Normal retirement age is 60 (General) or 55 (Police) and early retirement age is 55 (General) and 50 (Police). Benefits are paid out using a formula that is based on the employee's final average salary and the amount of credited service time.

Contributions

Full-time employees of the County do not contribute to the pension plan. The January 1st statutorily required employer contribution rates were 9.4% (General) and 9.4% (Police) of annual covered payroll for the year ended December 31, 2017. 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. For the year ended December 31, 2017, the County contributed \$111,865 to LAGERS.

**Note 6 - County Employees' Retirement Fund (CERF)**

Plan Description

The County Employees' Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elected or appointed officer or employee whose performance requires the actual performance of duties during not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under RSMo. Sections 56.800 to 56.840, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under RSMo. Sections 57.949 to 57.997, and certain personnel not defined as an employee per RSMo. Section 50.1000(8). The Fund was created by an act of legislature and was effective August 28, 1994.

The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

Benefits Provided

Beginning January 1, 1997, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active member upon his or her death.

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

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, Missouri, 65101, by calling (573) 632-9203, or by visiting the CERF website at [www.mocerf.org](http://www.mocerf.org).

**The County of Lewis  
Monticello, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2017**

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**Note 6 - State of Missouri County Employees Retirement Fund (CERF) (continued)**

Contributions

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to CERF. All participants hired on or after February 24, 2002 are required to contribute an additional 4% of their gross compensation to CERF starting January 1, 2003. An active LAGERS participant who was employed with the County prior to February 24, 2002, is not required to make contributions. During 2017, the County collected and remitted to CERF employee contributions of \$29,497 for the year ended.

**Note 7 - Prosecuting Attorney Retirement Fund**

In accordance with state statute Section 56.807 RSMo, the County contributes annually (instead of 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 contributed \$3,366 for the year ended December 31, 2017.

**Note 8 - Post-Employment Benefits**

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. The County collected and remitted \$8,703 of premiums on behalf of participants for the year ended December 31, 2017.

**Note 9 - Claims, Commitments, and Contingencies**

Litigation

The County can be subject to various claims and legal proceeding covering a wide range of matters that arise in the ordinary course of its business activities. The County is not currently involved in any pending litigation.

Compensated Absences

The County provides employees with up to 15 days of paid vacation based upon the number of years of continuous service. Employees receive five days of vacation after the first year of service, ten days of vacation per year after two years of employment, 15 days of vacation per year after seven years of employment. Vacation days do not carry forward if they are unused. Upon termination, an employee is reimbursed for any unused vacation days. Employees accrue one sick day per month. The county allows employees to have a maximum of thirty days. However, upon termination, employees do not get reimbursed for sick leave. These have not been subjected to auditing procedures.

**The County of Lewis  
Monticello, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2017**

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**Note 9 - Claims, Commitments, and Contingencies (continued)**

Federal and State Assisted Programs

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

**Note 10 - Risk Management**

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

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

The County is also a member of the Missouri Association of Counties Self-Injured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$500,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

**Note 11 - Subsequent Events**

The County has evaluated events subsequent to December 31, 2017 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through August 9, 2018, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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

To the County Commission and  
Officeholders of Lewis County, Missouri

We have audited, 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, the accompanying financial statements of Lewis County, Missouri as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Lewis County, Missouri's basic financial statements, and have issued our report thereon dated August 9, 2018.

***Internal Control over Financial Reporting***

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to a significant deficiency as item 2017-001.

### ***Compliance and Other Matters***

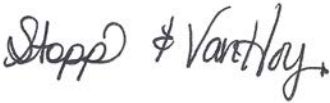
As part of obtaining reasonable assurance about whether Lewis County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Lewis County, Missouri's Response to Findings**

Lewis County, Missouri's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Lewis County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



Creve Coeur, Missouri  
August 9, 2018

**The County of Lewis  
Monticello, Missouri  
Schedule of Findings and Reponses  
For the year ended December 31, 2017**

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**Financial Statement Findings**

2017 - 001 **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.

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

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

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

**Management's Response:** The County Clerk will work with the Treasurer and the County Commission to develop risk assessment procedures to address fraud risk within the County. The County Clerk's office expects to complete the development of procedures by December 31, 2018. The County Clerk is Chris Flanagan and the contact number is (573) 767-5205.

**The County of Lewis  
Monticello, Missouri  
Summary Schedule of Prior Year Findings and Responses  
For the year ended December 31, 2017**

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In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Lewis County, Missouri, on the applicable findings in the prior audit report issued for the years ended December 31, 2016 and 2015.

**Prior Year Financial Statement Findings**

FS 16/15-001 **Condition:** Actual expenditures exceeded budgeted expenditures for two funds in 2016. The detailed list of funds can be found in Note 1.D. to the financial statements. RSMo. 50.740 prohibits expenditures in excess of the approved budgets. Budgetary controls are significant to the proper management and custodianship of county funds. Compliance with statutory requirements related to budgets will improve controls over county funds and help maintain the integrity of the budget process.

**Recommendation:** We recommend the County strictly adhere to the authorized spending limits as documented in the adopted County budget or follow the appropriate procedures to amend the budget.

**Management's response and planned corrective actions:** The County accepts the recommendation and will make the necessary changes. The County Clerk is Chris Flanagan, and the office number is (573) 767-5205.

**Status:** Management has corrected this issue.

FS 16/15-002 **Condition:** Budgeted expenditures exceeded budgeted revenues plus anticipated beginning fund balance for one fund in 2016 and three funds in 2015. Budgeted expenditures exceeded budgeted revenues for multiple funds in 2016 and 2015. The detailed list of funds can be found in Note 1.D. to the financial statements. RSMo. 50.740 prohibits budgeted expenditures in excess of budgeted revenues plus anticipated beginning fund balance. Budgetary controls are significant to the proper management and custodianship of county funds. Compliance with statutory requirements related to budgets will improve controls over county funds and help maintain the integrity of the budget process.

**Recommendation:** We recommend the County refrain from adopting a budget with a deficit fund balance.

**Management's response and planned corrective actions:** The County accepts the recommendation and will make the necessary changes. The County Clerk is Chris Flanagan, and the office number is (573) 767-5205.

**Status:** Management has corrected this issue.

**Prior Year Federal Award Finding and Questioned Costs**

SA 16/15-001	Federal Grantor:	U.S. Department of Transportation
	Pass-Through Grantor:	Highway and Transportation Commission
	Federal CFDA Number:	20.205
	Program Title:	Highway Planning and Construction
	Pass-through Entity	
	Identifying Number:	BRO-56
	Award Year:	2016
	Questioned Costs:	None

**The County of Lewis  
Monticello, Missouri  
Summary Schedule of Prior Year Findings and Responses  
For the year ended December 31, 2017**

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**Prior Year Federal Award Finding and Questioned Costs (continued)**

SA 16/15-001 **Criteria:** Title 2 U.S. Code of Federal Regulations Part 200 requires auditees to prepare an accurate SEFA  
(cont.) containing awards expended, CFDA title and number, award number, name of the Federal agency, and name of the  
pass-through entity.

**Condition:** The Schedule of Expenditures of Federal Awards (SEFA) contained errors for CFDA number 20.205.

**Effect:** Federal expenditures reported in the SEFA were incorrect.

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

**Recommendation:** We recommend management develop internal controls over reporting to ensure an accurate SEFA is prepared.

**Management's response and planned corrective actions:** Title 2 U.S. Code of Federal Regulations Part 200 is being reviewed and training sessions will be initiated by the County Clerk's office. The County Clerk is working towards capturing grant transactions in a manner sufficient to readily report the necessary information required on the SEFA by the next audit period. The County Clerk is Chris Flanagan, and the office number is (573) 767-5205.

**Status:** This finding is no longer applicable.