



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Reynolds County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Reynolds County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2017, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

Nicole R. Galloway, CPA
State Auditor

August 2018
Report No. 2018-058

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017 AND 2016

**THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
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FINANCIAL SECTION



Daniel Jones & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Reynolds, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Reynolds ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2017, and 2016, and the related statements of cash receipts and disbursements and changes in cash balances-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note I of the financial statements, the financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2017, and 2016, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the County as of December 31, 2017, and 2016, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Reynolds’ basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018, on our consideration of the County of Reynolds' 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 solely 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 the County'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 County of Reynolds' internal control over financial reporting and compliance.

Daniel Jones & Associates

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

June 27, 2018

FINANCIAL STATEMENTS

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

FUND	CASH JANUARY 1, 2017	RECEIPTS 2017	DISBURSEMENTS 2017	CASH DECEMBER 31, 2017
General Revenue Fund	\$ 588,419.85	\$ 1,498,263.08	\$ 1,553,274.40	\$ 533,408.53
Special Road and Bridge Fund	1,033,919.77	1,483,223.03	1,654,203.39	862,939.41
Assessment Fund	70,729.34	224,063.78	245,972.83	48,820.29
Sheriff's Training Fund	1,759.96	742.00	750.00	1,751.96
Prosecuting Attorney Fund	1,339.47	185.76	-	1,525.23
Inmate Security Fund	22,223.73	27,734.16	27,857.07	22,100.82
Recorder User Fee Fund	21,243.51	18,649.21	13,101.29	26,791.43
Children's Trust Fund	231.00	284.00	-	515.00
Senior Services Fund	6,979.77	41,001.56	43,599.55	4,381.78
Sheriff's Civil Fee Fund	11,029.13	7,022.02	546.00	17,505.15
Senate Bill 40 Fund	1,075.94	136,578.71	135,170.35	2,484.30
Sound Recording Fund	1,332.34	14.30	-	1,346.64
FEMA Fund	-	1,000.00	-	1,000.00
Sheriff's Revolving Fund	9,347.82	672.32	1,672.53	8,347.61
County Law Enforcement Restitution Fund	26,853.42	18,882.09	24,948.11	20,787.40
Administrative Handling Costs Fund	6,526.36	935.89	80.00	7,382.25
Election Services Fund	5,523.80	1,425.83	322.83	6,626.80
Tax Maintenance Fund	28,207.24	9,965.52	6,800.00	31,372.76
Title III Fund	2,212.77	-	396.00	1,816.77
LEPC Fund	31,797.88	-	-	31,797.88
TOTAL	\$ 1,870,753.10	\$ 3,470,643.26	\$ 3,708,694.35	\$ 1,632,702.01

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

FUND	CASH JANUARY 1, 2016	RECEIPTS 2016	DISBURSEMENTS 2016	CASH DECEMBER 31, 2016
General Revenue Fund	\$ 684,334.51	\$ 1,516,627.72	\$ 1,612,542.38	\$ 588,419.85
Special Road and Bridge Fund	632,077.72	2,009,507.15	1,607,665.10	1,033,919.77
Assessment Fund	102,715.30	216,981.72	248,967.68	70,729.34
Sheriff's Training Fund	1,567.96	1,242.00	1,050.00	1,759.96
Prosecuting Attorney Fund	1,153.55	185.92	-	1,339.47
Inmate Security Fund	16,846.61	26,789.19	21,412.07	22,223.73
Recorder User Fee Fund	17,799.03	15,803.80	12,359.32	21,243.51
Children's Trust Fund	204.00	277.00	250.00	231.00
Senior Services Fund	8,183.28	42,377.99	43,581.50	6,979.77
Sheriff's Civil Fee Fund	7,772.24	6,305.37	3,048.48	11,029.13
Senate Bill 40 Fund	5,820.82	141,166.58	145,911.46	1,075.94
Sound Recording Fund	1,318.17	14.17	-	1,332.34
FEMA Fund	-	-	-	-
Sheriff's Revolving Fund	13,785.25	11,584.07	16,021.50	9,347.82
County Law Enforcement Restitution Fund	29,601.40	18,487.80	21,235.78	26,853.42
Administrative Handling Costs Fund	4,987.86	1,788.50	250.00	6,526.36
Election Services Fund	7,979.77	3,440.38	5,896.35	5,523.80
Tax Maintenance Fund	28,939.59	9,141.35	9,873.70	28,207.24
Title III Fund	30,231.90	33,121.69	61,140.82	2,212.77
LEPC Fund	31,797.88	-	-	31,797.88
TOTAL	\$ 1,627,116.84	\$ 4,054,842.40	\$ 3,811,206.14	\$ 1,870,753.10

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	GENERAL REVENUE FUND			
	2017		2016	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 505,000.00	\$ 500,698.06	\$ 546,000.00	\$ 504,529.88
Sales Taxes	320,000.00	298,447.08	300,000.00	330,441.26
Intergovernmental	570,703.45	613,653.15	663,036.06	626,515.91
Charges for Services	53,090.00	61,544.18	52,100.00	39,685.19
Interest	15,000.00	15,560.64	15,000.00	15,455.48
Other	5,000.00	8,359.97	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	1,468,793.45	1,498,263.08	1,576,136.06	1,516,627.72
DISBURSEMENTS				
County Commission	98,880.00	96,461.47	97,040.00	98,280.23
County Clerk	99,338.56	98,213.44	99,481.20	99,597.97
Elections	17,500.00	16,934.45	64,720.00	70,404.34
Buildings and Grounds	83,955.00	92,521.56	79,055.00	78,107.19
Employee Fringe Benefits	194,245.64	206,907.36	148,000.00	162,725.57
County Treasurer	43,430.00	42,878.10	43,430.00	43,004.27
Collector	84,600.00	77,551.98	84,400.00	81,305.64
Recorder of Deeds	48,600.00	47,109.62	48,000.00	47,487.59
Circuit Clerk	10,000.00	4,760.90	11,500.00	4,466.16
Associate Circuit Court	-	-	-	-
Court Administration	3,200.50	1,247.91	3,290.50	1,736.90
Public Administrator	27,825.00	26,810.97	27,825.00	26,288.10
Sheriff	454,127.20	427,007.61	454,898.49	450,400.54
Jail	41,050.00	35,327.18	41,050.00	42,474.96
Patrol Cars	96,551.00	93,116.91	85,847.00	74,129.80
Prosecuting Attorney	114,224.00	109,152.86	113,524.00	108,829.90
Juvenile Officer	23,494.23	23,602.68	23,602.68	23,602.68
Coroner	27,700.00	32,698.60	28,200.00	26,379.85
Other	71,342.60	120,970.80	138,871.70	173,320.69
Health and Welfare	-	-	-	-
Transfers Out	-	-	-	-
Emergency Fund	50,000.00	-	50,000.00	-
TOTAL DISBURSEMENTS	1,590,063.73	1,553,274.40	1,642,735.57	1,612,542.38
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(121,270.28)	(55,011.32)	(66,599.51)	(95,914.66)
CASH				
BALANCES, JANUARY 1	588,419.85	588,419.85	684,334.51	684,334.51
CASH				
BALANCES, DECEMBER 31	\$ 467,149.57	\$ 533,408.53	\$ 617,735.00	\$ 588,419.85

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	SPECIAL ROAD AND BRIDGE FUND			
	2017		2016	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 1,196,500.00	\$ 1,214,159.93	\$ 1,259,000.00	\$ 1,212,333.06
Sales Taxes	-	-	-	-
Intergovernmental	120,000.00	168,469.66	107,400.00	538,955.87
Charges for Services	83,350.00	83,969.35	91,000.00	244,390.22
Interest	12,000.00	16,624.09	12,000.00	13,828.00
Other	140,000.00	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	1,551,850.00	1,483,223.03	1,469,400.00	2,009,507.15
DISBURSEMENTS				
Salaries	515,000.00	560,375.95	515,000.00	522,108.09
Employee Fringe Benefits	185,200.00	187,106.33	166,500.00	166,882.41
Supplies	65,000.00	44,419.43	60,500.00	49,680.48
Insurance	30,000.00	31,079.45	30,000.00	29,125.15
Road & Bridge Materials	227,600.00	121,410.89	220,000.00	179,702.15
Equipment Repairs	139,000.00	155,708.31	159,000.00	148,355.27
Fuel and Lubricants	130,000.00	140,983.84	150,000.00	118,215.50
Equipment Purchases	450,000.00	197,024.13	294,517.00	294,773.63
R&B Construction	105,000.00	203,606.87	37,600.00	81,690.11
Other	13,000.00	12,488.19	13,000.00	17,132.31
Debt Service	-	-	-	-
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	1,859,800.00	1,654,203.39	1,646,117.00	1,607,665.10
RECEIPTS OVER (UNDER) DISBURSEMENTS	(307,950.00)	(170,980.36)	(176,717.00)	401,842.05
CASH BALANCES, JANUARY 1	1,033,919.77	1,033,919.77	632,077.72	632,077.72
CASH BALANCES, DECEMBER 31	\$ 725,969.77	\$ 862,939.41	\$ 455,360.72	\$ 1,033,919.77

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	ASSESSMENT FUND				SHERIFF'S TRAINING FUND			
	2017		2016		2017		2016	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 279,000.00	\$ 218,019.15	\$ 325,035.71	\$ 208,223.47	\$ -	\$ -	\$ -	\$ -
Charges for Services	6,400.00	4,810.00	8,500.00	7,459.57	1,200.00	742.00	1,000.00	1,242.00
Interest	1,300.00	1,171.66	-	1,298.68	-	-	-	-
Other	-	62.97	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	286,700.00	224,063.78	333,535.71	216,981.72	1,200.00	742.00	1,000.00	1,242.00
DISBURSEMENTS								
Assesor Salaries	114,618.93	98,772.55	111,332.79	94,520.82	-	-	-	-
Employee Fringe Benefits	16,323.56	16,093.12	14,520.00	14,415.52	-	-	-	-
Consultants	150,000.00	94,885.42	175,000.00	125,541.42	-	-	-	-
Supplies	39,250.00	36,221.74	38,015.00	14,489.92	-	-	-	-
Sheriff Training	-	-	-	-	1,050.00	750.00	2,000.00	1,050.00
TOTAL DISBURSEMENTS	320,192.49	245,972.83	338,867.79	248,967.68	1,050.00	750.00	2,000.00	1,050.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(33,492.49)	(21,909.05)	(5,332.08)	(31,985.96)	150.00	(8.00)	(1,000.00)	192.00
CASH BALANCES, JANUARY 1	70,729.34	70,729.34	102,715.30	102,715.30	1,759.96	1,759.96	1,567.96	1,567.96
CASH BALANCES, DECEMBER 31	\$ 37,236.85	\$ 48,820.29	\$ 97,383.22	\$ 70,729.34	\$ 1,909.96	\$ 1,751.96	\$ 567.96	\$ 1,759.96

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	PROSECUTING ATTORNEY FUND				INMATE SECURITY FUND			
	2017		2016		2017		2016	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 200.00	\$ 185.76	\$ 200.00	\$ 185.92	\$ 26,000.00	\$ 27,734.16	\$ 25,000.00	\$ 26,786.19
Charges for Services	-	-	-	-	-	-	-	3.00
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	200.00	185.76	200.00	185.92	26,000.00	27,734.16	25,000.00	26,789.19
DISBURSEMENTS								
Training	400.00	-	200.00	-	-	-	-	-
Inmate Security Fund Expenses	-	-	-	-	20,500.00	27,857.07	30,000.00	21,412.07
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	400.00	-	200.00	-	20,500.00	27,857.07	30,000.00	21,412.07
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200.00)	185.76	-	185.92	5,500.00	(122.91)	(5,000.00)	5,377.12
CASH BALANCES, JANUARY 1	1,339.47	1,339.47	1,153.55	1,153.55	22,223.73	22,223.73	16,846.61	16,846.61
CASH BALANCES, DECEMBER 31	\$ 1,139.47	\$ 1,525.23	\$ 1,153.55	\$ 1,339.47	\$ 27,723.73	\$ 22,100.82	\$ 11,846.61	\$ 22,223.73

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	RECORDER USER FEE FUND				CHILDREN'S TRUST FUND			
	2017		2016		2017		2016	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 250.00	\$ 284.00	\$ 250.00	\$ 277.00
Technology Fees	2,500.00	15,086.50	2,500.00	12,276.55	-	-	-	-
Charges for Services	2,900.00	3,562.71	2,900.00	3,527.25	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	5,400.00	18,649.21	5,400.00	15,803.80	250.00	284.00	250.00	277.00
DISBURSEMENTS								
Recorder Supplies	19,650.00	13,101.29	12,350.00	12,359.32	-	-	-	-
Whole Health Outreach	-	-	-	-	250.00	-	250.00	250.00
TOTAL DISBURSEMENTS	19,650.00	13,101.29	12,350.00	12,359.32	250.00	-	250.00	250.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,250.00)	5,547.92	(6,950.00)	3,444.48	-	284.00	-	27.00
CASH BALANCES, JANUARY 1	21,243.51	21,243.51	17,799.03	17,799.03	231.00	231.00	204.00	204.00
CASH BALANCES, DECEMBER 31	\$ 6,993.51	\$ 26,791.43	\$ 10,849.03	\$ 21,243.51	\$ 231.00	\$ 515.00	\$ 204.00	\$ 231.00

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	SENIOR SERVICES FUND				SHERIFF'S CIVIL FEE FUND			
	2017		2016		2017		2016	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ 43,020.00	\$ 41,001.56	\$ 44,020.00	\$ 42,377.99	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	6,000.00	7,022.02	8,000.00	6,305.37
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	43,020.00	41,001.56	44,020.00	42,377.99	6,000.00	7,022.02	8,000.00	6,305.37
DISBURSEMENTS								
Senior Services Activities	45,426.00	43,599.55	45,626.00	43,581.50	-	-	-	-
Sheriff Equipment and Supplies	-	-	-	-	4,000.00	546.00	6,500.00	3,048.48
TOTAL DISBURSEMENTS	45,426.00	43,599.55	45,626.00	43,581.50	4,000.00	546.00	6,500.00	3,048.48
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,406.00)	(2,597.99)	(1,606.00)	(1,203.51)	2,000.00	6,476.02	1,500.00	3,256.89
CASH BALANCES, JANUARY 1	6,979.77	6,979.77	8,183.28	8,183.28	11,029.13	11,029.13	7,772.24	7,772.24
CASH BALANCES, DECEMBER 31	<u>\$ 4,573.77</u>	<u>\$ 4,381.78</u>	<u>\$ 6,577.28</u>	<u>\$ 6,979.77</u>	<u>\$ 13,029.13</u>	<u>\$ 17,505.15</u>	<u>\$ 9,272.24</u>	<u>\$ 11,029.13</u>

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	SENATE BILL 40 FUND				SOUND RECORDING FUND			
	2017		2016		2017		2016	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ 141,000.00	\$ 136,578.71	\$163,000.00	\$ 141,166.58	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	14.17	14.30	13.86	14.17
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	141,000.00	136,578.71	163,000.00	141,166.58	14.17	14.30	13.86	14.17
DISBURSEMENTS								
Sheltered Workshop Expenses	141,000.00	135,170.35	163,000.00	145,911.46	-	-	-	-
Sound Recording Expenses	-	-	-	-	500.00	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	141,000.00	135,170.35	163,000.00	145,911.46	500.00	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	1,408.36	-	(4,744.88)	(485.83)	14.30	13.86	14.17
CASH BALANCES, JANUARY 1	1,075.94	1,075.94	5,820.82	5,820.82	1,332.34	1,332.34	1,318.17	1,318.17
CASH BALANCES, DECEMBER 31	\$ 1,075.94	\$ 2,484.30	\$ 5,820.82	\$ 1,075.94	\$ 846.51	\$ 1,346.64	\$ 1,332.03	\$ 1,332.34

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	FEMA FUND				SHERIFF'S REVOLVING FUND			
	2017		2016		2017		2016	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ 1,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	3,000.00	672.32	7,500.00	11,584.07
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	-	1,000.00	-	-	3,000.00	672.32	7,500.00	11,584.07
DISBURSEMENTS								
Office Expenses	-	-	-	-	4,000.00	1,672.53	15,000.00	16,021.50
TOTAL DISBURSEMENTS	-	-	-	-	4,000.00	1,672.53	15,000.00	16,021.50
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	1,000.00	-	-	(1,000.00)	(1,000.21)	(7,500.00)	(4,437.43)
CASH BALANCES, JANUARY 1	-	-	-	-	9,347.82	9,347.82	13,785.25	13,785.25
CASH BALANCES, DECEMBER 31	<u>\$ -</u>	<u>\$ 1,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,347.82</u>	<u>\$ 8,347.61</u>	<u>\$ 6,285.25</u>	<u>\$ 9,347.82</u>

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	COUNTY LAW ENFORCEMENT RESTITUTION FUND				ADMINISTRATIVE HANDLING COSTS			
	2017		2016		2017		2016	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	18,000.00	18,882.09	23,000.00	18,487.80	-	-	-	-
Charges for Services	-	-	-	-	1,500.00	935.89	1,500.00	1,788.50
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	18,000.00	18,882.09	23,000.00	18,487.80	1,500.00	935.89	1,500.00	1,788.50
DISBURSEMENTS								
Sheriff Expenses	18,000.00	11,408.59	-	10,478.46	-	-	-	-
Patrol Car Expenses	-	13,539.52	21,200.00	10,757.32	-	-	-	-
Supplies	-	-	-	-	250.00	80.00	1,500.00	250.00
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	18,000.00	24,948.11	21,200.00	21,235.78	250.00	80.00	1,500.00	250.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(6,066.02)	1,800.00	(2,747.98)	1,250.00	855.89	-	1,538.50
CASH BALANCES, JANUARY 1	26,853.42	26,853.42	29,601.40	29,601.40	6,526.36	6,526.36	4,987.86	4,987.86
CASH BALANCES, DECEMBER 31	<u>\$ 26,853.42</u>	<u>\$ 20,787.40</u>	<u>\$ 31,401.40</u>	<u>\$ 26,853.42</u>	<u>\$ 7,776.36</u>	<u>\$ 7,382.25</u>	<u>\$ 4,987.86</u>	<u>\$ 6,526.36</u>

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	ELECTION SERVICES FUND				TAX MAINTENANCE FUND			
	2017		2016		2017		2016	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 2,099.00	\$ 1,425.83	\$ 1,800.00	\$ 3,440.38	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	9,200.00	9,965.52	11,815.83	9,141.35
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	2,099.00	1,425.83	1,800.00	3,440.38	9,200.00	9,965.52	11,815.83	9,141.35
DISBURSEMENTS								
Supplies	2,000.00	322.83	3,000.00	5,896.35	18,000.00	6,800.00	9,000.00	9,873.70
Equipment	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	2,000.00	322.83	3,000.00	5,896.35	18,000.00	6,800.00	9,000.00	9,873.70
RECEIPTS OVER (UNDER) DISBURSEMENTS	99.00	1,103.00	(1,200.00)	(2,455.97)	(8,800.00)	3,165.52	2,815.83	(732.35)
CASH BALANCES, JANUARY 1	5,523.80	5,523.80	7,979.77	7,979.77	28,207.24	28,207.24	28,939.59	28,939.59
CASH BALANCES, DECEMBER 31	<u>\$ 5,622.80</u>	<u>\$ 6,626.80</u>	<u>\$ 6,779.77</u>	<u>\$ 5,523.80</u>	<u>\$ 19,407.24</u>	<u>\$ 31,372.76</u>	<u>\$ 31,755.42</u>	<u>\$ 28,207.24</u>

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	TITLE III FUND				LEPC FUND			
	2017		2016		2017		2016	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 30,000.00	\$ -	\$ 30,000.00	\$ 33,121.69	\$ 300.00	\$ -	\$ 500.00	\$ -
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	30,000.00	-	30,000.00	33,121.69	300.00	-	500.00	-
DISBURSEMENTS								
Title III to Subrecipient	10,000.00	396.00	60,231.90	61,140.82	-	-	-	-
Supplies	-	-	-	-	300.00	-	500.00	-
TOTAL DISBURSEMENTS	10,000.00	396.00	60,231.90	61,140.82	300.00	-	500.00	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	20,000.00	(396.00)	(30,231.90)	(28,019.13)	-	-	-	-
CASH BALANCES, JANUARY 1	2,212.77	2,212.77	30,231.90	30,231.90	31,797.88	31,797.88	31,797.88	31,797.88
CASH BALANCES, DECEMBER 31	\$ 22,212.77	\$ 1,816.77	\$ -	\$ 2,212.77	\$ 31,797.88	\$ 31,797.88	\$ 31,797.88	\$ 31,797.88

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2017

2017									
	Collector Accounts	Sheriff Accounts	Law Library	Prosecuting Attorney	Overplus Fund	Capital School Fund	Ambulance Fund	Fire Districts Fund	Unclaimed Fees Fund
ASSETS									
Cash and Cash Equivalents	\$ 12,526,870.29	\$ 3,879.41	\$ 217.16	\$ 100.01	\$ 18,494.57	\$ 1,638.06	\$ -	\$ -	\$ 1,304.00
Total Assets	12,526,870.29	3,879.41	217.16	100.01	18,494.57	1,638.06	-	-	1,304.00
LIABILITIES AND FUND BALANCES									
TOTAL LIABILITIES	12,526,870.29	3,879.41	217.16	100.01	18,494.57	1,638.06	-	-	1,304.00
UNRESERVED FUND BALANCES	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,526,870.29	\$ 3,879.41	\$ 217.16	\$ 100.01	\$ 18,494.57	\$ 1,638.06	\$ -	\$ -	\$ 1,304.00

	Recorder Account	Healthcenter Fund	Sweetwater Cemetery	County Retirement Fund	Library Fund	Sheltered Workshop	Senior Services	Total Agency Funds
ASSETS								
Cash and Cash Equivalents	\$ 516.00	\$ -	\$ 3,532.54	\$ 5,528.28	\$ -	\$ -	\$ -	\$ 12,562,080.32
Total Assets	516.00	-	3,532.54	5,528.28	-	-	-	12,562,080.32
LIABILITIES AND FUND BALANCES								
TOTAL LIABILITIES	516.00	-	3,532.54	5,528.28	-	-	-	12,562,080.32
UNRESERVED FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 516.00	\$ -	\$ 3,532.54	\$ 5,528.28	\$ -	\$ -	\$ -	\$ 12,562,080.32

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2016

	2016								
	Collector Accounts	Sheriff Accounts	Law Library	Prosecuting Attorney	Overplus Fund	Capital School Fund	Ambulance Fund	North Reynolds Co Fire	Unclaimed Fees Fund
ASSETS									
Cash and Cash Equivalents	\$ 9,316,092.33	\$ 2,006.63	\$ 1,241.03	\$ 100.01	\$ 11,921.52	\$ 4,461.15	\$ 1.40	\$ 0.37	\$ 1,254.61
Total Assets	9,316,092.33	2,006.63	1,241.03	100.01	11,921.52	4,461.15	1.40	0.37	1,254.61
LIABILITIES AND FUND BALANCES									
TOTAL LIABILITIES	9,316,092.33	2,006.63	1,241.03	100.01	11,921.52	4,461.15	1.40	0.37	1,254.61
UNRESERVED FUND BALANCES	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,316,092.33	\$ 2,006.63	\$ 1,241.03	\$ 100.01	\$ 11,921.52	\$ 4,461.15	\$ 1.40	\$ 0.37	\$ 1,254.61
	Recorder Account	Healthcenter Fund	Sweetwater Cemetery	County Retirement Fund	Library Fund	Sheltered Workshop	Senior Services	Total Agency Funds	
ASSETS									
Cash and Cash Equivalents	\$ 504.00	\$ 0.93	\$ 3,712.86	\$ 5,423.95	\$ 1.05	\$ 0.93	\$ 0.28	\$ 9,346,723.05	
Total Assets	504.00	0.93	3,712.86	5,423.95	1.05	0.93	0.28	9,346,723.05	
LIABILITIES AND FUND BALANCES									
TOTAL LIABILITIES	504.00	0.93	3,712.86	5,423.95	1.05	0.93	0.28	9,346,723.05	
UNRESERVED FUND BALANCES	-	-	-	-	-	-	-	-	
TOTAL LIABILITIES AND FUND BALANCES	\$ 504.00	\$ 0.93	\$ 3,712.86	\$ 5,423.95	\$ 1.05	\$ 0.93	\$ 0.28	\$ 9,346,723.05	

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Reynolds, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1845 by an Act of the Missouri Territory. In addition to the three Commissioners, there are ten elected Constitutional Officers: Assessor, County Clerk, Collector, Coroner, Treasurer, Circuit Clerk, Recorder of Deeds, Sheriff, Prosecuting Attorney and Public Administrator.

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 Reynolds County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri law, which include a Statement of Receipts, Disbursements and Changes in Cash Balances – All Governmental Funds, 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 REYNOLDS
CENTERVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for 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.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 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 REYNOLDS
CENTERVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 2017 and 2016, for purposes of taxation, was:

	<u>2017</u>	<u>2016</u>
Real Estate	\$ 96,631,440	\$ 104,276,022
Personal Property	30,023,383	31,733,643
Railroad and Utilities	<u>46,966,717</u>	<u>47,018,424</u>
	<u>\$ 173,621,540</u>	<u>\$ 183,028,089</u>

During 2017 and 2016, the County Commission approved a \$0.8700 and \$0.8222, respectively, tax levy per \$100 of assessed valuation of tangible taxable property, for purposes of County taxation, as follows:

	<u>2017</u>	<u>2016</u>
General Revenue Fund	\$ 0.3900	\$ 0.3600
Special Road and Bridge Fund	0.3500	0.3322
Senior Services Fund	0.0300	0.0300
Senate Bill 40 Fund	<u>0.1000</u>	<u>0.1000</u>
	<u>\$ 0.8700</u>	<u>\$ 0.8222</u>

F. Cash and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer Funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balances. Cash equivalents include repurchase agreements and any other instruments with an original maturity of 90 days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investment shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note II.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

G. Interfund Transactions

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

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

II. CASH AND INVESTMENTS

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

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2017, and 2016, the carrying amount of the County's deposits was \$1,632,702.01 and \$1,870,753.10, and the bank balances were \$8,787,959.79 and \$7,369,651.59, respectively. The total bank balances as of December 31, 2017 and December 31, 2016, were insured through the Federal Deposit Insurance Corporation and securities set by the County's financial institutions.

SUMMARY OF CARRYING VALUES

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

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes
in Cash Balances

Deposits and cash equivalents	\$ 1,632,702.01
Total Deposits as of December 31, 2017	<u>1,632,702.01</u>

Statement of Assets and Liabilities Arising from Cash
Transactions – Agency Funds:

Deposits and cash equivalents	<u>12,562,080.32</u>
Total Agency Funds	<u>12,562,080.32</u>
Total Deposits and cash equivalents	\$ <u>14,194,782.33</u>

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

II. CASH AND INVESTMENTS (concluded)

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

Included in the following fund financial statement captions:

<u>Statement of Receipts, Disbursements and Changes in Cash Balances</u>	
Deposits and cash equivalents	\$ <u>1,870,753.10</u>
Total Deposits as of December 31, 2016	1,870,753.10
<u>Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds:</u>	
Deposits and cash equivalents	<u>9,346,723.05</u>
Total Agency Funds	<u>9,346,723.05</u>
Total Deposits and cash equivalents	\$ <u><u>11,217,476.15</u></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, 2017, and December 31, 2016.

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.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's investments were not exposed to concentration of investment credit risk for the years ended December 31, 2017, and 2016.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

III. CAPITAL LEASES

On April 22, 2015, the County entered into a lease purchase with Ford Motor Credit to finance the purchase of two Ford Police Explorer Interceptors in the amount of \$60,099. The lease agreement called for three equal payments of \$21,114.64 with the first payment starting on April 22, 2015. The rate of interest on this lease purchase is 5.5%. On June 18, 2016, the County refinanced the balance of \$20,186.09 with Great Southern Bank.

On April 12, 2016, the County entered into a lease purchase with Ford Motor Credit to finance the purchase of two Ford F-150 Pickup trucks in the amount of \$42,815. The lease agreement called for three equal payments of \$15,179.24 with the first payment starting on April 12, 2016. The rate of interest on this lease purchase is 6.5%. On June 18, 2016, the County refinanced the balance of \$27,966.09 with Great Southern Bank.

On June 18, 2016, the County entered into a lease purchase with Great Southern Bank to payoff the Ford Motor Credit lease purchases and refinance the purchase of two Ford F-150 Pickup trucks in the amount of \$48,152.18. In September 2016, one of the Ford Police Explorer Interceptors was totaled out and \$10,100 was applied to the lease purchase. The current lease agreement calls for three equal payments of \$13,539 with first payment starting on June 16, 2017. The rate of interest on this lease purchase is 3.29%.

As of December 31, 2017, the payment for the capital lease of the County is as follows:

	Balance at December 31, 2016	Amount Borrowed	Amount Repaid	Balance at December 31, 2017	Interest Paid During Year
Great Southern Bank Lease Purchase	\$ 38,391.02	\$ -	(\$12,529.07)	\$ 25,861.95	\$ 1,010.45
Totals	<u>\$ 38,391.02</u>	<u>\$ -</u>	<u>(\$12,529.07)</u>	<u>\$ 25,861.95</u>	<u>\$ 1,010.45</u>

As of December 31, 2016, the payment for the capital leases of the County are as follows:

	Balance at December 31, 2015	Amount Borrowed	Amount Repaid	Balance at December 31, 2016	Interest Paid During Year
Ford Explorer Lease Purchase	\$ 38,984.36	\$ -	(\$38,984.36)	\$ -	\$ 2,316.37
Ford F-150 Lease Purchase	\$ -	\$ 42,815.00	(\$42,815.00)	\$ -	\$ 330.33
Great Southern Bank Lease Purchase	\$ -	\$ 48,152.18	(\$ 9,761.16)	\$ 38,391.02	\$ 338.84
Totals	<u>\$ 38,984.36</u>	<u>\$ 90,967.18</u>	<u>(\$91,560.52)</u>	<u>\$ 38,391.02</u>	<u>\$ 2,985.54</u>

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

III. CAPITAL LEASES (Concluded)

The future payments for the lease purchase as of December 31, 2017, are as follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 12,688.66	\$ 850.86	\$ 13,539.52
2019	13,173.29	433.41	13,606.70
	\$ 25,861.95	\$ 1,284.27	\$ 27,146.22

The future payments for the lease purchases as of December 31, 2016, are as follows:

Year Ending December 31,	Principal	Interest	Total
2017	\$ 12,529.07	\$ 1,010.45	\$ 13,539.52
2018	12,688.66	850.86	13,539.52
2019	13,173.29	433.41	13,606.70
	\$ 38,391.02	\$ 2,294.72	\$ 40,685.74

IV. INTERFUND TRANSFERS

There were no transfers made for the years ended December 31, 2017, and 2016.

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

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

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

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

A. Plan Description (Concluded)

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

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Total contributions remitted to CERF for the years ended December 31, 2017, and 2016 were \$110,844.98 and \$111,384.36, respectively.

VI. 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 did not have any COBRA participants at December 31, 2017, and December 31, 2016.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

VII. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Section 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$3,366.00 and \$2,711.50, respectively, for the years ended December 31, 2017, and 2016.

VIII. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County was involved in pending litigation as of the audit report date. The County's attorneys are vigorously defending the County in these matters. County management believes that such litigation and claims will ultimately be resolved without material financial liability, if any, to the County.

B. Compensated Absences

The County provides employees with up to four weeks of paid vacation based upon the number of years of continuous service. This ranges from getting one week after the first year of service, and four weeks after fifteen years of service. Upon termination from county employment, an employee is reimbursed for unused vacation and overtime, if applicable. County employees receive two personal days when they start, after one year they get six days. An employee is not reimbursed for unused personal time 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 refunding of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

IX. 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 OF REYNOLDS
CENTERVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

IX. RISK MANAGEMENT (Concluded)

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 special 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-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

X. SUBSEQUENT EVENTS

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

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
SCHEDULE OF STATE FINDINGS
YEARS ENDED DECEMBER 31, 2017 AND 2016

SCHEDULE OF STATE FINDINGS

- A. For the year ended December 31, 2017, expenditures exceeded those budgeted for the following funds: Inmate Security Fund, and County Law Enforcement Restitution Fund.
- B. For the year ended December 31, 2016, expenditures exceeded those budgeted for the following funds: Recorder User Fee Fund, Sheriff's Revolving Fund, County Law Enforcement Restitution Fund, Election Services Fund, Tax Maintenance Fund and Title III Fund.
- C. For the year ended December 31, 2017, the FEMA Fund did not have a budget. This was mandated by FEMA to have a non-interest bearing account to receive FEMA funds late in the year, this money was however budgeted under the Special Road and Bridge Fund.

FEDERAL COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the County Commission
The County of Reynolds, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Reynolds ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2017, and 2016, and the related statements of cash receipts and disbursements and changes in cash balances-budget and actual for the years then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 27, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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.

Daniel Jones & Associates

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

June 27, 2018



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Independent Auditor's Report

To The County Commission
The County of Reynolds, Missouri

Report on Compliance for Each Major Federal Program

We have audited the County of Reynolds' ("County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the years ended December 31, 2017, and 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2017, and 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

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

Daniel Jones & Associates

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

June 27, 2018

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	Federal CFDA Number	PASS-THROUGH ENTITY NUMBER	12/31/2017 FEDERAL EXPENDITURES	12/31/2017 PASSED THROUGH TO SUBRECIPIENTS	12/31/2016 FEDERAL EXPENDITURES	12/31/2016 PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
US DEPARTMENT OF AGRICULTURE							
PASSED THROUGH THE STATE							
Office of Administration:							
School and Roads - Grants to States	10.665	Schools	\$ 124,515.90	\$ 124,515.90	\$ 240,129.45	\$ 240,129.45	\$ 364,645.35
School and Roads - Grants to States	10.665	Road & Bridge	41,505.29	-	80,043.15	-	121,548.44
School and Roads - Grants to States	10.665	Title III Project	-	-	33,121.69	-	33,121.69
Forest Service:							
Forest Service Meth Contract	10.U01	13-LE-11090507-009	2,050.00	-	1,700.00	-	3,750.00
Total U.S. Department of Agriculture			<u>168,071.19</u>	<u>124,515.90</u>	<u>354,994.29</u>	<u>240,129.45</u>	<u>\$ 523,065.48</u>
US DEPARTMENT OF DEFENSE							
DIRECT PROGRAM							
Clearwater Lake Program	12.U01	W9127S-16-2-0038	-	-	13,440.00	-	13,440.00
		W9127S-17-P-0105	15,984.00	-	-	-	15,984.00
Total U.S. Department of Defense			<u>15,984.00</u>	<u>-</u>	<u>13,440.00</u>	<u>-</u>	<u>29,424.00</u>
DEPARTMENT OF INTERIOR							
DIRECT PROGRAM							
PILT - Payment in Lieu of Taxes	15.226		177,374.00	-	168,090.00	-	345,464.00
Total U.S. Department of Interior			<u>177,374.00</u>	<u>-</u>	<u>168,090.00</u>	<u>-</u>	<u>345,464.00</u>
US DEPARTMENT OF JUSTICE							
PASSED THROUGH THE STATE							
Department of Public Safety:							
Crime Victim Assistance Grant	16.575	2011-VOCA-075-SE	-	-	5,463.66	-	5,463.66
		2016-VOCA-040-SE	25,560.00	-	29,550.00	-	55,110.00
		2017-VOCA-001	9,540.00	-	-	-	9,540.00
Total U.S. Department of Justice			<u>35,100.00</u>	<u>-</u>	<u>35,013.66</u>	<u>-</u>	<u>70,113.66</u>
GENERAL SERVICES ADMINISTRATION							
PASSED THROUGH:							
Office of the Secretary of State:							
Election Reform Payments	39.011		-	-	2,528.62	-	2,528.62
Total General Services Administration			<u>-</u>	<u>-</u>	<u>2,528.62</u>	<u>-</u>	<u>2,528.62</u>
US DEPARTMENT OF TRANSPORTATION							
PASSED THROUGH:							
Department of Transportation:							
DWI Enforcement Grants	20.607	16-154-AL-141	-	-	3,100.00	-	3,100.00
		17-M5HVE-03-022	2,810.00	-	-	-	2,810.00
Total U.S. Department of Transportation			<u>2,810.00</u>	<u>-</u>	<u>3,100.00</u>	<u>-</u>	<u>5,910.00</u>
ELECTION ASSISTANCE COMMISSION							
PASSED THROUGH STATE							
Office of the Secretary of State:							
Help America Vote Act Requirements Payments	90.401		-	-	925.42	-	925.42
Total Election Assistance Commission			<u>-</u>	<u>-</u>	<u>925.42</u>	<u>-</u>	<u>925.42</u>
U.S. DEPARTMENT OF HOMELAND SECURITY							
PASSED THROUGH STATE							
State Emergency Management Agency:							
Disaster Grants - Public Assistance Grants	97.036	FEMA-4250-DR-MO	76,536.23	-	432,361.99	-	508,898.22
Total U.S. Department of Homeland Security			<u>76,536.23</u>	<u>-</u>	<u>432,361.99</u>	<u>-</u>	<u>508,898.22</u>
Total Expenditures of Federal Awards			<u>\$ 475,875.42</u>	<u>\$ 124,515.90</u>	<u>\$ 1,010,453.98</u>	<u>\$ 240,129.45</u>	<u>\$ 1,486,329.40</u>

The notes to the schedule of expenditures of federal awards are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the County of Reynolds under programs of the federal government for the years ended December 31, 2017, and 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Reynolds, it is not intended to and does not present the financial position, changes in net assets, or cash flows, of the County of Reynolds.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – SUB-RECIPIENTS

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the County provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>Sub-Recipients</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Sub-Recipients</u>
Schools and Roads – Grants to States	Centerville R-1 School District	10.665 2017	\$30,196.58
		2016	\$58,014.38
Schools and Roads – Grants to States	Bunker R-III School District	10.665 2017	\$52,037.04
		2016	\$100,474.95
Schools and Roads – Grants to States	Lesterville R-IV School District	10.665 2017	\$42,282.28
		2016	\$81,640.12

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified – Regulatory Basis
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? 2017 ☐ Yes ☒ No
2016 ☐ Yes ☒ No
 - b. Significant deficiency (ies) identified? 2017 ☐ Yes ☒ None Reported
2016 ☐ Yes ☒ None Reported
3. Noncompliance material to financial statements noted? 2017 ☐ Yes ☒ No
2016 ☐ Yes ☒ No

B. Federal Awards

1. Internal control over major federal programs:
 - a. Material weakness(es) identified? 2017 ☐ Yes ☒ No
2016 ☐ Yes ☒ No
 - b. Significant deficiency (ies) identified? 2017 ☒ Yes ☐ None Reported
2016 ☒ Yes ☐ None Reported
2. Type of auditor's report issued on compliance for major programs: 2017 - Unmodified
2016 - Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200.516(a)? 2017 ☒ Yes ☐ No
2016 ☒ Yes ☐ No

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016

2017-001	Federal Grantor:	All
	Pass-Through Grantor:	All
	Federal CFDA Number:	All
	Program Title:	All
	Pass- Through Entity	
	Identification Number:	All
	Award Year:	2016 and 2017
	Type of Finding:	Other Information – Significant Deficiency

Information on the federal program: The County must establish and maintain effective internal control over federal awards. The County was not in compliance with 2 CFR Section 200.303.

Criteria: Uniform Guidance requires the auditee to document internal controls over each federal program. The County must be in compliance with 2 CFR Section 200.303, which requires the County to establish and maintain effective internal controls over federal awards.

Condition: During the walkthroughs of the County, we noted there is not documentation over internal controls with regards to federal awards in place.

Questioned Costs: Not applicable

Context: During the audit of federal programs, we noted there was not adequate internal control documentation of each federal program.

Effect: Not documenting internal controls over federal compliance requirements could result in the noncompliance of a major component of the federal program.

Cause: Adequate emphasis was not placed on the documentation of internal controls required under the *Uniform Guidance*.

Recommendation: We recommend that the County formally document internal controls over federal programs in accordance with the *Uniform Guidance*, and 2 CFR Section 200.303.

Views of responsible officials and planned corrective actions: The County Clerk (Mike Harper) is in the process of preparing the needed documentation to document their internal control structure in conformity with the *Uniform Guidance*. The Clerk expects to complete this by the next audit period. The Clerk's office can be reached at (573) 648-2494.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

The last audit performed was for the fiscal years ended December 31, 2013, and December 31, 2012. Pursuant to the guidelines in Uniform Guidance Section 200.511 *Audit findings follow-up*, the County has determined the prior year findings meet the requirements set forth in this section for determining a finding to not warrant further action. The following conditions were met to determine the treatment of these prior year audit findings:

- i.) Two years have passed since the audit report in which the finding occurred was submitted to the Federal Audit Clearinghouse.
- ii.) The Federal agency or pass-through entity is not currently following up with the auditee on the audit finding; and
- iii.) A management decision was not issued.

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The last audit performed under OMB Circular A-133 was for the fiscal years ended December 31, 2013, and December 31, 2012. Pursuant to the guidelines in Uniform Guidance Section 200.511 *Audit findings follow-up*, the County has determined the prior year findings meet the requirements set forth in this section for determining a finding to not warrant further action. The following conditions were met to determine the treatment of these prior year audit findings:

- i.) Two years have passed since the audit report in which the finding occurred was submitted to the Federal Audit Clearinghouse.
- ii.) The Federal agency or pass-through entity is not currently following up with the auditee on the audit finding; and
- iii.) A management decision was not issued.



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

June 27, 2018

To the County Commissioners
The County of Reynolds, Missouri

In planning and performing our audit of the regulatory based financial statements of the County of Reynolds (the "County") as of and for the years ended December 31, 2017, and 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

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

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

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

The County's management has provided a written response to the finding in this report that were identified in our audit. This response has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Very truly yours,

Daniel Jones & Associates

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

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

SA 2017-001 Federal Grantor: All
Pass-Through Grantor: All
Federal CFDA Number: All
Program Title: All
Pass- Through Entity
Identification Number: All
Award Year: 2016 and 2017
Type of Finding: Other Information – Significant Deficiency

Information on the federal program: The County must establish and maintain effective internal control over federal awards. The County was not in compliance with 2 CFR Section 200.303.

Criteria: Uniform Guidance requires the auditee to document internal controls over each federal program. The County must be in compliance with 2 CFR Section 200.303, which requires the County to establish and maintain effective internal controls over federal awards.

Condition: During the walkthroughs of the County, we noted there is not documentation over internal controls with regards to federal awards in place.

Questioned Costs: Not applicable

Context: During the audit of federal programs, we noted there was not adequate internal control documentation of each federal program.

Effect: Not documenting internal controls over federal compliance requirements could result in the noncompliance of a major component of the federal program.

Cause: Adequate emphasis was not placed on the documentation of internal controls required under the *Uniform Guidance*.

Recommendation: We recommend that the County formally document internal controls over federal programs in accordance with the *Uniform Guidance*, and 2 CFR Section 200.303.

Views of responsible officials and planned corrective actions: The County Clerk (Mike Harper) is in the process of preparing the needed documentation to document their internal control structure in conformity with the *Uniform Guidance*. The Clerk expects to complete this by the next audit period. The Clerk's office can be reached at (573) 648-2494.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

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

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the *Uniform Guidance*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 9, 2018. Professional standards also require that we communicate to you the following information related to our audit.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Continued)

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2017 fiscal year. We noted no transactions entered into by the County during the years for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 27, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Concluded)

Other Matters

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

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

During our testing of federal programs, we noted that the County's Certification of Title III Expenditures and Unobligated Funds were reported, just not in a timely manner. We recommend filing the required reports by their due dates each year, when applicable.