



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Douglas County, Missouri

The Office of the State Auditor contracted for an audit of Douglas County's financial statements for the year ended December 31, 2018, through the state Office of Administration, Division of Purchasing and Materials Management. The audit includes an audit of each county officer in fulfillment of our duties under Section 29.230.1, RSMo. A copy of this audit, performed by McBride, Lock & Associates, LLC, Certified Public Accountants, is attached.

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

Nicole R. Galloway, CPA
State Auditor

July 2019
Report No. 2019-058

ANNUAL FINANCIAL REPORT

DOUGLAS COUNTY, MISSOURI

For the Year Ended December 31, 2018

DOUGLAS COUNTY, MISSOURI

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INTRODUCTORY SECTION

DOUGLAS COUNTY, MISSOURI
List of Elected Officials 2018

County Commission

Presiding Commissioner – Lance Stillings

1st District Commissioner – Craig Cunningham

2nd District Commissioner – Lawson Curtis

Other Elected Officials

Assessor – Alicia Degase

Circuit Clerk – Kim Hathcock

Collector – Laura Stillings

Coroner – Rick Miller

County Clerk – Karry Davis

Prosecuting Attorney – Christopher Wade

Public Administrator – Shelia Miller

Recorder – Jacinda Sheppard

Sheriff – Chris Degase

Treasurer – Theresa Miller

FINANCIAL SECTION

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McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of Douglas County, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Douglas County, Missouri, which comprise the Statement of Receipts, Disbursements and Changes in Cash – All Governmental Funds – Regulatory Basis and the Statement of Fiduciary Receipts, Disbursements and Changes in Cash – Regulatory Basis as of December 31, 2018, and the related Statements of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles 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 the 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 opinion.

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

As described in Note 1, the financial statements are prepared by Douglas County, Missouri 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.

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 above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Douglas County, Missouri, as of December 31, 2018, or the 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 Douglas County, Missouri, as of December 31, 2018, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the financial reporting provisions 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 also have issued our report dated June 25, 2019, on our consideration of Douglas 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 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 Douglas 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 the County’s internal control over financial reporting and compliance.

(Original Signed by McBride, Lock & Associates, LLC)

McBride, Lock & Associates, LLC
Kansas City, Missouri
June 25, 2019

DOUGLAS COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
 - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2018

Fund	Cash and Cash Equivalents			Cash and Cash Equivalents
	January 1	Receipts	Disbursements	December 31
General Revenue	\$ 363,055	\$ 1,882,006	\$ 1,954,777	\$ 290,284
Special Road & Bridge Assessment	259,645	1,376,610	1,251,096	385,159
Sheriff's Training	7,996	161,911	142,847	27,060
Sheriff's Civil Service Fee	4,371	1,784	2,184	3,971
Law Enforcement	1,800	5,874	4,983	2,691
Sheriff's Revolving (CCW)	20,330	41,624	45,099	16,855
Inmate Security	9,780	4,854	3,248	11,386
Prosecuting Attorney Training	16,313	7,571	10,953	12,931
Prosecuting Attorney Bad Check	437	299	456	280
Prosecuting Attorney Delinquent Tax	4,246	6,255	4,264	6,237
Election Services	688	5	-	693
Tax Maintenance	10,221	3,116	1,503	11,834
Recorder User	14,455	15,283	14,224	15,514
Victims of Domestic Violence	4,352	7,444	7,794	4,002
Election Improvement	233	833	825	241
Emergency Management	2,250	2,200	-	4,450
Local Emergency Planning Commission	4,771	14,856	12,959	6,668
Addressing Location Project	3,227	5,632	2,764	6,095
Federal Disaster	5,387	5,925	4,800	6,512
Law Enforcement Sales Tax	35,673	147,475	34,642	148,506
Special Election	294,002	505,072	299,356	499,718
Senate Bill 40 Board	-	32,777	32,777	-
Total	116,523	130,931	128,923	118,531
	<u>\$ 1,179,755</u>	<u>\$ 4,360,337</u>	<u>\$ 3,960,474</u>	<u>\$ 1,579,618</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

DOUGLAS COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2018

	GENERAL REVENUE FUND	
	Budget	Actual
RECEIPTS		
Property taxes	\$ 190,000	\$ 212,601
Sales taxes	1,013,500	1,014,700
Intergovernmental	294,405	339,195
Charges for services	181,400	211,544
Interest	3,631	3,103
Other	26,024	54,400
Transfers in	82,413	46,463
Total Receipts	\$ 1,791,373	\$ 1,882,006
DISBURSEMENTS		
County Commission	\$ 83,530	\$ 83,505
County Clerk	71,807	71,807
Elections	88,492	79,335
Buildings and grounds	122,332	109,295
Employee fringe benefits	266,781	256,821
Treasurer	45,300	45,241
Collector	84,854	83,897
Recorder of Deeds	45,450	44,969
Circuit Court	10,675	9,936
Court Administration	26,001	20,967
Public Administrator	48,387	47,489
Sheriff	474,779	501,122
Jail	92,752	134,623
Prosecuting Attorney	157,019	157,069
Juvenile Officer	39,089	31,739
Coroner	13,890	13,740
Other County government	240,913	222,327
Transfers out	47,820	40,895
Emergency fund	53,741	-
Total Disbursements	\$ 2,013,612	\$ 1,954,777
RECEIPTS OVER (UNDER)		
DISBURSEMENTS	\$ (222,239)	\$ (72,771)
CASH AND CASH EQUIVALENTS, JANUARY 1	363,055	363,055
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 140,816	\$ 290,284

The accompanying Notes to the Financial Statements are an integral part of these statements.

DOUGLAS COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2018

	SPECIAL ROAD & BRIDGE FUND		ASSESSMENT FUND		SHERIFF'S TRAINING FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ 328,000	\$ 343,959	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	1,093,590	988,395	113,987	121,460	800	577
Charges for services	3,300	2,829	4,000	7,026	1,400	1,176
Interest	2,700	3,216	200	352	35	31
Other	2,150	3,569	174	556	-	-
Transfers in	235,673	34,642	32,500	32,517	-	-
Total Receipts	<u>\$ 1,665,413</u>	<u>\$ 1,376,610</u>	<u>\$ 150,861</u>	<u>\$ 161,911</u>	<u>\$ 2,235</u>	<u>\$ 1,784</u>
DISBURSEMENTS						
Salaries	\$ 502,801	\$ 485,848	\$ 95,436	\$ 92,706	\$ -	\$ -
Employee fringe benefits	161,522	150,215	12,000	10,783	-	-
Materials and supplies	396,400	336,083	25,725	7,464	-	-
Services and other	195,900	176,570	22,350	31,894	4,400	2,184
Capital outlay	100,000	68,720	-	-	-	-
Construction	101,500	33,533	-	-	-	-
Transfers out	-	127	-	-	-	-
Total Disbursements	<u>\$ 1,458,123</u>	<u>\$ 1,251,096</u>	<u>\$ 155,511</u>	<u>\$ 142,847</u>	<u>\$ 4,400</u>	<u>\$ 2,184</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 207,290	\$ 125,514	\$ (4,650)	\$ 19,064	\$ (2,165)	\$ (400)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>259,645</u>	<u>259,645</u>	<u>7,996</u>	<u>7,996</u>	<u>4,371</u>	<u>4,371</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 466,935</u>	<u>\$ 385,159</u>	<u>\$ 3,346</u>	<u>\$ 27,060</u>	<u>\$ 2,206</u>	<u>\$ 3,971</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

DOUGLAS COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2018

	SHERIFF'S CIVIL SERVICE FEE FUND		LAW ENFORCEMENT FUND		SHERIFF'S REVOLVING (CCW) FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	4,170	5,300	40,000	41,329	2,500	4,780
Interest	20	19	250	295	184	74
Other	-	555	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 4,190</u>	<u>\$ 5,874</u>	<u>\$ 40,250</u>	<u>\$ 41,624</u>	<u>\$ 2,684</u>	<u>\$ 4,854</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 6,994	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	5,200	3,258	-	-	-	-
Services and other	350	1,725	1,845	1,845	1,250	3,248
Capital outlay	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transfers out	-	-	43,254	43,254	-	-
Total Disbursements	<u>\$ 5,550</u>	<u>\$ 4,983</u>	<u>\$ 45,099</u>	<u>\$ 45,099</u>	<u>\$ 8,244</u>	<u>\$ 3,248</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS						
	\$ (1,360)	\$ 891	\$ (4,849)	\$ (3,475)	\$ (5,560)	\$ 1,606
CASH AND CASH EQUIVALENTS, JANUARY 1						
	<u>1,800</u>	<u>1,800</u>	<u>20,330</u>	<u>20,330</u>	<u>9,780</u>	<u>9,780</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31						
	<u>\$ 440</u>	<u>\$ 2,691</u>	<u>\$ 15,481</u>	<u>\$ 16,855</u>	<u>\$ 4,220</u>	<u>\$ 11,386</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

DOUGLAS COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2018

	INMATE SECURITY FUND		PROSECUTING ATTORNEY TRAINING FUND		PROSECUTING ATTORNEY BAD CHECK FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	3,300	2,636	362	298	5,500	6,213
Interest	100	101	2	1	40	42
Other	6,000	4,834	-	-	200	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 9,400</u>	<u>\$ 7,571</u>	<u>\$ 364</u>	<u>\$ 299</u>	<u>\$ 5,740</u>	<u>\$ 6,255</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	8,400	9,310	-	-	1,300	1,242
Services and other	4,000	1,643	500	456	3,450	3,022
Capital outlay	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 12,400</u>	<u>\$ 10,953</u>	<u>\$ 500</u>	<u>\$ 456</u>	<u>\$ 4,750</u>	<u>\$ 4,264</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS						
	\$ (3,000)	\$ (3,382)	\$ (136)	\$ (157)	\$ 990	\$ 1,991
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>16,313</u>	<u>16,313</u>	<u>437</u>	<u>437</u>	<u>4,246</u>	<u>4,246</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 13,313</u>	<u>\$ 12,931</u>	<u>\$ 301</u>	<u>\$ 280</u>	<u>\$ 5,236</u>	<u>\$ 6,237</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

DOUGLAS COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2018

	PROSECUTING ATTORNEY DELINQUENT TAX FUND		ELECTION SERVICES FUND		TAX MAINTENANCE FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	80	-	-	-	-	-
Intergovernmental	-	-	1,200	688	-	-
Charges for services	-	-	1,700	474	13,000	15,138
Interest	5	5	100	76	100	145
Other	-	-	-	-	-	-
Transfers in	-	-	2,100	1,878	-	-
Total Receipts	<u>\$ 85</u>	<u>\$ 5</u>	<u>\$ 5,100</u>	<u>\$ 3,116</u>	<u>\$ 13,100</u>	<u>\$ 15,283</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	-	-	4,450	1,304	11,400	11,697
Services and other	-	-	500	199	2,000	24
Capital outlay	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	3,000	2,503
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,950</u>	<u>\$ 1,503</u>	<u>\$ 16,400</u>	<u>\$ 14,224</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 85	\$ 5	\$ 150	\$ 1,613	\$ (3,300)	\$ 1,059
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>688</u>	<u>688</u>	<u>10,221</u>	<u>10,221</u>	<u>14,455</u>	<u>14,455</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 773</u>	<u>\$ 693</u>	<u>\$ 10,371</u>	<u>\$ 11,834</u>	<u>\$ 11,155</u>	<u>\$ 15,514</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

DOUGLAS COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2018

	RECORDER USER FUND		VICTIMS OF DOMESTIC VIOLENCE FUND		ELECTION IMPROVEMENT FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	7,400	7,410	950	830	7,600	2,200
Interest	35	34	2	3	-	-
Other	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 7,435</u>	<u>\$ 7,444</u>	<u>\$ 952</u>	<u>\$ 833</u>	<u>\$ 7,600</u>	<u>\$ 2,200</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	2,500	1,115	-	-	-	-
Services and other	6,100	6,100	1,000	825	-	-
Capital outlay	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transfers out	600	579	-	-	-	-
Total Disbursements	<u>\$ 9,200</u>	<u>\$ 7,794</u>	<u>\$ 1,000</u>	<u>\$ 825</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,765)	\$ (350)	\$ (48)	\$ 8	\$ 7,600	\$ 2,200
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>4,352</u>	<u>4,352</u>	<u>233</u>	<u>233</u>	<u>2,250</u>	<u>2,250</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 2,587</u>	<u>\$ 4,002</u>	<u>\$ 185</u>	<u>\$ 241</u>	<u>\$ 9,850</u>	<u>\$ 4,450</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

DOUGLAS COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2018

	EMERGENCY MANAGEMENT FUND		LOCAL EMERGENCY PLANNING COMMISSION FUND		ADDRESSING LOCATION PROJECT FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	8,545	8,112	5,632	5,632	-	-
Charges for services	-	-	-	-	4,800	5,925
Interest	-	-	-	-	-	-
Other	-	244	-	-	-	-
Transfers in	6,500	6,500	-	-	-	-
Total Receipts	<u>\$ 15,045</u>	<u>\$ 14,856</u>	<u>\$ 5,632</u>	<u>\$ 5,632</u>	<u>\$ 4,800</u>	<u>\$ 5,925</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -		\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	1,300	1,322	1,620	611	-	-
Services and other	13,400	11,637	1,500	2,153	4,800	4,800
Capital outlay	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 14,700</u>	<u>\$ 12,959</u>	<u>\$ 3,120</u>	<u>\$ 2,764</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 345	\$ 1,897	\$ 2,512	\$ 2,868	\$ -	\$ 1,125
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>4,771</u>	<u>4,771</u>	<u>3,227</u>	<u>3,227</u>	<u>5,387</u>	<u>5,387</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 5,116</u>	<u>\$ 6,668</u>	<u>\$ 5,739</u>	<u>\$ 6,095</u>	<u>\$ 5,387</u>	<u>\$ 6,512</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

DOUGLAS COUNTY, MISSOURI
STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
- BUDGET AND ACTUAL - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	FEDERAL DISASTER FUND		LAW ENFORCEMENT SALES TAX FUND		SPECIAL ELECTION FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	500,000	501,263	-	-
Intergovernmental	200,000	147,475	-	-	32,777	32,777
Charges for services	-	-	-	-	-	-
Interest	-	-	750	3,051	-	-
Other	-	-	-	758	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 200,000</u>	<u>\$ 147,475</u>	<u>\$ 500,750</u>	<u>\$ 505,072</u>	<u>\$ 32,777</u>	<u>\$ 32,777</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	-	-	-	-	3,882	5,481
Services and other	-	-	-	-	28,895	27,296
Capital outlay	-	-	-	-	-	-
Construction	-	-	450,000	299,356	-	-
Transfers out	235,673	34,642	-	-	-	-
Total Disbursements	<u>\$ 235,673</u>	<u>\$ 34,642</u>	<u>\$ 450,000</u>	<u>\$ 299,356</u>	<u>\$ 32,777</u>	<u>\$ 32,777</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS						
	\$ (35,673)	\$ 112,833	\$ 50,750	\$ 205,716	\$ -	\$ -
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>35,673</u>	<u>35,673</u>	<u>294,002</u>	<u>294,002</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ -</u>	<u>\$ 148,506</u>	<u>\$ 344,752</u>	<u>\$ 499,718</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

DOUGLAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
- BUDGET AND ACTUAL - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	SENATE BILL 40 BOARD FUND	
	Budget	Actual
RECEIPTS		
Property taxes	\$ 120,000	\$ 130,068
Sales taxes	-	-
Intergovernmental	125	105
Charges for services	-	-
Interest	748	758
Other	-	-
Transfers in	-	-
Total Receipts	<u>\$ 120,873</u>	<u>\$ 130,931</u>
DISBURSEMENTS		
Salaries	\$ -	\$ -
Employee fringe benefits	-	-
Materials and supplies	-	-
Services and other	129,000	118,923
Capital outlay	10,000	10,000
Construction	-	-
Transfers out	-	-
Total Disbursements	<u>\$ 139,000</u>	<u>\$ 128,923</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (18,127)	\$ 2,008
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>116,523</u>	<u>116,523</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 98,396</u></u>	<u><u>\$ 118,531</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

DOUGLAS COUNTY, MISSOURI
STATEMENT OF FIDUCIARY RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

Fund/Account	Cash and Cash Equivalents January 1	Receipts	Disbursements	Cash and Cash Equivalents December 31
Treasurer Schools	\$ -	\$ 4,692,674	\$ 4,692,674	\$ -
Treasurer Willow Springs Ambulance	-	7,847	7,847	-
Treasurer Library	-	130,170	130,170	-
Treasurer Health Center	-	315,992	315,992	-
Treasurer Sheltered Workshop	-	130,173	130,173	-
Treasurer So. Webster Fire	-	8,951	8,951	-
Treasurer Crime Costs	-	61,471	61,471	-
Treasurer Unclaimed Fees	1,977	-	1,810	167
Treasurer Capital Fines	16,684	41,820	32,795	25,709
Treasurer Over/Under Payment	584	9	-	593
Treasurer Overplus Land Sales	7,697	18,442	-	26,139
Treasurer TT & L Tax Account	14,390	356,812	371,202	-
Treasurer CERF Account	3,860	151,232	150,924	4,168
44th Judicial Drug Court	56,115	60,109	49,456	66,768
Sheriff Deputy Salary Supplemental	-	2,070	2,070	-
Collector General Account	3,804,385	6,119,758	6,072,177	3,851,966
Collector Partial Payment Account	13,295	22,977	27,295	8,977
Collector Protested Tax Account	412	8,733	9,144	1
County Clerk Fee Account	-	8,643	8,643	-
Recorder Account	77	89,822	89,838	61
Prosecuting Attorney Account	1,506	66,629	66,944	1,191
Sheriff Civil Account	1,852	13,048	12,576	2,324
Sheriff General Account	95	112,598	112,730	(37)
Swanson's Commissary	231	-	-	231
Sheriff Other Accounts	64	-	-	64
Public Administrator Accounts	78,629	655,409	569,742	164,296
Total	<u>\$ 4,001,853</u>	<u>\$ 13,075,389</u>	<u>\$ 12,924,624</u>	<u>\$ 4,152,618</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

DOUGLAS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Douglas County, Missouri (“County”) is governed by a three-member board of commissioners. In addition to the three board members, there are ten elected Constitutional Officers: Assessor, Circuit Clerk, Collector, Coroner, County Clerk, Prosecuting Attorney, Public Administrator, Recorder, Sheriff, and Treasurer.

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

A. Reporting Entity

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

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

In accordance with the regulatory basis of accounting, the financial statements of the County do not include the activity of the Circuit Court, which is part of the Missouri court system and is considered to be a state function, including the operations of the Circuit Clerk and all funds under their control.

B. Basis of Presentation

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

Fiduciary Funds – Fiduciary funds consist of custodial funds. Custodial funds account for assets held by the County as an agent of individuals, private organizations, taxing units, and other governments and/or funds. Budgets are not adopted for the County’s custodial funds.

C. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from

accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

D. Budgets 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's policy is to adopt a budget for each governmental fund.
 2. On or before the second Monday in January, each elected officer and department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
 3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the cash basis of accounting, for all budgeted funds. Budgeting of appropriations is based upon an estimated fund balance at the beginning of the year as well as estimated revenues to be received.
 4. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance.
 5. A public hearing is conducted to obtain public comment on the budget. Prior to its approval by the County Commission, the budget document is available for public inspection, which usually takes place the third and fourth weeks of January.
 6. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
 7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by a formal vote of the Commission. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.
 8. Budgets are prepared and adopted on the cash basis of accounting.
 9. Adoption of a formal budget is required by law.
 10. Section 50.740, RSMo prohibits expenditures in excess of the approved budgets.
- E. Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in September and tax bills are mailed to taxpayers in October, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuations of the tangible taxable property included within the County's boundaries for the calendar year 2018 for purposes of taxation were:

	<u>2018</u>
Real Estate	\$ 106,460,106
Personal Property	47,473,408
Railroad and Utilities	<u>3,146,150</u>
Total	<u>\$ 157,079,664</u>

For calendar year 2018, the County Commission approved a tax levy per \$100 of assessed valuation of tangible taxable property as follows:

	<u>2018</u>
General Revenue	\$0.1300
Special Road & Bridge	0.2127
Senate Bill 40 Board	0.0812

F. Cash Deposits and Cash Equivalents

Deposits and cash equivalents 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 these balances is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents may include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, purchased at a price at or below par. 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 and cash equivalent balances are presented in Note 2.

G. Interfund Activity

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing. Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

2. CASH AND CASH EQUIVALENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements within the "Cash and Cash Equivalents" caption. Cash and cash equivalents includes deposits and short-term investments with maturities that are less than ninety days.

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2018, the carrying amount of the County's deposits was \$1,579,618, and the bank balance was \$1,862,256. Of the bank balance, \$371,531 was covered by federal depository insurance at December 31, 2018. The remainder of the balance at December 31, 2018 was covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name.

At December 31, 2018, County officeholders held, in addition to the cash and cash equivalents listed above, cash held in a fiduciary capacity on behalf of individuals, private organizations, taxing units, other governments and/or funds. At December 31, 2018, the carrying amount of the County's custodial funds was \$4,152,618, and the bank balance was \$3,348,511. Of the bank balance, \$421,537 was covered by federal depository insurance at December 31, 2018. The remainder of the balances at December 31, 2018 was covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name.

3. COUNTY EMPLOYEES' RETIREMENT PLANS

A. County Employees' Retirement Fund (CERF)

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees.

1) Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties 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 Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the 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.

2) Pension Benefits

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, MO 65101, by calling 1-877-632-2373, or by the following website, www.mocerf.org.

3) Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. Further, a contribution to CERF of 2% of annual salary is required for eligible employees hired before February 2002, while a contribution of 6% of annual salary is required of employees hired after February 2002. During 2018, the County collected and remitted to CERF employee withholdings and fees collected of \$150,924.

B. 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 contributed \$11,628 for the year ended December 31, 2018.

C. Other Retirement Plan

Douglas County has voluntary 457 and 414(h) plans which are paid by deductions from employees' salary. These contributions qualify under the Internal Revenue Code and are tax exempt. Employee contributions collected and remitted by the County for the year ended December 31, 2018 for the 457 plan was \$30,779. Employee contributions collected and remitted by the County for the year ended December 31, 2018 for the 414(h) plan was \$9,693.

4. 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.

5. CLAIMS, COMMITMENT AND CONTINGENCIES

A. Compensated Absences

The County provides employees with up to 120 hours (15 days) of paid vacation based upon the number of years of continuous service, and 24 hours of personal time. Vacation and personal time does not carry forward if they are unused. Upon termination, an employee is reimbursed for any unused vacation. Unused personal time is not reimbursable upon termination. Employees accrue 4 hours of sick time per month. The County allows employees to carry forward a maximum of 240 hours (30 days). Accumulated sick leave is paid out at 50% upon termination of employment for employees with a minimum of 5 years of continuous employment with the County.

B. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly, such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

C. Litigation

The County was involved in pending litigation as of the audit report date. The County's management and legal counsel anticipate that potential claims, if any, against the County resulting from such litigation would not have a material effect on the financial position of the County.

6. 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. 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. 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 which are intended 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 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 \$500,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

7. LONG TERM DEBT

The County had the following long-term debt outstanding as of December 31, 2018:

- A. In December 2009, the County entered into a cancelable lease purchase agreement to finance the purchase of a John Deere motor grader at a cost of \$159,600. The agreement was refinanced with an additional \$8,988 extended warranty in April 2015 and requires five annual payments of \$20,515, which includes interest at 2.47% until 2020, plus one additional payment of \$9,500 in 2020. Future payments under the lease are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 19,301	\$ 1,214
2020	29,284	731
	<u>\$48,585</u>	<u>\$1,945</u>

- B. In October 2013, the County entered into a lease purchase agreement to finance the purchase of a 2014 John Deere motor grader at a net cost of \$173,890 after trade-in allowance. The agreement requires five annual payments of \$16,900, which includes interest at 3.3% until 2018, plus one additional payment of \$115,000 in 2018. The balance due of \$115,360 was refinanced in February 2018 through Town & Country Bank for 5 years through December 2023. There are 5 fixed annual payments of \$26,095, which includes interest at 4.25%. The first payment is due on December 31, 2019.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 21,193	\$ 4,902
2020	22,093	4,002
2021	23,032	3,063
2022	24,011	2,084
2023	25,031	1,064
	<u>\$115,360</u>	<u>\$15,115</u>

- C. In June 2016, the County entered into a \$197,087 lease agreement for the acquisition of Six (6) 2016 Dodge Ram Trucks for the Sheriff's department. The lease is through Town & Country Bank for 5 years through June 2021. There are 5 fixed annual payments of \$35,650, which includes interest at 2.39%.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 32,382	\$3,268
2020	33,157	2,493
2021	33,950	1,700
2022	34,763	887
	<u>\$134,252</u>	<u>\$8,348</u>

D. In February 2018, the County entered into a lease purchase agreement to finance the purchase of a 2017 John Deere motor grader at a net cost of \$163,067 after trade-in allowance. The lease is financed through Deere Credit through May 2023. There are 5 fixed annual payments of \$13,347, which includes interest at 3.75%, and a residual payment of \$125,500. The first payment is due on March 1, 2019.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 7,126	\$ 6,221
2020	7,398	5,949
2021	7,680	5,667
2022	7,973	5,374
2023	132,890	5,459
	<u>\$163,067</u>	<u>\$28,670</u>

The following schedule shows changes in long-term debt during the year ended December 31, 2018:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Interest</u>
2009 John Deere Motor Grader	\$ 67,416	\$ -	\$ 18,831	\$ 48,585	\$ 1,684
2014 John Deere Motor Grader	127,669	115,360	127,669	115,360	4,653
2016 Dodge Ram Trucks	165,904	-	31,652	134,252	3,998
2017 John Deere Motor Grader	-	163,067	-	163,067	-
	<u>\$360,989</u>	<u>\$278,427</u>	<u>\$178,152</u>	<u>\$461,264</u>	<u>\$10,335</u>

8. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2018 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through June 25, 2019, the date the financial statements were available to be issued.

In November 2018, voters in the County approved a .5% sales tax for the purpose of maintenance and improvements to county roads and bridges. The County will begin collecting this tax in 2019.

In February 2019, the County closed on \$5,840,000 of Certificates of Participation for the construction of a new jail. The following schedule shows the County's future obligations under these Certificates:

<u>Year</u>	<u>Coupon</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	3%	\$ 110,000	\$ 182,316	\$ 292,316
2020	3%	140,000	219,944	359,944
2021	3%	145,000	215,744	360,744
2022	3%	150,000	211,394	361,394
2023	3%	155,000	206,894	361,894
2024-2028	3%-3.25%	840,000	962,168	1,802,168
2029-2033	3.25%-3.75%	985,000	815,231	1,800,231
2034-2038	3.75%-4.125%	1,185,000	611,950	1,796,950
2039-2043	4.125%-4.375%	1,455,000	343,431	1,798,431
2044-2045	4.375%	675,000	44,625	719,625
		<u>\$5,840,000</u>	<u>\$3,813,697</u>	<u>\$9,653,697</u>

COMPLIANCE SECTION

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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 Douglas County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Douglas County, Missouri which comprise the Statement of Receipts, Disbursements and Changes in Cash – All Governmental Funds – Regulatory Basis and the Statement of Fiduciary Receipts, Disbursements and Changes in Cash – Regulatory Basis as of December 31, 2018, and the related Statements of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis for the year then ended, and the related notes to the financial statements, which collectively comprise Douglas County, Missouri's basic financial statements and have issued our report thereon dated June 25, 2019.

Internal Control Over Financial Reporting

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

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.

(Original Signed by McBride, Lock & Associates, LLC)

McBride, Lock & Associates, LLC

Kansas City, Missouri

June 25, 2019

FINDINGS AND RECOMMENDATIONS

DOUGLAS COUNTY, MISSOURI
FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES IN INTERNAL CONTROL

None

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

None

ITEMS OF NONCOMPLIANCE

None

DOUGLAS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Douglas County, Missouri, on the applicable findings in the prior audit report issued for the years ended December 31, 2017 and 2016.

2017-001: The County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The following fund had actual expenditures which exceeded the budgeted expenditures in 2017: Assessment Fund. The following fund did not have a budget prepared for 2017 and 2016: Special Election Fund.

Status: Resolved.