



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Ray County, Missouri

The Office of the State Auditor contracted for an audit of Ray County's financial statements for the 2 years 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.

Nicole R. Galloway, CPA
State Auditor

September 2019
Report No. 2019-097



Nicole Galloway, CPA
Missouri State Auditor

RECOMMENDATION SUMMARY

Recommendations in the contracted audit of Ray County

2018-001 Lack of Properly Performed Bank Reconciliations	All offices within the County prepare proper monthly bank reconciliations and make adjustments to the cash accounts.
2018-002 Sheriff's Department Internal Controls	The Sheriff improve the segregation of duties and internal controls within the Sheriff's office, thereby reducing the chance that errors and other problems will occur. Additionally, the Sheriff should increase his oversight of the activities of this employee.
2018-003 Budgetary Compliance	The County ensure compliance with state statutes by adopting a formal budget for all funds and refraining from approving expenditures in excess of budgeted amounts. In the event that the originally adopted budget is inadequate to finance the current-year unforeseen expenditures, budgetary amendments should be discussed in a public meeting and formally adopted by the County Commission.
2018-004 Lack of Investment Policy	The County adopt an investment policy and review compliance with this policy at least annually as required by state statute.
2018-005 Sheriff Fee Turnover and Reimbursement Requests	The Sheriff's office implement procedures to ensure fees and other monies payable to the County are submitted monthly and adequate reports are provided to support the amount of funds turned over. Additionally, we recommend implementing procedures to ensure expenditure reimbursement requests are timely submitted to the proper agencies to ensure the General Revenue Fund is timely reimbursed for expenditures paid out of the fund.

ANNUAL FINANCIAL REPORT

RAY COUNTY, MISSOURI

For the Years Ended
December 31, 2018 and 2017

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS
KANSAS CITY

RAY COUNTY, MISSOURI

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INTRODUCTORY SECTION

RAY COUNTY, MISSOURI
List of Elected Officials 2017-2018

County Commission

Presiding Commissioner – Gary Wilhite

Eastern Commissioner – Allen Dale

Western Commissioner – Jerry Bishop

Other Elected Officials

Assessor – Kent Wollard

Circuit Clerk – Carolyne Conner

Collector – Julie Chowning

County Clerk – Glenda Powell

Coroner – Bartley J. Willim

Prosecuting Attorney – Camille Johnston

Public Administrator – Shannon Wollard

Recorder – Shirley O’Dell

Sheriff – Garry Bush

Treasurer – Melissa Holloway

FINANCIAL SECTION

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of Ray County, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Ray 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, 2017 and 2018, and the related Comparative Statements of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis 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 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 Ray 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 to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Ray County, Missouri, as of December 31, 2017 and 2018, or the changes in financial position thereof for the years 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 Ray County, Missouri, as of December 31, 2017 and 2018, 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 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 August 13, 2019, on our consideration of Ray 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 Ray 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
August 13, 2019

RAY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2018

Fund	Cash and Investments January 1, 2017	Receipts 2017	Disbursements 2017	Cash and Investments December 31, 2017	Receipts 2018	Disbursements 2018	Cash and Investments December 31, 2018
General Revenue	\$ 16,709	\$ 3,474,644	\$ 3,450,239	\$ 41,114	\$ 3,694,747	\$ 3,709,992	\$ 25,869
Special Road & Bridge	77,215	2,714,305	2,704,891	86,629	2,753,776	2,621,850	218,555
Assessment	294,223	367,566	364,056	297,733	395,198	354,102	338,829
Noxious Weeds	276,453	1,699	37,456	240,696	52,743	215,336	78,103
Domestic Violence	3,590	4,428	4,455	3,563	4,382	4,492	3,453
Recorder	8,207	12,616	13,875	6,948	12,484	10,264	9,168
Emergency Management	1,091	6	-	1,097	5,649	6,746	-
Prosecuting Attorney Training	1,352	671	1,764	259	669	250	678
Prosecuting Attorney Delinquent Tax	8,505	1,010	9,077	438	2,691	2,646	483
Sheriff Extradition	100	3,239	2,707	632	1,182	1,814	-
Sheriff Training	1,238	7,689	5,516	3,411	2,430	877	4,964
Sheriff's Revolving	63,102	6,109	28,618	40,593	10,415	24,943	26,065
Sheriff Post Certified Training	1,361	1,276	2,635	2	1,274	1,276	-
County Law Enforcement	36,882	27,803	-	64,685	23,639	17,622	70,702
Inmate Prisoner Detainee	25,559	30,317	28,240	27,636	33,903	3,540	57,999
Tax Maintenance	28,305	43,838	49,753	22,390	43,728	34,552	31,566
Sheriff Account	8,412	25,562	24,595	9,379	25,700	24,081	10,998
Administrative Handling Cost	9,061	4,635	12,409	1,287	8,539	8,738	1,088
Ray County CDBG	-	222,219	222,219	-	-	-	-
911 Emergency Services Board	-	-	-	160,475	602,981	652,492	110,964
Senior Services Board	259,631	154,833	128,113	286,351	170,135	155,441	301,045
Election 5%	20,633	3,918	5,633	18,918	6,066	16,751	8,233
Building and Grounds Capital Improvement	-	38,080	114	37,966	270,325	201,234	107,057
Total	\$ 1,141,629	\$ 7,146,463	\$ 7,096,365	\$ 1,352,202	\$ 8,122,656	\$ 8,069,039	\$ 1,405,819
2017 911 Emergency Services Board (not covered by auditor's report - See Note 11)	140,855	559,221	539,601	-	-	-	-
Total - Not Covered by Auditor's Report	\$ 1,282,484	\$ 7,705,684	\$ 7,635,966	\$ 1,352,202	\$ 8,122,656	\$ 8,069,039	\$ 1,405,819

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

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

GENERAL REVENUE FUND Year Ended December 31,				
	2017		2018	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	2,023,094	2,084,946	2,152,063	2,044,002
Intergovernmental	171,918	141,502	119,972	86,927
Charges for services	1,085,523	1,156,746	1,094,845	1,090,817
Interest	980	285	150	249
Other	55,797	56,665	110,278	140,547
Transfers in	11,000	34,500	11,000	332,205
Total Receipts	<u>\$ 3,348,312</u>	<u>\$ 3,474,644</u>	<u>\$ 3,488,308</u>	<u>\$ 3,694,747</u>
DISBURSEMENTS				
County Commission	\$ 172,041	\$ 174,140	\$ 145,664	\$ 151,371
County Clerk	121,859	113,880	112,283	110,559
Treasurer	59,875	56,418	62,110	55,964
Circuit Clerk	61,814	41,135	72,791	62,102
Sheriff	616,060	610,654	639,380	646,265
Collector	171,298	167,524	175,283	170,892
Prosecuting Attorney	385,357	382,602	420,607	401,551
Recorder	119,382	119,069	125,285	125,757
Janitor	60,025	59,131	60,579	56,602
Coroner	32,348	26,687	31,314	36,315
Juvenile	60,550	60,001	54,050	61,380
Election	64,074	61,400	131,578	114,269
Planning & zoning	47,656	47,940	51,451	49,180
Circuit Judge	7,520	3,977	4,700	2,245
911 Dist Money	153,500	153,500	-	-
Court reporter	890	689	1,000	350
Jail	798,767	925,687	826,962	1,026,473
Buildings and grounds	90,993	137,016	115,200	102,008
Insurance & Bonds	120,006	136,054	151,800	215,571
Legal publications	300	294	500	213
Other expense	10,420	10,449	10,605	10,635
Public Administrator	95,686	97,177	105,641	102,215
Historical society	6,000	6,000	6,000	6,000
Jury script	5,000	2,435	5,000	2,189
Loan proceeds	75,000	25,465	8,005	7,512
Sales Tax	-	-	-	493
Public Defender	7,000	8,004	-	-
PA retirement	3,085	2,911	3,366	3,366
Transfers out	-	20,000	153,500	188,515
Total Disbursements	<u>\$ 3,346,506</u>	<u>\$ 3,450,239</u>	<u>\$ 3,474,654</u>	<u>\$ 3,709,992</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ 1,806	\$ 24,405	\$ 13,654	\$ (15,245)
CASH AND INVESTMENTS, JANUARY 1	<u>16,709</u>	<u>16,709</u>	<u>41,114</u>	<u>41,114</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 18,515</u></u>	<u><u>\$ 41,114</u></u>	<u><u>\$ 54,768</u></u>	<u><u>\$ 25,869</u></u>

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

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SPECIAL ROAD & BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2017		2018		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 600,000	\$ 595,935	\$ 600,000	\$ 646,338	\$ -	\$ -	\$ -	\$ -
Sales taxes	850,000	911,266	885,000	880,614	-	-	-	-
Intergovernmental	1,298,645	1,189,683	1,908,328	1,114,872	354,200	349,127	352,354	375,259
Charges for services	-	-	-	-	20,970	16,400	52,706	16,933
Interest	1,095	1,238	1,095	2,956	1,000	1,884	1,790	2,593
Other	14,500	16,183	21,280	108,996	-	155	-	413
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 2,764,240</u>	<u>\$ 2,714,305</u>	<u>\$ 3,415,703</u>	<u>\$ 2,753,776</u>	<u>\$ 376,170</u>	<u>\$ 367,566</u>	<u>\$ 406,850</u>	<u>\$ 395,198</u>
DISBURSEMENTS								
Salaries	\$ 567,663	\$ 583,152	\$ 631,266	\$ 547,465	\$ 214,740	\$ 200,782	\$ 215,420	\$ 206,634
Employee fringe benefits	86,613	77,829	95,376	79,678	71,280	64,861	89,810	71,955
Materials and supplies	497,400	690,388	808,180	698,790	14,100	15,951	13,900	8,860
Services and other	610,667	652,228	648,292	708,510	31,100	47,851	87,720	66,653
Capital outlay	253,045	287,691	274,565	294,998	44,950	34,611	-	-
Construction	748,000	413,603	958,000	157,164	-	-	-	-
Transfers out	-	-	-	135,245	-	-	-	-
Total Disbursements	<u>\$ 2,763,388</u>	<u>\$ 2,704,891</u>	<u>\$ 3,415,679</u>	<u>\$ 2,621,850</u>	<u>\$ 376,170</u>	<u>\$ 364,056</u>	<u>\$ 406,850</u>	<u>\$ 354,102</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 852	\$ 9,414	\$ 24	\$ 131,926	\$ -	\$ 3,510	\$ -	\$ 41,096
CASH AND INVESTMENTS, JANUARY 1	<u>77,215</u>	<u>77,215</u>	<u>86,629</u>	<u>86,629</u>	<u>294,223</u>	<u>294,223</u>	<u>297,733</u>	<u>297,733</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 78,067</u>	<u>\$ 86,629</u>	<u>\$ 86,653</u>	<u>\$ 218,555</u>	<u>\$ 294,223</u>	<u>\$ 297,733</u>	<u>\$ 297,733</u>	<u>\$ 338,829</u>

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

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	NOXIOUS WEEDS FUND				DOMESTIC VIOLENCE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2017		2018		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ 287	\$ 200	\$ 14,963	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	26	3,300	4,408	4,300	4,361
Interest	525	1,365	1,200	1,394	-	20	10	21
Other	-	47	-	1,345	-	-	-	-
Transfers in	-	-	-	35,015	-	-	-	-
Total Receipts	<u>\$ 525</u>	<u>\$ 1,699</u>	<u>\$ 1,400</u>	<u>\$ 52,743</u>	<u>\$ 3,300</u>	<u>\$ 4,428</u>	<u>\$ 4,310</u>	<u>\$ 4,382</u>
DISBURSEMENTS								
Salaries	\$ 36,000	\$ 21,285	\$ 30,000	\$ 15,848	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	2,754	1,628	2,345	1,093	-	-	-	-
Materials and supplies	6,000	10,135	8,000	9,447	-	-	-	-
Services and other	2,500	4,408	4,500	3,948	4,900	4,455	4,400	4,492
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	185,000	-	-	-	-
Total Disbursements	<u>\$ 47,254</u>	<u>\$ 37,456</u>	<u>\$ 44,845</u>	<u>\$ 215,336</u>	<u>\$ 4,900</u>	<u>\$ 4,455</u>	<u>\$ 4,400</u>	<u>\$ 4,492</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (46,729)	\$ (35,757)	\$ (43,445)	\$ (162,593)	\$ (1,600)	\$ (27)	\$ (90)	\$ (110)
CASH AND INVESTMENTS, JANUARY 1	<u>276,453</u>	<u>276,453</u>	<u>240,696</u>	<u>240,696</u>	<u>3,590</u>	<u>3,590</u>	<u>3,563</u>	<u>3,563</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 229,724</u>	<u>\$ 240,696</u>	<u>\$ 197,251</u>	<u>\$ 78,103</u>	<u>\$ 1,990</u>	<u>\$ 3,563</u>	<u>\$ 3,473</u>	<u>\$ 3,453</u>

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

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	RECORDER FUND				EMERGENCY MANAGEMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2017		2018		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	5,648
Charges for services	12,500	12,583	12,000	12,445	-	-	-	-
Interest	-	33	-	39	-	6	-	1
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 12,500</u>	<u>\$ 12,616</u>	<u>\$ 12,000</u>	<u>\$ 12,484</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 5,649</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	13,000	13,875	13,000	10,264	-	-	1,097	6,746
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 13,000</u>	<u>\$ 13,875</u>	<u>\$ 13,000</u>	<u>\$ 10,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,097</u>	<u>\$ 6,746</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (500)	\$ (1,259)	\$ (1,000)	\$ 2,220	\$ -	\$ 6	\$ (1,097)	\$ (1,097)
CASH AND INVESTMENTS, JANUARY 1	<u>8,207</u>	<u>8,207</u>	<u>6,948</u>	<u>6,948</u>	<u>1,091</u>	<u>1,091</u>	<u>1,097</u>	<u>1,097</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 7,707</u>	<u>\$ 6,948</u>	<u>\$ 5,948</u>	<u>\$ 9,168</u>	<u>\$ 1,091</u>	<u>\$ 1,097</u>	<u>\$ -</u>	<u>\$ -</u>

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

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	PROSECUTING ATTORNEY TRAINING FUND				PROSECUTING ATTORNEY DELINQUENT TAX FUND			
	Year Ended December 31,				Year Ended December 31,			
	2017		2018		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,500	991	2,000	2,685
Charges for services	700	668	670	598	-	-	-	-
Interest	-	3	-	3	15	19	-	6
Other	-	-	-	68	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 700</u>	<u>\$ 671</u>	<u>\$ 670</u>	<u>\$ 669</u>	<u>\$ 1,515</u>	<u>\$ 1,010</u>	<u>\$ 2,000</u>	<u>\$ 2,691</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	1,884	1,764	929	250	9,346	9,077	2,436	2,646
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 1,884</u>	<u>\$ 1,764</u>	<u>\$ 929</u>	<u>\$ 250</u>	<u>\$ 9,346</u>	<u>\$ 9,077</u>	<u>\$ 2,436</u>	<u>\$ 2,646</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,184)	\$ (1,093)	\$ (259)	\$ 419	\$ (7,831)	\$ (8,067)	\$ (436)	\$ 45
CASH AND INVESTMENTS, JANUARY 1	<u>1,352</u>	<u>1,352</u>	<u>259</u>	<u>259</u>	<u>8,505</u>	<u>8,505</u>	<u>438</u>	<u>438</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 168</u>	<u>\$ 259</u>	<u>\$ -</u>	<u>\$ 678</u>	<u>\$ 674</u>	<u>\$ 438</u>	<u>\$ 2</u>	<u>\$ 483</u>

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

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SHERIFF EXTRADITION FUND				SHERIFF TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2017		2018		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	1,000	3,233	3,200	1,179	5,830	7,673	2,500	2,401
Interest	-	6	-	3	-	16	-	29
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,000</u>	<u>\$ 3,239</u>	<u>\$ 3,200</u>	<u>\$ 1,182</u>	<u>\$ 5,830</u>	<u>\$ 7,689</u>	<u>\$ 2,500</u>	<u>\$ 2,430</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	1,100	2,707	3,000	1,814	7,063	5,516	3,000	877
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 1,100</u>	<u>\$ 2,707</u>	<u>\$ 3,000</u>	<u>\$ 1,814</u>	<u>\$ 7,063</u>	<u>\$ 5,516</u>	<u>\$ 3,000</u>	<u>\$ 877</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (100)	\$ 532	\$ 200	\$ (632)	\$ (1,233)	\$ 2,173	\$ (500)	\$ 1,553
CASH AND INVESTMENTS, JANUARY 1	<u>100</u>	<u>100</u>	<u>632</u>	<u>632</u>	<u>1,238</u>	<u>1,238</u>	<u>3,411</u>	<u>3,411</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ -</u>	<u>\$ 632</u>	<u>\$ 832</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 3,411</u>	<u>\$ 2,911</u>	<u>\$ 4,964</u>

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

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SHERIFF'S REVOLVING FUND				SHERIFF POST CERTIFIED TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2017		2018		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	35,000	5,855	5,000	10,220	1,300	1,276	1,300	1,273
Interest	-	254	-	195	-	-	-	1
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 35,000</u>	<u>\$ 6,109</u>	<u>\$ 5,000</u>	<u>\$ 10,415</u>	<u>\$ 1,300</u>	<u>\$ 1,276</u>	<u>\$ 1,300</u>	<u>\$ 1,274</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	30,000	28,618	30,000	24,943	2,000	2,635	1,302	1,276
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 30,000</u>	<u>\$ 28,618</u>	<u>\$ 30,000</u>	<u>\$ 24,943</u>	<u>\$ 2,000</u>	<u>\$ 2,635</u>	<u>\$ 1,302</u>	<u>\$ 1,276</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 5,000	\$ (22,509)	\$ (25,000)	\$ (14,528)	\$ (700)	\$ (1,359)	\$ (2)	\$ (2)
CASH AND INVESTMENTS, JANUARY 1	<u>63,102</u>	<u>63,102</u>	<u>40,593</u>	<u>40,593</u>	<u>1,361</u>	<u>1,361</u>	<u>2</u>	<u>2</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 68,102</u>	<u>\$ 40,593</u>	<u>\$ 15,593</u>	<u>\$ 26,065</u>	<u>\$ 661</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>

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

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	COUNTY LAW ENFORCEMENT FUND				INMATE PRISONER DETAINEE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2017		2018		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	25,000	27,481	25,000	23,128	21,000	30,154	30,000	33,549
Interest	-	322	-	511	2,300	163	-	354
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 25,000</u>	<u>\$ 27,803</u>	<u>\$ 25,000</u>	<u>\$ 23,639</u>	<u>\$ 23,300</u>	<u>\$ 30,317</u>	<u>\$ 30,000</u>	<u>\$ 33,903</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	15,000	-	75,000	17,622	39,000	28,240	25,000	3,540
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 17,622</u>	<u>\$ 39,000</u>	<u>\$ 28,240</u>	<u>\$ 25,000</u>	<u>\$ 3,540</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 10,000	\$ 27,803	\$ (50,000)	\$ 6,017	\$ (15,700)	\$ 2,077	\$ 5,000	\$ 30,363
CASH AND INVESTMENTS, JANUARY 1	<u>36,882</u>	<u>36,882</u>	<u>64,685</u>	<u>64,685</u>	<u>25,559</u>	<u>25,559</u>	<u>27,636</u>	<u>27,636</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 46,882</u>	<u>\$ 64,685</u>	<u>\$ 14,685</u>	<u>\$ 70,702</u>	<u>\$ 9,859</u>	<u>\$ 27,636</u>	<u>\$ 32,636</u>	<u>\$ 57,999</u>

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

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	TAX MAINTENANCE FUND				SHERIFF ACCOUNT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2017		2018		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	40,000	43,838	44,700	43,728	25,000	25,562	25,000	25,700
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 40,000</u>	<u>\$ 43,838</u>	<u>\$ 44,700</u>	<u>\$ 43,728</u>	<u>\$ 25,000</u>	<u>\$ 25,562</u>	<u>\$ 25,000</u>	<u>\$ 25,700</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	10,000	5,382	7,500	6,123	-	-	-	-
Services and other	21,650	18,782	26,708	16,469	32,000	24,595	32,000	24,081
Capital outlay	12,200	11,089	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	14,500	14,500	11,000	11,960	-	-	-	-
Total Disbursements	<u>\$ 58,350</u>	<u>\$ 49,753</u>	<u>\$ 45,208</u>	<u>\$ 34,552</u>	<u>\$ 32,000</u>	<u>\$ 24,595</u>	<u>\$ 32,000</u>	<u>\$ 24,081</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (18,350)	\$ (5,915)	\$ (508)	\$ 9,176	\$ (7,000)	\$ 967	\$ (7,000)	\$ 1,619
CASH AND INVESTMENTS, JANUARY 1	<u>28,305</u>	<u>28,305</u>	<u>22,390</u>	<u>22,390</u>	<u>8,412</u>	<u>8,412</u>	<u>9,379</u>	<u>9,379</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 9,955</u>	<u>\$ 22,390</u>	<u>\$ 21,882</u>	<u>\$ 31,566</u>	<u>\$ 1,412</u>	<u>\$ 9,379</u>	<u>\$ 2,379</u>	<u>\$ 10,998</u>

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

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	ADMINISTRATIVE HANDLING COST FUND				RAY COUNTY CDBG FUND			
	Year Ended December 31,				Year Ended December 31,			
	2017		2018		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	197,000	222,219	2,201	-
Charges for services	7,500	4,635	14,000	8,539	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 7,500</u>	<u>\$ 4,635</u>	<u>\$ 14,000</u>	<u>\$ 8,539</u>	<u>\$ 197,000</u>	<u>\$ 222,219</u>	<u>\$ 2,201</u>	<u>\$ -</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	16,500	12,409	14,000	8,738	197,000	222,219	2,201	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 16,500</u>	<u>\$ 12,409</u>	<u>\$ 14,000</u>	<u>\$ 8,738</u>	<u>\$ 197,000</u>	<u>\$ 222,219</u>	<u>\$ 2,201</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (9,000)	\$ (7,774)	\$ -	\$ (199)	\$ -	\$ -	\$ -	\$ -
CASH AND INVESTMENTS, JANUARY 1	<u>9,061</u>	<u>9,061</u>	<u>1,287</u>	<u>1,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 61</u>	<u>\$ 1,287</u>	<u>\$ 1,287</u>	<u>\$ 1,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	911 EMERGENCY SERVICES BOARD FUND				SENIOR SERVICES BOARD FUND			
	Year Ended December 31,				Year Ended December 31,			
	2017*		2018		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ 153,693	\$ 158,000	\$ 168,342
Sales taxes	-	-	-	121,571	-	-	-	-
Intergovernmental	-	-	396,500	327,682	-	-	-	18
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	150	188	-	1,140	-	1,275
Other	-	-	-	40	-	-	-	500
Transfers in	-	-	153,500	153,500	-	-	-	-
Total Receipts	\$ -	\$ -	\$ 550,150	\$ 602,981	\$ 150,000	\$ 154,833	\$ 158,000	\$ 170,135
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ 358,500	\$ 362,058	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	60,900	66,614	-	-	-	-
Materials and supplies	-	-	49,881	45,586	1,000	960	1,000	880
Services and other	-	-	175,519	178,234	178,978	127,153	157,000	154,561
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ -	\$ -	\$ 644,800	\$ 652,492	\$ 179,978	\$ 128,113	\$ 158,000	\$ 155,441
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ -	\$ (94,650)	\$ (49,511)	\$ (29,978)	\$ 26,720	\$ -	\$ 14,694
CASH AND INVESTMENTS, JANUARY 1	-	-	160,475	160,475	259,631	259,631	286,351	286,351
CASH AND INVESTMENTS, DECEMBER 31	\$ -	\$ -	\$ 65,825	\$ 110,964	\$ 229,653	\$ 286,351	\$ 286,351	\$ 301,045

* The 2017 financial statements of the 911 Emergency Services Board were separately audited.

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

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	ELECTION 5% FUND				BUILDING AND GROUNDS CAPITAL IMPROVEMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2017		2018		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,080	\$ 250,000	\$ 270,325
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	2,000	3,918	4,500	6,066	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 2,000</u>	<u>\$ 3,918</u>	<u>\$ 4,500</u>	<u>\$ 6,066</u>	<u>\$ -</u>	<u>\$ 38,080</u>	<u>\$ 250,000</u>	<u>\$ 270,325</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	10,000	5,633	18,000	16,751	-	114	250,000	201,234
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 10,000</u>	<u>\$ 5,633</u>	<u>\$ 18,000</u>	<u>\$ 16,751</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ 250,000</u>	<u>\$ 201,234</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (8,000)	\$ (1,715)	\$ (13,500)	\$ (10,685)	\$ -	\$ 37,966	\$ -	\$ 69,091
CASH AND INVESTMENTS, JANUARY 1	<u>20,633</u>	<u>20,633</u>	<u>18,918</u>	<u>18,918</u>	<u>-</u>	<u>-</u>	<u>37,966</u>	<u>37,966</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 12,633</u></u>	<u><u>\$ 18,918</u></u>	<u><u>\$ 5,418</u></u>	<u><u>\$ 8,233</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 37,966</u></u>	<u><u>\$ 37,966</u></u>	<u><u>\$ 107,057</u></u>

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

RAY COUNTY, MISSOURI
STATEMENT OF FIDUCIARY RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2018

Fund/Account	Cash and Investments January 1, 2017	Receipts 2017	Disbursements 2017	Cash and Investments December 31, 2017	Receipts 2018	Disbursements 2018	Cash and Investments December 31, 2018
Treasurers Account	\$ -	\$ 19,289,481	\$ 19,289,481	\$ -	\$ 21,438,872	\$ 21,438,872	\$ -
Treasurer State Retirement	-	263,168	263,168	-	323,250	323,250	-
Treasurer Deputy Supplemental	-	11,269	11,269	-	10,930	10,930	-
Treasurer School Revolving	-	1,922	1,069	853	17,517	16,037	2,333
Treasurer General Road	-	230,611	230,611	-	258,145	258,145	-
Treasurer County School Interest	69,891	134,025	139,749	64,167	154,951	151,977	67,141
Treasurer 911 Payroll	-	171,939	171,939	-	148,960	148,960	-
Treasurer Unclaimed Fees	-	956	507	449	3	-	452
Treasurer Payroll	62,301	3,120,647	3,122,463	60,485	3,209,637	3,267,956	2,166
Treasurer Law Library	5,678	17,067	13,076	9,669	17,368	6,215	20,822
Treasurer Drug Court	22,581	10,252	6,251	26,582	4,716	4,802	26,496
Treasurer Time Payment	-	-	-	-	354	-	354
Treasurer Sales Tax Surplus	53,279	23,156	25,320	51,115	30,060	15,649	65,526
Collector	11,892,545	26,278,966	22,814,700	15,356,811	25,239,356	25,621,763	14,974,404
Recorder	17,526	160,784	165,602	12,708	164,387	163,224	13,871
Prosecuting Attorney	7,292	48,872	33,533	22,631	60,888	59,332	24,187
Public Administrator	9,197,515	1,792,593	1,720,513	9,269,595	1,741,181	4,496,296	6,514,480
County Clerk	43,834	200,665	226,250	18,249	157,332	149,644	25,937
Sheriff	8,611	574,221	556,425	26,407	592,229	575,812	42,824
Total	<u>\$ 21,381,053</u>	<u>\$ 52,330,594</u>	<u>\$ 48,791,926</u>	<u>\$ 24,919,721</u>	<u>\$ 53,570,136</u>	<u>\$ 56,708,864</u>	<u>\$ 21,780,993</u>

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

RAY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ray 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, Sheriff, Recorder 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 Ray County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise the County's legal entity. The Senate Bill 40 Board is separately audited by an independent certified public accountant and is therefore not included in this report in accordance with the regulatory basis of accounting. The Senate Bill 40 Board's audit report may be obtained from the Ray County Board of Services at 200 North College Street, Richmond, MO 64085 or by calling (816) 470-7140. The 2017 financial statements of the 911 Emergency Services Board were separately audited by an independent certified public accountant and are therefore not required to be covered by our auditors report in accordance with the regulatory basis of accounting. The 911 Emergency Services Board's audit report may be obtained from the Ray County 911 Office at 102 West North Main Street, Richmond, MO 64085 or by calling (816) 776-2000.

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, particularly the Collector and Treasurer, as an agent of individuals, private organizations, taxing units, 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. However, the County did not adopt a formal budget for the Building and Grounds Capital Improvement Fund in 2017.
10. Section 50.740, RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds:

	2018	2017
General Revenue	✓	✓
Noxious Weeds	✓	N/A
Domestic Violence	✓	N/A
Recorder	N/A	✓
Emergency Management	✓	N/A
Prosecuting Attorney Delinquent Tax	✓	N/A
Sheriff Extradition	N/A	✓
Sheriff Post Certified Training	N/A	✓
Ray County CDBG	N/A	✓
911 Emergency Services Board	✓	N/A

Also, the actual expenditures of the Building and Grounds Capital Improvement Fund in 2017 exceeded budgetary authority to the extent that a formal budget was not adopted for this fund.

- 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 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 valuations of the tangible taxable property, included within the County's boundaries for the calendar year 2018 and 2017, for purposes of taxation were:

	2018	2017
Real Estate	\$ 194,669,290	\$ 192,622,983
Personal Property	81,471,975	78,142,506
Railroad and Utilities	64,333,565	62,079,329
Total	<u>\$ 340,474,830</u>	<u>\$ 332,844,818</u>

For calendar years 2018 and 2017, the County Commission approved a tax levy per \$100 of assessed valuation of tangible taxable property as follows:

	2018	2017
Special Road & Bridge	\$ 0.5003	\$ 0.4861
Noxious Weeds	0.0250	-
Capital Improvements	0.0800	0.0800
Senior Citizens Services	0.0488	0.0488

F. Cash Deposits 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 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 investment 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 INVESTMENTS

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 Investments" caption. Cash includes deposits and short-term investments with maturities that are less than ninety days. Investments consist of certificates of deposit with original maturities that are greater 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 and 2017, the carrying amounts of the County's deposits were \$1,405,819 and \$1,352,202, respectively, and the bank balances were \$1,799,823 and \$1,922,698, respectively. Of the bank balances, \$630,770 and \$501,965 were covered by federal depository insurance at December 31, 2018 and December 31, 2017, respectively. The remainder of the balances at December 31, 2018 and December 31, 2017 were 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 and 2017, County officeholders held, in addition to the cash and investments listed above, cash and investments held in a fiduciary capacity on behalf of individuals, private organizations, taxing units, other governments and/or funds. At December 31, 2018 and 2017, the carrying amounts of the County's custodial funds were \$21,780,993 and \$24,919,721, respectively, and the bank balances were \$20,700,246 and \$23,718,923, respectively. Of the bank balances, \$2,765,875 and \$2,700,819 were covered by federal depository insurance at

December 31, 2018 and December 31, 2017, respectively. The remainder of the balances at December 31, 2018 and December 31, 2017 were 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. Missouri Local Government Employees Retirement System (LAGERS)

1) Plan Description

Ray County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section 70.600-70.755, RSMo. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401 (a) and is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334, or by the following website, www.molagers.org.

2) Pension Benefits

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

3) Funding Policy

Full-time employees of Ray County do not contribute to the pension plan. The June 30th statutorily required contribution rates were 6.3% and 6.9% (General), and 9.8% and 9.2% (Police) of annual covered payroll for 2018 and 2017 respectively. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute. For the years ended December 31, 2018 and 2017, the County contributed \$177,135 and \$151,482 to LAGERS.

4) Funding Status

As of February 28, 2018, the actuarial value of plan assets exceeded accrued liabilities by \$973,874 and \$76,053 for the General and Police divisions, respectively. As of February 29, 2017, the actuarial value of plan assets exceeded accrued liabilities by \$853,613 and

\$92,131 for the General and Police divisions, respectively. These net pension assets are not recognized in the cash basis financial statements of the County.

B. 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, all participants hired on or after February 24, 2002 are required to contribute an additional 4% of their gross compensation to CERF, starting January 1, 2003. An active LAGERS participant who was employed with the County prior to February 24, 2002, is not required to make contributions. During 2018

and 2017, the County collected and remitted to CERF employee withholdings and fees collected of \$82,268 and \$79,741, respectively, for the years then ended.

C. 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 \$3,366 and \$2,911, respectively, for the years ended December 31, 2018 and 2017.

D. Other Retirement Plan

Ray County has a voluntary 457(b) plan administered by Empower Retirement which is paid by a deduction from employee's salary. These contributions qualify under the Internal Revenue Code and are tax exempt. Employee contributions qualify collected and remitted by the County for the years ended December 31, 2018 and 2017 were \$64,661 and \$44,926, respectively.

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 full-time employees with one day per calendar month worked of compensated sick leave, up to a maximum of 90 days. Full-time employees having a minimum of five years of service may receive compensation for ¼ of accrued sick leave, up to a maximum of one month. Vacation time is accrued for every full-time employee beginning with the second year of employment at a rate of two weeks per year. Employees with eight or more years of employment earn three weeks per year of vacation leave. Any days not used by the end of the year will be lost. Upon voluntary separation, an employee may receive compensation for unused accrued vacation leave.

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. The County entered into a five year, \$100,000 capital lease for a 2010 772G John Deere Motor Grader on June 26, 2015. The lease is scheduled to be paid in annual payments of \$21,861 through 2020, which includes interest of 3%. The schedule of remaining payments and interest is listed below:

Fiscal Year Ending December 31,	Principal	Interest	Total
2019	\$ 20,590	\$ 1,271	\$ 21,861
2020	21,216	645	21,861
Totals	<u>\$ 41,806</u>	<u>\$ 1,916</u>	<u>\$ 43,722</u>

- B. The County entered into a five year, \$96,250 capital lease for a John Deere Wheel Loader on December 19, 2014. The lease is scheduled to be paid in annual payments of \$20,888 through 2019, which includes interest of 2.75%. The schedule of remaining payments and interest is listed below:

Fiscal Year Ending December 31,	Principal	Interest	Total
2019	\$ 20,322	\$ 566	\$ 20,888

- C. The County entered into a five year, \$83,973 capital lease for a New Holland Tractor on February 3, 2015. The lease is scheduled to be paid in annual payments of \$18,223 through 2020, which includes interest of 2.75%. The schedule of remaining payments and interest is listed below:

Fiscal Year Ending December 31,	Principal	Interest	Total
2019	\$ 17,249	\$ 974	\$ 18,223
2020	17,730	493	18,223
Totals	<u>\$ 34,979</u>	<u>\$ 1,467</u>	<u>\$ 36,446</u>

- D. The County entered into a five year, \$50,170 capital lease for a 2014 John Deere Row-Crop Tractor on August 27, 2014. The lease is scheduled to be paid in annual payments of \$11,255 through 2019. The schedule of remaining payments and interest is listed below:

Fiscal Year Ending December 31,	Principal	Interest	Total
2019	\$ 10,827	\$ 428	\$ 11,255

- E. The County entered into a five year, \$50,170 capital lease for a 2014 John Deere Utility Tractor on August 27, 2014. The lease is scheduled to be paid in annual payments of \$11,255 through 2019. The schedule of remaining payments and interest is listed below:

Fiscal Year Ending December 31,	Principal	Interest	Total
2019	\$ 10,827	\$ 428	\$ 11,255

- F. The County entered into a three year, \$100,003 loan with Community Bank of Missouri for the purchase of a 2019 Peterbilt Dump Truck on October 24, 2018. The promissory note amount of \$100,003 is scheduled to be paid over 36 months with a monthly payment of \$2,989 through October 2021, which includes interest of 4.75%. The schedule of remaining payments and interest is listed below:

Fiscal Year Ending December 31,	Principal	Interest	Total
2019	\$ 32,004	\$ 3,865	\$ 35,869
2020	33,572	2,297	35,869
2021	29,243	648	29,891
Totals	<u>\$ 94,819</u>	<u>\$ 6,810</u>	<u>\$ 101,629</u>

- G. The County entered into an agreement with Community Bank of Missouri for \$70,000 to replace the courthouse roof in 2017. The loan was paid off in January 2018. Additionally, the County had an annual revolving line of credit with Community Bank of Missouri for the General Revenue Fund and the Special Road & Bridge Fund for \$200,000. During 2016, the County drew \$70,000 down on the General Revenue Fund line of credit. A \$70,000 payment was made and the line of credit was closed in 2017.

The following schedule shows changes in long-term debt during the year ended December 31, 2017:

Description	Balance 12/31/2016	Additions	Payments	Balance 12/31/2017	Interest Paid
2010 John Deere Motor Grader	\$ 81,180	\$ -	\$ (19,392)	\$ 61,788	\$ 2,469
John Deere Wheel Loader	59,329	-	(19,235)	40,094	1,653
New Holland Tractor	68,088	-	(16,327)	51,761	1,896
John Deere Row-Crop Tractor	31,262	-	(10,020)	21,242	1,235
John Deere Utility Tractor	31,262	-	(10,020)	21,242	1,235
Courthouse Roof	-	70,000	(22,237)	47,763	3,228
Line of Credit	70,000	-	(70,000)	-	-

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

Description	Balance 12/31/2017	Additions	Payments	Balance 12/31/2018	Interest Paid
2010 John Deere Motor Grader	\$ 61,788	\$ -	\$ (19,982)	\$ 41,806	\$ 1,879
John Deere Wheel Loader	40,094	-	(19,772)	20,322	1,116
New Holland Tractor	51,761	-	(16,782)	34,979	1,441
John Deere Row-Crop Tractor	21,242	-	(10,415)	10,827	840
John Deere Utility Tractor	21,242	-	(10,415)	10,827	840
2019 Peterbilt Dump Truck	-	100,003	(5,184)	94,819	795
Courthouse Roof	47,763	-	(47,763)	-	626

8. OPERATING LEASES

- A. In January 2016, the County entered into a non-cancelable lease agreement for a 2016 Caterpillar Motor Grader, under which the County could purchase the motor grader at the end of the lease for \$82,960. The agreement calls for seven annual payments of \$17,478 ending in 2022.
- B. In January 2016, the County entered into a non-cancelable lease agreement for a 2016 Caterpillar Motor Grader, under which the County could purchase the motor grader at the end of the lease for \$75,680. The agreement calls for seven annual payments of \$17,105 ending in 2022.

The following schedule represents future payments under operating leases:

Fiscal Year Ending December 31,	Amount
2019	\$ 34,583
2020	34,583
2021	34,583
2022	34,583

9. CHANGE IN REPORTING ENTITY

As of January 1, 2017, the County has changed its definition of the reporting entity to exclude the Drug Court Fund and Sales Tax Surplus Fund. The effect of this change was to decrease the January 1, 2017 cash and investments balance by \$75,860.

10. 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 August 13, 2019, the date the financial statements were available to be issued.

In March 2019, the County entered into an agreement with Community Bank of Missouri for a \$100,000 revolving line of credit for the General Revenue Fund, which includes interest not to exceed 5.5%.

In June 2019, the County entered into an agreement with Community Bank of Missouri for a \$150,000 revolving line of credit for the Special Road & Bridge Fund, which includes interest not to exceed 5.5%.

Effective December 11, 2018, the Ray County Noxious Weed Board and the Ray County Commission entered into a loan agreement for \$150,000 at a 1% interest rate. The amount of the loan was transferred from the Noxious Weeds Fund to the General Revenue Fund. On January 25, 2019, the County transferred \$150,185 from the General Revenue Fund to the Noxious Weeds Fund for full payment of the loan.

11. INFORMATION NOT COVERED BY AUDITOR'S REPORT

The 911 Emergency Services Board engaged other independent auditor's to perform an audit of their financial statements as of and for the year ended December 31, 2017. The 2017 financial information presented on Exhibit A is not required by the regulatory basis of accounting and is not necessary for fair presentation. It is presented solely for the purpose of ensuring the mathematical integrity of the statement and is not covered by our opinion on the County's financial statements.

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 Ray 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 Ray 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, 2017 and 2018, and the related Comparative Statements of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis for the years then ended, and the related notes to the financial statements, which collectively comprise Ray County, Missouri's basic financial statements and have issued our report thereon dated August 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ray 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 Ray County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Ray 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and recommendations as items 2018-001 and 2018-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ray 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 three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and recommendations as items 2018-003, 2018-004, and 2018-005.

Ray County, Missouri's Responses to Findings

Ray County, Missouri's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. Ray County, Missouri's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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
August 13, 2019

FINDINGS AND RECOMMENDATIONS

RAY COUNTY, MISSOURI
FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES IN INTERNAL CONTROL

None

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

2018-001: Lack of Properly Performed Bank Reconciliations

Criteria: A proper system of internal controls requires timely completion of reconciliations between the accounting system and bank records.

Condition: A review of bank reconciliations of all County bank accounts noted the following internal control issues:

- Sheriff's office bank account reconciliations were not always properly performed or were not performed.
- Prosecuting Attorney bad check bank account reconciliations were not performed in 2017 and 2018.
- Senior Services Board bank account reconciliations were not performed in 2018.
- Sheriff's office bond account had overdraft fees of \$745 occurring over a six month period.

Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate bank reconciliations.

Effect: Errors may go undetected if proper controls are not established to review cash transactions.

Recommendation: We recommend that all offices within the County prepare proper monthly bank reconciliations and make adjustments to the cash accounts.

Prosecuting Attorney's Response: In the past couple of years we transitioned to an online case filing system. Along with that we moved and are moving our bad checks and restitution accounts to that system which will help in preparing the reconciliations in a timely manner.

Sheriff's Response: These problems have been addressed. The cause of the overdrafts has been eliminated by the Office Manager being the only one responsible for bank deposits (or Sheriff). We are trying to adjust our time enough to make sure there is time to reconcile all accounts when necessary.

Senior Services Board's Response: The Ray County Senior Services Board Treasurer will save the reconciliation reports each month for comparison with monthly bank reports and review by board members for reconciliation. There is no need to make adjustment to cash accounts because the Board does not use such accounts.

Auditor's Evaluation: The responses of the Prosecuting Attorney and Senior Services Board are appropriate to correct the concern. The Sheriff's office should keep proper segregation of duties in mind when determining who should be responsible for bank deposits.

2018-002: Sheriff's Department Internal Controls

Criteria: A system of proper internal controls requires a segregation of duties of physical custody of assets, recording transactions, and authorizing transactions.

Condition: There is a lack of segregation of duties over the cash receipt and cash disbursement processes in the Sheriff's office. The same employee in the Sheriff's office collects fees into the office, records the receipt of fees to the transaction ledger, prepares the deposit of fees, deposits the fees, prepares the checks, is an authorized check signer, receives the bank statements, and reconciles the bank statements. Additionally, receipt of fees is only logged once a week and kept in an unlocked desk drawer until deposit is made. Furthermore, there is no indication of management review on the bank statements and reconciliations.

Cause: One employee has been instructed to perform all the above duties.

Effect: A lack of segregation of duties and adequate oversight may result in errors or other problems that might not be recognized and resolved in a timely manner.

Recommendation: We recommend the Sheriff improve the segregation of duties and internal controls within the Sheriff's office, thereby reducing the chance that errors and other problems will occur. Additionally, the Sheriff should increase his oversight of the activities of this employee.

Sheriff's Response: We do not have the budget to hire more employees to "segregate" these duties. I am trying to make sure everything is handled properly and am working on better ways to handle everything.

Auditor's Evaluation: Oversight by officeholders of duties that are performed by their employees is an adequate compensating control when segregation of duties is limited by the size of the office.

ITEMS OF NONCOMPLIANCE

2018-003: Budgetary Compliance

Criteria: State statute prohibits the County from approving expenditures in excess of the budgeted amount for any County fund. This requirement ensures expenditures are subject to public scrutiny as provided by their inclusion in a budget adopted or amended at a public meeting. The County budgets and published financial statements should present a complete and accurate picture of the County's financial position.

Additionally, state statute requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year.

Condition: Actual expenditures exceeded budgeted expenditures for six funds in 2018 and five funds in 2017, including the General Revenue Fund which in in poor financial condition and spent in excess of budgeted amounts in both years. The complete list of funds can be found at Note 1.D.10.

Additionally, the County did not adopt a formal budget for the Building and Grounds Capital Improvement Fund for 2017.

Cause: The County did not adequately review and amend budgeted expenditures of each fund to ensure actual expenditures did not exceed budgeted appropriations.

Effect: In order to ensure the integrity of the budgeting process, the budget documents must present a complete and accurate financial position for each County fund and the spending limits should be adhered to.

Recommendation: We recommend the County ensure compliance with state statutes by adopting a formal budget for all funds and refraining from approving expenditures in excess of budgeted amounts. In the event that the originally adopted budget is inadequate to finance the current-year unforeseen expenditures, budgetary amendments should be discussed in a public meeting and formally adopted by the County Commission.

County Response: In the future, the Ray County Clerk will amend the budget to account for added income or expenses.

Auditor's Evaluation: The response is appropriate to correct the concern.

2018-004: Lack of Investment Policy

Criteria: Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy.

Condition: The County has not adopted an investment policy as required by state statute.

Cause: The County was unaware of the requirement to adopt a written investment policy.

Effect: Adoption of a written investment policy commits a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation.

Recommendation: We recommend the County adopt an investment policy and review compliance with this policy at least annually as required by state statute.

County's Response: In response to the finding, the County provided a copy of an investment policy that was adopted by the Commission.

Auditor's Response: The response is appropriate to correct the concern.

2018-005: Sheriff Fee Turnover and Reimbursement Requests

Criteria: Section 50.370, RSMo states that "every county officer who receives any fees or other remuneration for official services which is payable to the county shall at the end of each month...pay over to the county treasurer all fees and other moneys collected by him which belong to the county."

Condition: Monies received from the Sheriff's commissary account were not being timely turned over to the County Treasurer on a monthly basis. Funds were turned over to the County Treasurer three

times in 2017 and four times in 2018, and a monthly report was not filed to support the amount of monies turned over. Additionally, the prisoner bill of costs reimbursement was not timely submitted by the Sheriff's office increasing the delay for reimbursement from the state. Reimbursement was submitted every two months rather than monthly. The General Revenue Fund was owed approximately \$266,634 for reimbursements submitted as of the date of audit fieldwork. Furthermore, request for reimbursement of Sheriff's extradition costs were not timely submitted resulting in expenditures being charged to the General Revenue Fund which have not been reimbursed from Sheriff's extradition due to lack of funds.

Cause: The Sheriff does not place adequate emphasis upon ensuring proper monthly reports are filed and monies are timely turned over to the County Treasurer in accordance with state statute. Additionally, the Sheriff does not place adequate emphasis on ensuring requests for reimbursement are timely submitted.

Effect: There is risk that not all monies payable to the County are being turned over when reports are not filed and monies are not timely submitted. Additionally, the General Revenue Fund balance is encumbered with additional expenditures which are not being timely reimbursed to the fund.

Recommendation: We recommend the Sheriff's office implement procedures to ensure fees and other monies payable to the County are submitted monthly and adequate reports are provided to support the amount of funds turned over. Additionally, we recommend implementing procedures to ensure expenditure reimbursement requests are timely submitted to the proper agencies to ensure the General Revenue Fund is timely reimbursed for expenditures paid out of the fund.

County's Response: We are implementing new procedures to ensure a more timely turnaround on all expenditures and income to be reported to the County Clerk and state.

Auditor's Evaluation: The response is appropriate to correct the concern.

OTHER MATTERS

In planning and performing our audit of the Statement of Receipts, Disbursements and Changes in Cash – All Governmental Funds – Regulatory Basis, the Statement of Fiduciary Receipts, Disbursements and Changes in Cash – Regulatory Basis, and the Comparative Statements of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis – All Governmental Funds as of and for the years ended December 31, 2017 and 2018, we considered Ray County's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. We issued our report on our consideration of internal control over financial reporting dated August 13, 2019. However, during our audit we became aware of matters that are opportunities for strengthening internal controls.

Outstanding Checks

A review of the bank reconciliations of all County bank accounts noted two accounts that had checks listed as outstanding for six months or more. As of December 31, 2018, the County Treasurer's main account reconciliation listed 16 checks that have been outstanding for over six months, totaling \$1,731. As of December 31, 2018, the Prosecuting Attorney's restitution account reconciliation listed seven checks that have been outstanding for over six months, totaling \$287.

We recommend the County Treasurer and Prosecuting Attorney remove stale checks from the monthly bank reconciliations on a timely basis and ensure checks are properly moved to unclaimed fees at year end.

Payroll Deficiencies

The County personnel files had Commission approved payment of accumulated vacation leave hours to one employee in the amount of \$28,681, to be paid out at \$5,000 per year. As of December 31, 2018, the balance owed to this employee was \$18,681. This is not in accordance with the County's personnel policy which states that any vacation days not used by the end of the year will be lost.

Additionally, the County was penalized by the IRS for failure to timely file correct 1099 statements in tax year 2015. The County missed filing some 1099's for services and were not aware that partnerships and some sole proprietors were required to have a Form 1099 issued. The County paid \$15,275 in penalties in 2017. This was a one-time error with no additional penalties paid after 2017.

We recommend the County administer payroll in accordance with their personnel policy or revise the personnel policy to reflect actual practice. Additionally, we recommend the County implement procedures to ensure required tax forms are properly and timely filed to avoid future penalties.

General Revenue Fund in Poor Financial Condition

As noted in several previous audits, the fund balance for the General Revenue Fund is low and decreased from the year ended December 31, 2017. The County has had to issue short-term debt to cover additional costs associated with the General Revenue Fund.

We recommend the County continue to focus on ways to improve the financial condition of the County's General Revenue Fund. Additionally, we recommend the County implement procedures to ensure County fee offices are timely turning over funds collected to the County Treasurer and timely filing reimbursements for monies expended from the General Revenue Fund.

RAY 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 Ray County, Missouri, on the applicable findings in the prior audit report issued for the year ended December 31, 2016.

1. There was no budget prepared for the Ray County CDBG Fund, Disaster Aid Fund, and the Juvenile IV E Fund for the year ended December 31, 2016.

The County deficit budgeted in the Sheriff Post Certified Training Fund for the year ended December 31, 2016.

Actual expenditures exceeded those budgeted in the General Revenue Fund, Domestic Violence Fund, Recorder Fund, Drug Court Fund, Prosecuting Attorney Training Fund, Sheriff Training Fund, Inmate Prisoner Detainee Fund, and the Administrative Handling Cost Fund for the year ended December 31, 2016.

Status: Partially resolved. See finding 2018-003.

2. Documentation of the County's internal controls has not been prepared in any of the offices.

Status: Resolved.

3. There is no formal fraud risk assessment in place for any of the County's offices.

Status: Resolved.

4. There were no bank reconciliations for the Prosecuting Attorney's office.

Status: Repeated. See finding 2018-001.

5. The Sheriff's office credit card purchases did not have all supporting documentation and internal controls were not in place to safeguard items purchased with credit cards.

Status: Resolved.

6. There was a lack of sufficient segregation of duties in the Sheriff's office.

Status: Repeated. See finding 2018-002.

7. The fund balance for the General Revenue Fund is low, and decreased from the year ended December 31, 2015. The County had to issue short-term debt to cover additional costs associated with the General Revenue Fund.

Status: See discussion under Other Matters in the Findings and Recommendations.