



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

To the County Commission  
and  
Officeholders of McDonald County, Missouri

The Office of the State Auditor contracted for an audit of McDonald County's financial statements for the 2 years ended December 31, 2019, 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 2020  
Report No. 2020-067



**Nicole Galloway, CPA**  
Missouri State Auditor

## RECOMMENDATION SUMMARY

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### Recommendations in the contracted audit of McDonald County

2019-001

Prosecuting Attorney Bank  
Reconciliations

We recommend the Prosecuting Attorney's office implement a process to properly reconcile the balance per the bank to a recorded book balance to ensure that all activity in the bank is recorded in the system and vice versa. This balance should also be compared to a total balance of liabilities for amounts owed to individuals or entities on all cases being handled by the office.

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Bid Documentation

We recommend that the county ensure that the reasoning for not performing competitive bidding for large purchases are documented in the Commission minutes or in other county files. We also recommend that if bids or quotes are obtained informally, such as over the phone or online, that records be maintained to prove that procedures were performed to ensure that the vendor selected was the most advantageous for the county.

ANNUAL FINANCIAL REPORT

**McDONALD COUNTY, MISSOURI**

For the Years Ended  
December 31, 2019 and 2018

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**McBRIDE, LOCK & ASSOCIATES, LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
KANSAS CITY

# McDONALD COUNTY, MISSOURI

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## **INTRODUCTORY SECTION**

McDONALD COUNTY, MISSOURI  
List of Elected Officials 2018-2019

*County Commission*

Presiding Commissioner – Bill Lant

Eastern District Commissioner – John Bunch

Western District Commissioner – David Holloway

*Other Elected Officials*

Assessor – Laura Pope

Circuit Clerk – Tanya Lewis

Collector – Jennifer Weber

County Clerk – Kimberly Bell

Coroner – B.J. Goodwin III

Prosecuting Attorney – Bill Dobbs

Public Administrator – Tonya Garvin

Recorder – Kenny Underwood

Sheriff – Mike Hall

Treasurer – Sheila Foreman

## **FINANCIAL SECTION**

## **McBRIDE, LOCK & ASSOCIATES, LLC**

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CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITOR'S REPORT

To the County Commission and  
Officeholders of McDonald County, Missouri

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

We have audited the accompanying financial statements of McDonald 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 2019, 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, as described in Note 1. 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 McDonald 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 McDonald County, Missouri, as of December 31, 2018 and 2019, 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 McDonald County, Missouri, as of December 31, 2018 and 2019, 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 9, 2020, on our consideration of McDonald 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 McDonald 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 9, 2020

McDONALD COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2018 AND 2019

Fund	Cash and Investments January 1, 2018	Receipts 2018	Disbursements 2018	Cash and Investments December 31, 2018	Receipts 2019	Disbursements 2019	Cash and Investments December 31, 2019
General Revenue	\$ 534,944	\$ 1,924,468	\$ 2,092,318	\$ 367,094	\$ 1,826,726	\$ 1,497,269	\$ 696,551
Special Road & Bridge	635,327	2,590,624	2,891,132	334,819	2,272,771	1,757,661	849,929
Assessment	2,645	306,739	284,877	24,507	266,338	281,720	9,125
Law Enforcement	2,551	1,967,092	1,956,232	13,411	1,947,769	1,957,395	3,785
Health Department	4,285	499,379	502,720	944	521,534	519,854	2,624
Law Enforcement Training	91	4,114	4,133	72	4,217	4,289	-
Prosecuting Attorney Training	1,160	685	820	1,025	1,269	2,199	95
Administrative Handling Service	19,191	10,956	4,632	25,515	14,013	16,900	22,628
Recorder's	45,573	11,713	1,684	55,602	13,780	2,773	66,609
Collector's Tax Maintenance	112,774	38,604	25,642	125,736	34,254	4,426	155,564
Election Service	7,566	1,028	301	8,293	912	-	9,205
Sheriff Civil	5,927	22,413	15,738	12,602	19,693	18,426	13,869
Concealed Weapons	28,366	5,920	24,789	9,497	11,020	15,621	4,896
Inmate Security	7,637	5,201	8,546	4,292	3,706	6,503	1,495
Senate Bill 665	1,516	-	-	1,516	-	921	595
Extradition and Transportation	24,465	36,054	36,602	23,917	48,440	46,114	26,243
Local Emergency Planning	3,199	20,219	39	23,379	-	470	22,909
Courthouse Annex	-	6,250	-	6,250	27,475	-	33,725
Total	<u>\$ 1,437,217</u>	<u>\$ 7,451,459</u>	<u>\$ 7,850,205</u>	<u>\$ 1,038,471</u>	<u>\$ 7,013,917</u>	<u>\$ 6,132,541</u>	<u>\$ 1,919,847</u>

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

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

GENERAL REVENUE FUND Year Ended December 31,				
	2018		2019	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
RECEIPTS				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	1,350,000	1,392,759	1,375,000	1,384,860
Intergovernmental	35,815	51,180	107,400	85,981
Charges for services	307,000	468,616	411,850	340,885
Interest	-	1,083	-	2,127
Other	10,000	10,830	12,000	12,873
Transfers in	300,000	-	-	-
Total Receipts	<u>\$ 2,002,815</u>	<u>\$ 1,924,468</u>	<u>\$ 1,906,250</u>	<u>\$ 1,826,726</u>
DISBURSEMENTS				
County Commission	\$ 96,700	\$ 95,525	\$ 97,300	\$ 94,823
County Clerk	133,045	130,521	130,045	118,271
Elections	178,550	129,756	108,250	94,852
Buildings and grounds	857,500	770,274	448,550	352,385
Employee fringe benefits	107,010	93,046	101,910	99,126
Treasurer	48,395	46,500	48,745	47,363
Collector	136,545	135,338	142,595	146,445
Recorder of Deeds	83,245	80,596	84,480	79,298
Public Administrator	84,780	81,373	93,245	88,451
Other County government	215,900	234,403	245,000	196,829
Health and welfare	18,800	9,117	9,700	7,426
Transfers out	343,000	272,000	445,000	172,000
Emergency fund	52,000	13,869	58,000	-
Total Disbursements	<u>\$ 2,355,470</u>	<u>\$ 2,092,318</u>	<u>\$ 2,012,820</u>	<u>\$ 1,497,269</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (352,655)	\$ (167,850)	\$ (106,570)	\$ 329,457
CASH AND INVESTMENTS, JANUARY 1	<u>534,944</u>	<u>534,944</u>	<u>367,094</u>	<u>367,094</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 182,289</u></u>	<u><u>\$ 367,094</u></u>	<u><u>\$ 260,524</u></u>	<u><u>\$ 696,551</u></u>

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

## McDONALD 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,			
	2018		2019		2018		2019	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	1,390,000	1,392,758	1,375,000	1,384,861	-	-	-	-
Intergovernmental	1,125,000	1,170,827	940,000	847,572	45,198	45,198	45,198	46,092
Charges for services	10,000	12,760	13,000	16,120	190,000	214,364	190,000	172,538
Interest	-	673	500	2,700	-	39	39	56
Other	6,000	13,606	-	21,518	5,000	7,138	6,000	5,652
Transfers in	-	-	-	-	40,000	40,000	42,000	42,000
Total Receipts	<u>\$ 2,531,000</u>	<u>\$ 2,590,624</u>	<u>\$ 2,328,500</u>	<u>\$ 2,272,771</u>	<u>\$ 280,198</u>	<u>\$ 306,739</u>	<u>\$ 283,237</u>	<u>\$ 266,338</u>
DISBURSEMENTS								
Salaries	\$ 841,000	\$ 792,499	\$ 841,000	\$ 792,666	\$ 188,645	\$ 192,210	\$ 192,245	\$ 190,538
Employee fringe benefits	166,700	128,687	161,200	150,642	32,200	23,142	33,405	26,484
Materials and supplies	640,650	617,023	745,650	526,288	3,000	5,563	4,500	3,980
Services and other	308,950	261,934	376,450	237,019	58,475	63,962	70,675	57,841
Capital outlay	347,000	322,669	130,000	39,846	-	-	4,000	2,877
Construction	778,000	768,320	285,000	11,200	-	-	-	-
Transfers out	75,000	-	75,000	-	-	-	-	-
Total Disbursements	<u>\$ 3,157,300</u>	<u>\$ 2,891,132</u>	<u>\$ 2,614,300</u>	<u>\$ 1,757,661</u>	<u>\$ 282,320</u>	<u>\$ 284,877</u>	<u>\$ 304,825</u>	<u>\$ 281,720</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (626,300)	\$ (300,508)	\$ (285,800)	\$ 515,110	\$ (2,122)	\$ 21,862	\$ (21,588)	\$ (15,382)
CASH AND INVESTMENTS, JANUARY 1	<u>635,327</u>	<u>635,327</u>	<u>334,819</u>	<u>334,819</u>	<u>2,645</u>	<u>2,645</u>	<u>24,507</u>	<u>24,507</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 9,027</u>	<u>\$ 334,819</u>	<u>\$ 49,019</u>	<u>\$ 849,929</u>	<u>\$ 523</u>	<u>\$ 24,507</u>	<u>\$ 2,919</u>	<u>\$ 9,125</u>

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

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

	LAW ENFORCEMENT FUND				HEALTH DEPARTMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2018		2019		2018		2019	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	1,350,000	1,392,757	1,375,000	1,384,860	-	-	-	-
Intergovernmental	277,000	264,742	250,700	315,725	320,149	331,966	464,660	406,994
Charges for services	95,500	86,261	74,850	68,571	109,550	98,559	98,765	85,127
Interest	-	1	-	6	-	-	-	21
Other	15,000	38,331	10,000	63,607	49,661	21,854	21,800	14,392
Transfers in	258,000	185,000	258,000	115,000	47,500	47,000	53,000	15,000
Total Receipts	<u>\$ 1,995,500</u>	<u>\$ 1,967,092</u>	<u>\$ 1,968,550</u>	<u>\$ 1,947,769</u>	<u>\$ 526,860</u>	<u>\$ 499,379</u>	<u>\$ 638,225</u>	<u>\$ 521,534</u>
DISBURSEMENTS								
Salaries	\$ 1,337,321	\$ 1,311,597	\$ 1,285,645	\$ 1,296,125	\$ 300,801	\$ 289,318	\$ 326,913	\$ 285,655
Employee fringe benefits	232,000	205,793	220,000	199,601	55,300	44,387	57,700	44,808
Materials and supplies	17,450	16,615	24,000	26,290	57,600	47,806	42,100	62,306
Services and other	410,883	422,227	451,890	435,379	101,829	121,209	207,376	127,085
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 1,997,654</u>	<u>\$ 1,956,232</u>	<u>\$ 1,981,535</u>	<u>\$ 1,957,395</u>	<u>\$ 515,530</u>	<u>\$ 502,720</u>	<u>\$ 634,089</u>	<u>\$ 519,854</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,154)	\$ 10,860	\$ (12,985)	\$ (9,626)	\$ 11,330	\$ (3,341)	\$ 4,136	\$ 1,680
CASH AND INVESTMENTS, JANUARY 1	<u>2,551</u>	<u>2,551</u>	<u>13,411</u>	<u>13,411</u>	<u>4,285</u>	<u>4,285</u>	<u>944</u>	<u>944</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 397</u>	<u>\$ 13,411</u>	<u>\$ 426</u>	<u>\$ 3,785</u>	<u>\$ 15,615</u>	<u>\$ 944</u>	<u>\$ 5,080</u>	<u>\$ 2,624</u>

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

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

	LAW ENFORCEMENT TRAINING FUND				PROSECUTING ATTORNEY TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2018		2019		2018		2019	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	4,100	4,014	4,100	3,553	700	685	1,200	1,269
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	100	-	664	-	-	-	-
Total Receipts	<u>\$ 4,100</u>	<u>\$ 4,114</u>	<u>\$ 4,100</u>	<u>\$ 4,217</u>	<u>\$ 700</u>	<u>\$ 685</u>	<u>\$ 1,200</u>	<u>\$ 1,269</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	4,100	4,133	4,100	4,289	1,000	820	2,200	2,199
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 4,100</u>	<u>\$ 4,133</u>	<u>\$ 4,100</u>	<u>\$ 4,289</u>	<u>\$ 1,000</u>	<u>\$ 820</u>	<u>\$ 2,200</u>	<u>\$ 2,199</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ (19)	\$ -	\$ (72)	\$ (300)	\$ (135)	\$ (1,000)	\$ (930)
CASH AND INVESTMENTS, JANUARY 1	<u>91</u>	<u>91</u>	<u>72</u>	<u>72</u>	<u>1,160</u>	<u>1,160</u>	<u>1,025</u>	<u>1,025</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 91</u>	<u>\$ 72</u>	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ 860</u>	<u>\$ 1,025</u>	<u>\$ 25</u>	<u>\$ 95</u>

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

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

	ADMINISTRATIVE HANDLING SERVICE FUND				RECORDER'S FUND			
	Year Ended December 31,				Year Ended December 31,			
	2018		2019		2018		2019	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	1,783	-	-	-	-
Charges for services	14,000	10,925	16,000	12,115	11,000	11,640	12,000	11,045
Interest	-	31	-	115	-	73	-	280
Other	-	-	-	-	-	-	-	2,455
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 14,000</u>	<u>\$ 10,956</u>	<u>\$ 16,000</u>	<u>\$ 14,013</u>	<u>\$ 11,000</u>	<u>\$ 11,713</u>	<u>\$ 12,000</u>	<u>\$ 13,780</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	1,500	1,145	2,000	2,101	-	-	-	-
Services and other	9,000	3,487	10,000	10,800	20,000	1,684	20,000	2,773
Capital outlay	-	-	4,000	3,999	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 10,500</u>	<u>\$ 4,632</u>	<u>\$ 16,000</u>	<u>\$ 16,900</u>	<u>\$ 20,000</u>	<u>\$ 1,684</u>	<u>\$ 20,000</u>	<u>\$ 2,773</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 3,500	\$ 6,324	\$ -	\$ (2,887)	\$ (9,000)	\$ 10,029	\$ (8,000)	\$ 11,007
CASH AND INVESTMENTS, JANUARY 1	<u>19,191</u>	<u>19,191</u>	<u>25,515</u>	<u>25,515</u>	<u>45,573</u>	<u>45,573</u>	<u>55,602</u>	<u>55,602</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 22,691</u>	<u>\$ 25,515</u>	<u>\$ 25,515</u>	<u>\$ 22,628</u>	<u>\$ 36,573</u>	<u>\$ 55,602</u>	<u>\$ 47,602</u>	<u>\$ 66,609</u>

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

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

	COLLECTOR'S TAX MAINTENANCE FUND				ELECTION SERVICE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2018		2019		2018		2019	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	1,028	1,000	912
Charges for services	30,000	38,415	35,000	33,604	-	-	-	-
Interest	100	189	100	650	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 30,100</u>	<u>\$ 38,604</u>	<u>\$ 35,100</u>	<u>\$ 34,254</u>	<u>\$ -</u>	<u>\$ 1,028</u>	<u>\$ 1,000</u>	<u>\$ 912</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	5,000	1,069	5,000	67	-	-	-	-
Services and other	56,500	11,607	90,000	4,359	3,000	301	3,000	-
Capital outlay	30,000	12,966	30,000	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 91,500</u>	<u>\$ 25,642</u>	<u>\$ 125,000</u>	<u>\$ 4,426</u>	<u>\$ 3,000</u>	<u>\$ 301</u>	<u>\$ 3,000</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (61,400)	\$ 12,962	\$ (89,900)	\$ 29,828	\$ (3,000)	\$ 727	\$ (2,000)	\$ 912
CASH AND INVESTMENTS, JANUARY 1	<u>112,774</u>	<u>112,774</u>	<u>125,736</u>	<u>125,736</u>	<u>7,566</u>	<u>7,566</u>	<u>8,293</u>	<u>8,293</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 51,374</u>	<u>\$ 125,736</u>	<u>\$ 35,836</u>	<u>\$ 155,564</u>	<u>\$ 4,566</u>	<u>\$ 8,293</u>	<u>\$ 6,293</u>	<u>\$ 9,205</u>

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

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

	SHERIFF CIVIL FUND				CONCEALED WEAPONS FUND			
	Year Ended December 31,				Year Ended December 31,			
	2018		2019		2018		2019	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	35,000	22,413	40,000	19,693	7,000	5,920	31,000	11,020
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 35,000</u>	<u>\$ 22,413</u>	<u>\$ 40,000</u>	<u>\$ 19,693</u>	<u>\$ 7,000</u>	<u>\$ 5,920</u>	<u>\$ 31,000</u>	<u>\$ 11,020</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	20,000	-	20,000	24	5,091	-	5,091	6,468
Capital outlay	20,000	15,638	20,000	17,738	25,000	24,789	25,000	9,153
Construction	-	-	-	-	-	-	-	-
Transfers out	-	100	-	664	-	-	-	-
Total Disbursements	<u>\$ 40,000</u>	<u>\$ 15,738</u>	<u>\$ 40,000</u>	<u>\$ 18,426</u>	<u>\$ 30,091</u>	<u>\$ 24,789</u>	<u>\$ 30,091</u>	<u>\$ 15,621</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (5,000)	\$ 6,675	\$ -	\$ 1,267	\$ (23,091)	\$ (18,869)	\$ 909	\$ (4,601)
CASH AND INVESTMENTS, JANUARY 1	<u>5,927</u>	<u>5,927</u>	<u>12,602</u>	<u>12,602</u>	<u>28,366</u>	<u>28,366</u>	<u>9,497</u>	<u>9,497</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 927</u>	<u>\$ 12,602</u>	<u>\$ 12,602</u>	<u>\$ 13,869</u>	<u>\$ 5,275</u>	<u>\$ 9,497</u>	<u>\$ 10,406</u>	<u>\$ 4,896</u>

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

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

	INMATE SECURITY FUND				SENATE BILL 665 FUND			
	Year Ended December 31,				Year Ended December 31,			
	2018		2019		2018		2019	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	4,500	5,201	10,000	3,706	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 4,500</u>	<u>\$ 5,201</u>	<u>\$ 10,000</u>	<u>\$ 3,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	8,500	8,546	10,000	6,503	1,000	-	1,000	921
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 8,500</u>	<u>\$ 8,546</u>	<u>\$ 10,000</u>	<u>\$ 6,503</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 921</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (4,000)	\$ (3,345)	\$ -	\$ (2,797)	\$ (1,000)	\$ -	\$ (1,000)	\$ (921)
CASH AND INVESTMENTS, JANUARY 1	<u>7,637</u>	<u>7,637</u>	<u>4,292</u>	<u>4,292</u>	<u>1,516</u>	<u>1,516</u>	<u>1,516</u>	<u>1,516</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 3,637</u>	<u>\$ 4,292</u>	<u>\$ 4,292</u>	<u>\$ 1,495</u>	<u>\$ 516</u>	<u>\$ 1,516</u>	<u>\$ 516</u>	<u>\$ 595</u>

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

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

	EXTRADITION AND TRANSPORTATION FUND				LOCAL EMERGENCY PLANNING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2018		2019		2018		2019	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	23,000	23,719	38,000	31,015	21,400	20,219	3,000	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	12,335	-	17,425	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 23,000</u>	<u>\$ 36,054</u>	<u>\$ 38,000</u>	<u>\$ 48,440</u>	<u>\$ 21,400</u>	<u>\$ 20,219</u>	<u>\$ 3,000</u>	<u>\$ -</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ -	\$ 3,500	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	1,000	18	1,500	349
Services and other	10,000	23,320	10,000	891	7,000	21	10,875	121
Capital outlay	26,000	13,282	28,000	45,223	7,400	-	7,500	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 36,000</u>	<u>\$ 36,602</u>	<u>\$ 38,000</u>	<u>\$ 46,114</u>	<u>\$ 21,400</u>	<u>\$ 39</u>	<u>\$ 23,375</u>	<u>\$ 470</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (13,000)	\$ (548)	\$ -	\$ 2,326	\$ -	\$ 20,180	\$ (20,375)	\$ (470)
CASH AND INVESTMENTS, JANUARY 1	<u>24,465</u>	<u>24,465</u>	<u>23,917</u>	<u>23,917</u>	<u>3,199</u>	<u>3,199</u>	<u>23,379</u>	<u>23,379</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 11,465</u>	<u>\$ 23,917</u>	<u>\$ 23,917</u>	<u>\$ 26,243</u>	<u>\$ 3,199</u>	<u>\$ 23,379</u>	<u>\$ 3,004</u>	<u>\$ 22,909</u>

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

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

COURTHOUSE ANNEX FUND				
Year Ended December 31,				
	2018		2019	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	6,250	-	27,475
Transfers in	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ 6,250</u>	<u>\$ -</u>	<u>\$ 27,475</u>
DISBURSEMENTS				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-
Materials and supplies	-	-	-	-
Services and other	-	-	-	-
Capital outlay	-	-	-	-
Construction	-	-	-	-
Transfers out	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ -	\$ 6,250	\$ -	\$ 27,475
CASH AND INVESTMENTS, JANUARY 1	<u>-</u>	<u>-</u>	<u>6,250</u>	<u>6,250</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ -</u></u>	<u><u>\$ 6,250</u></u>	<u><u>\$ 6,250</u></u>	<u><u>\$ 33,725</u></u>

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

McDONALD COUNTY, MISSOURI  
STATEMENT OF FIDUCIARY RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2018 AND 2019

Fund/Account	Cash and Cash Equivalents	Receipts	Disbursements	Cash and Cash Equivalents	Receipts	Disbursements	Cash and Cash Equivalents
	January 1, 2018	2018	2018	December 31, 2018	2019	2019	December 31, 2019
Treasurer CERF	\$ -	\$ 208,469	\$ 208,469	\$ -	\$ 220,365	\$ 220,365	\$ -
Treasurer Cities Surtax	-	33,648	33,648	-	33,352	33,352	-
Treasurer County Library	-	333,254	333,254	-	259,580	259,580	-
Treasurer Criminal Costs	-	11,906	11,906	-	37,881	37,881	-
Treasurer Crowder College	-	1,408,017	1,408,017	-	1,082,713	1,082,713	-
Treasurer Financial Institution Tax	15,888	10,296	15,977	10,207	11,840	10,377	11,670
Treasurer Fines	53,604	165,597	152,889	66,312	159,545	184,506	41,351
Treasurer Goodman FPD	-	86,095	86,095	-	83,440	83,440	-
Treasurer Lafayette House	-	3,426	3,426	-	3,621	3,621	-
Treasurer Overplus Tax Sales	49,823	30,277	35,041	45,059	22,496	4,291	63,264
Treasurer Schools	45	11,494,324	11,494,304	65	9,010,477	9,010,175	367
Treasurer Deputy Salary	-	7,315	6,765	550	6,230	6,780	-
Treasurer Wheaton FPD	-	12,416	12,416	-	13,102	13,102	-
Treasurer Washburn FPD	-	13,973	13,973	-	15,719	15,719	-
Treasurer Whiterock FPD	-	-	-	-	20,180	20,180	-
Collector	8,831,134	12,337,569	14,123,578	7,045,125	12,849,435	11,124,371	8,770,189
Recorder	-	136,338	136,138	200	136,300	136,497	3
Sheriff Bond	-	191,319	191,319	-	223,186	223,186	-
Sheriff Bond Forfeiture	-	15,353	-	15,353	-	404	14,949
Sheriff Civil	5,988	53,076	56,793	2,271	70,892	66,927	6,236
Sheriff Inmate	2,916	12,092	11,370	3,638	19,788	19,500	3,926
Prosecuting Attorney	13,948	126,525	132,997	7,476	131,265	139,423	(682)
Public Administrator	587,317	897,901	1,092,055	393,163	949,146	958,669	383,640
Total	<u>\$ 9,560,663</u>	<u>\$ 27,589,186</u>	<u>\$ 29,560,430</u>	<u>\$ 7,589,419</u>	<u>\$ 25,360,553</u>	<u>\$ 23,655,059</u>	<u>\$ 9,294,913</u>

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

McDONALD COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

McDonald 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 McDonald 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, 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 Courthouse Annex Fund for 2018 or 2019.

10. Section 50.740, RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds:

	2019	2018
Assessment	N/A	✓
Law Enforcement Training	✓	✓
Administrative Handling Service	✓	N/A
Inmate Security	N/A	✓
Extradition and Transportation	✓	✓

#### E. 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.

#### F. 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, 2019 and 2018, the carrying amounts of the County's deposits were \$1,919,847 and \$1,038,471, respectively, and the bank balances were \$2,175,077 and \$1,908,936, respectively. Of the bank balances, \$451,588 and \$351,385 were covered by federal depository insurance at December 31, 2019 and December 31, 2018, respectively. The remainder of the balances at

December 31, 2019 and December 31, 2018 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, 2019 and 2018, County officeholders held, in addition to the cash and investments listed above, cash and cash equivalents held in a fiduciary capacity on behalf of individuals, private organizations, taxing units, other governments and/or funds. At December 31, 2019 and 2018, the carrying amounts of the County's custodial funds were \$9,294,913 and \$7,589,419, respectively, and the bank balances were \$8,178,152 and \$6,455,183, respectively. Of the bank balances, \$687,937 and \$709,776 were covered by federal depository insurance at December 31, 2019 and December 31, 2018, respectively. The remainder of the balances at December 31, 2019 and December 31, 2018 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. 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](http://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. The County has elected not to make contributions on behalf of employees. During 2019 and 2018, the County collected and remitted to CERF employee withholdings of \$163,022 and \$160,993, respectively, for the years then ended.

#### B. 401(A) Pension Plan

Participation in the plan is mandatory for all employees who have worked over 1,000 hours in a calendar year. The County does not contribute to the plan. Plan participants contribute .7% of earning to the Plan. Employee contributions collected and remitted by the County for the years ended December 31, 2019 and 2018 were \$19,974 and \$19,875, respectively.

#### C. Deferred 457 Pension Plan

Participation in the plan is voluntary for all full-time employee. Part-time employees are not eligible to participate in the plan. Plan participants can elect to contribute any whole percentage or dollar amount of their earnings to the plan. Fifty cents on the dollar is matched by CERF on the first 6% of an employee's contribution. The County does not contribute to the plan. Employee contributions collected and remitted by the County for the years ended December 31, 2019 and 2018 were \$49,655 and \$39,472, respectively.

#### D. 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 and \$11,628, respectively, for the years ended December 31, 2019 and 2018.

### 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 up to thirty to sixty days of sick time, depending on length of employment. Sick leave accrues at a rate of .75 days per calendar month to 1.75 days depending on length of employment. Upon termination accumulated sick leave will not be reimbursed. Vacation time is accrued for every full-time employee after completing one year of employment with the County, and accrues at the rate of .75 days per month up to 1.75 days per month depending on length of employment. Employees with less than ten years of employment may carry over ten days and employees with at least ten years of employment may carry over fifteen vacation days from one year to the next. Any days accrued in excess of these are to be forfeited at the end of the year.

### 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.

## 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 \$2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

## 7. LONG-TERM DEBT

The County entered into a four-year, \$72,000 note to purchase property from the Estate of Gisela M. Lewis for use by the Road & Bridge Department. The note, which does not bear interest, calls for 16 quarterly payments of \$4,500, beginning January 2017 and ending October 2020. Future payments on the note are as follows:

<u>Fiscal Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 18,000	\$ -	\$ 18,000

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

<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/2018</u>	<u>Interest</u> <u>Paid</u>
\$ 54,000	\$ -	\$ (18,000)	\$ 36,000	\$ -

The following schedule shows changes in long-term debt during the year ended December 31, 2019:

<u>Balance</u> <u>12/31/2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Interest</u> <u>Paid</u>
\$ 36,000	\$ -	\$ (18,000)	\$ 18,000	\$ -

## 8. OPERATING LEASES

In October 2019, the County entered into a lease agreement for a dump truck, under which the County could purchase the truck at the end of the lease for \$330,000. The agreement calls for monthly payments of \$9,380 through September 2021.

The following schedule represents future payments under operating leases:

<u>Fiscal Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2020	\$ 112,565
2021	84,424

## 9. RELATED PARTY TRANSACTION

In November 2018, the County purchased land in Pineville, Missouri from one of the County Commissioners for \$75,000.

## 10. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2019 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through August 9, 2020, the date the financial statements were available to be issued.

Subsequent to December 31, 2019, the County has been impacted by the coronavirus pandemic in the United States. This event has led to a decrease in business and consumer activity within the County and could have a negative impact on sales and other tax revenues in 2020, as well as potentially affecting the availability of grants and other assistance from the state and federal governments.

## **COMPLIANCE SECTION**

## McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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### 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 McDonald 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 McDonald 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 2019, 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 McDonald County, Missouri's basic financial statements and have issued our report thereon dated August 9, 2020.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered McDonald 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 McDonald County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of McDonald 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 a certain deficiency in internal control described in the accompanying schedule of findings and recommendations as item 2019-001 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether McDonald 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*.

### **McDonald County, Missouri's Response to Finding**

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

### **Purpose of this Report**

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

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

McBride, Lock & Associates, LLC  
Kansas City, Missouri  
August 9, 2020

## **FINDINGS AND RECOMMENDATIONS**

McDONALD COUNTY, MISSOURI  
FINDINGS AND RECOMMENDATIONS

**MATERIAL WEAKNESSES IN INTERNAL CONTROL**

None

**SIGNIFICANT INTERNAL CONTROL DEFICIENCIES**

None

**ITEMS OF NONCOMPLIANCE**

**2019-001: Prosecuting Attorney Bank Reconciliations**

Criteria: A proper system of internal controls dictates that bank reconciliations be performed on a timely basis to ensure that cash balances per the accounting records agree to the cash balances held in the bank.

Condition: The Prosecuting Attorney's office is not performing adequate reconciliations of monthly bank statements. Through discussions with staff, it does not appear that a book or ledger balance is maintained to compare to the balance in the bank account. Cash receipts and disbursements are recorded in the Karpel case management system, but there was no evidence of a running cash balance or total case balance within the system to compare to the activity in the bank statements. Our audit compared the receipts and disbursement per Karpel to the activity in the bank statement and noted some discrepancies, including a \$7,065 deposit in December 2017 that was not recorded in Karpel until December 2018.

Cause: Formal bank reconciliations have not been performed for a number of years under previous administrative staff within the office, and this continued during the audit period.

Effect: Without timely reconciliations of bank balances to book balances, the risk of misstatements due to error or misappropriation is heightened.

Recommendation: We recommend the Prosecuting Attorney's office implement a process to properly reconcile the balance per the bank to a recorded book balance to ensure that all activity in the bank is recorded in the system and vice versa. This balance should also be compared to a total balance of liabilities for amounts owed to individuals or entities on all cases being handled by the office.

County's Response: For three years, the clerk in the prosecuting attorney's office did not reconcile the bank statements. Upon discovery, the employee was terminated. The office believes this issue has been resolved going forward. Remedies include a two-signature system on all deposits and disbursements. Occasionally, new transactions from prior periods have been discovered. The current clerk is reviewing the bank accounts since 2015 in order to identify and correct accounting errors.

Auditor's Response: The stated corrective actions are adequate to resolve 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, 2018 and 2019, we considered McDonald 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 9, 2020. However, during our audit we became aware of matters that are opportunities for strengthening internal controls.

### **Bid Documentation**

As part of our testing of disbursements, we determined whether the County performed bidding procedures for certain expenditures as required by state statutes. Section 50.660, RSMo, states that, “All contracts and purchases shall be let to the lowest and best bidder after due opportunity for competition...except that the advertising is not required in case of contracts or purchases involving an expenditures of less than six thousand dollars. It is not necessary to obtain bids on any purchase in the amount of four thousand five hundred dollars or less made from any one person, firm or corporation during any period of ninety day....” Section 50.783.1, RSMo, states that, “The county commission may waive the requirement of competitive bids or proposals for supplies when the commission has determined in writing and entered into the commission minutes that there is only a single feasible source for the supplies.” There were 3 expenditures totaling \$281,903 in 2018 and 4 expenditures totaling \$99,906 in 2019 for which no bid documentation could be provided. Per discussion with the County Clerk and Commissioners, there are instances where there is no time for obtaining bids due to emergency situations, purchases are made from the state approved vendor listing, or bids are requested but none or only one are received.

We recommend that the County ensure that the reasoning for not performing competitive bidding for large purchases are documented in the Commission minutes or in other County files. We also recommend that if bids or quotes are obtained informally, such as over the phone or online, that records be maintained to prove that procedures were performed to ensure that the vendor selected was the most advantageous for the County.

McDONALD 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 McDonald County, Missouri, on the applicable findings in the prior audit report issued for the years ended December 31, 2017 and 2016.

There were no financial statement findings identified during the prior audit that required follow-up.