



SCOTT FITZPATRICK
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 year ended December 31, 2023, 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.

Scott Fitzpatrick
State Auditor

December 2024
Report No. 2024-097



Scott Fitzpatrick
Missouri State Auditor

RECOMMENDATION SUMMARY

Recommendations in the contracted audit of McDonald County

- | | |
|----------|--|
| 2023-001 | The Prosecuting Attorney's office implement procedures to ensure proper monthly bank reconciliations are performed to ensure that all transactions are properly recorded in the accounting system. |
| 2023-002 | The Recorder's office implement procedures to ensure proper monthly bank reconciliations are performed to ensure that all transactions are properly recorded in the accounting system. |
| 2023-003 | The county establish written procedures for filing the annual Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Project and Expenditure Report which include instructions on how to accurately fill out all required fields in the report. |

ANNUAL FINANCIAL REPORT

MCDONALD COUNTY, MISSOURI

For the Year Ended
December 31, 2023

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 2023

County Commission

Presiding Commissioner – Bryan Hall
Commissioner, Western District – Rick Lett
Commissioner, Eastern District – Jamey Cope

Other Elected Officials

Assessor – Sue Ann Stokes
Circuit Clerk – Tanya Lewis
Collector – Jennifer Weber
County Clerk – Kimberly Bell
Coroner – B.J. Goodwin III
Prosecuting Attorney – Maleia Cheney
Public Administrator – Tonya Garvin
Recorder – Michelle Barker
Sheriff – Robert Evenson
Surveyor – Travis Green
Treasurer – Sheila Fuller

FINANCIAL SECTION

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of McDonald County, Missouri

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related Statements of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis for the year then ended, and the related notes to the financial statements.

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, 2023, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the financial reporting provisions prescribed or permitted by Missouri law as described in Note 1.

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 section of our report, 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, 2023, or the changes in financial position thereof for the year then ended.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of McDonald County, Missouri, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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, to meet the requirements of Missouri law. 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 and pervasive.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about McDonald County, Missouri's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about McDonald County, Missouri's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise McDonald County, Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated July 10, 2024, 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 McDonald County, Missouri's internal control over financial reporting and compliance.

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

McBride, Lock & Associates, LLC
Kansas City, Missouri
July 10, 2024

MCDONALD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
- ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

Fund	Cash and Investments January 1	Receipts	Disbursements	Cash and Investments December 31
General Revenue	\$ 2,745,959	\$ 2,337,667	\$ 1,895,642	\$ 3,187,984
Special Road & Bridge	1,186,357	3,008,625	2,988,863	1,206,119
Assessment	29,808	318,159	290,981	56,986
Law Enforcement	764,182	2,043,121	2,385,500	421,803
Health Department	274,512	859,069	830,970	302,611
Law Enforcement Training	1,058	2,914	1,893	2,079
Prosecuting Attorney Training	8,133	2,532	-	10,665
Administrative Handling Service	12,689	5,079	12,151	5,617
Recorder's	98,838	11,750	12,033	98,555
Collector's Tax Maintenance	165,001	43,770	26,021	182,750
Election Service	28,819	2,271	206	30,884
Local Emergency Planning	19,447	4,353	8,383	15,417
Sheriff Civil	12,453	22,171	22,206	12,418
Concealed Weapons	2,538	7,715	6,498	3,755
Inmate Security	2,593	3,404	3,159	2,838
Extradition and Transportation	12,054	18,938	3,421	27,571
Senate Bill 665	-	-	-	-
Courthouse Annex	10,835	-	-	10,835
American Rescue Plan Act	1,727,685	4,491	1,672,587	59,589
Opioid Settlements	-	60,803	-	60,803
Total	<u>\$ 7,102,961</u>	<u>\$ 8,756,832</u>	<u>\$ 10,160,514</u>	<u>\$ 5,699,279</u>

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

MCDONALD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
- BUDGET AND ACTUAL - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	GENERAL REVENUE FUND	
	Budget	Actual
RECEIPTS		
Property taxes	\$ -	\$ -
Sales taxes	1,650,000	1,675,529
Intergovernmental	154,190	173,840
Charges for services	367,760	406,284
Interest	6,000	61,214
Other	3,900	11,204
Transfers in	9,596	9,596
Total Receipts	<u>\$ 2,191,446</u>	<u>\$ 2,337,667</u>
DISBURSEMENTS		
County Commission	\$ 104,300	\$ 99,616
County Clerk	139,505	134,517
Elections	161,600	127,638
Buildings and grounds	860,310	624,144
Employee fringe benefits	129,360	138,949
Treasurer	53,231	50,955
Collector	155,405	145,578
Recorder of Deeds	98,205	93,841
Public Administrator	123,955	117,195
Other County government	418,394	321,308
Transfers out	791,901	41,901
Emergency fund	100,000	-
Total Disbursements	<u>\$ 3,136,166</u>	<u>\$ 1,895,642</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (944,720)	\$ 442,025
CASH AND INVESTMENTS, JANUARY 1	<u>2,745,959</u>	<u>2,745,959</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 1,801,239</u></u>	<u><u>\$ 3,187,984</u></u>

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

MCDONALD COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2023

	SPECIAL ROAD & BRIDGE FUND		ASSESSMENT FUND		LAW ENFORCEMENT FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	1,650,000	1,675,731	-	-	1,650,000	1,675,530
Intergovernmental	1,195,500	1,313,928	51,886	52,460	228,500	235,977
Charges for services	16,000	11,161	215,341	223,506	66,000	77,319
Interest	4,500	7,805	207	292	2,000	14,242
Other	-	-	-	-	25,855	40,053
Transfers in	-	-	41,901	41,901	250,000	-
Total Receipts	<u>\$ 2,866,000</u>	<u>\$ 3,008,625</u>	<u>\$ 309,335</u>	<u>\$ 318,159</u>	<u>\$ 2,222,355</u>	<u>\$ 2,043,121</u>
DISBURSEMENTS						
Salaries	\$ 880,000	\$ 865,503	\$ 203,980	\$ 189,558	\$ 1,684,017	\$ 1,619,910
Employee fringe benefits	196,600	178,147	38,957	36,335	257,450	268,130
Materials and supplies	912,500	798,125	6,000	4,752	214,100	173,218
Services and other	313,950	106,255	51,525	51,005	419,350	323,936
Capital outlay	604,000	552,836	10,550	9,331	500	306
Construction	860,000	487,997	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 3,767,050</u>	<u>\$ 2,988,863</u>	<u>\$ 311,012</u>	<u>\$ 290,981</u>	<u>\$ 2,575,417</u>	<u>\$ 2,385,500</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (901,050)	\$ 19,762	\$ (1,677)	\$ 27,178	\$ (353,062)	\$ (342,379)
CASH AND INVESTMENTS, JANUARY 1	<u>1,186,357</u>	<u>1,186,357</u>	<u>29,808</u>	<u>29,808</u>	<u>764,182</u>	<u>764,182</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 285,307</u>	<u>\$ 1,206,119</u>	<u>\$ 28,131</u>	<u>\$ 56,986</u>	<u>\$ 411,120</u>	<u>\$ 421,803</u>

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

MCDONALD COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2023

	HEALTH DEPARTMENT FUND		LAW ENFORCEMENT TRAINING FUND		PROSECUTING ATTORNEY TRAINING FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	1,069,512	770,681	-	-	-	-
Charges for services	54,372	81,537	4,000	2,914	10,000	2,532
Interest	70	4,751	-	-	-	-
Other	-	2,100	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 1,123,954</u>	<u>\$ 859,069</u>	<u>\$ 4,000</u>	<u>\$ 2,914</u>	<u>\$ 10,000</u>	<u>\$ 2,532</u>
DISBURSEMENTS						
Salaries	\$ 491,972	\$ 492,031	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	78,500	82,671	-	-	-	-
Materials and supplies	317,345	224,255	-	-	-	-
Services and other	26,050	32,013	4,000	1,893	10,000	-
Capital outlay	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transfers out	200,000	-	-	-	-	-
Total Disbursements	<u>\$ 1,113,867</u>	<u>\$ 830,970</u>	<u>\$ 4,000</u>	<u>\$ 1,893</u>	<u>\$ 10,000</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 10,087	\$ 28,099	\$ -	\$ 1,021	\$ -	\$ 2,532
CASH AND INVESTMENTS, JANUARY 1	<u>274,512</u>	<u>274,512</u>	<u>1,058</u>	<u>1,058</u>	<u>8,133</u>	<u>8,133</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 284,599</u>	<u>\$ 302,611</u>	<u>\$ 1,058</u>	<u>\$ 2,079</u>	<u>\$ 8,133</u>	<u>\$ 10,665</u>

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

MCDONALD COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2023

	ADMINISTRATIVE HANDLING SERVICE FUND		RECORDER'S FUND		COLLECTOR'S TAX MAINTENANCE FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
	RECEIPTS					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	40,250	4,971	12,000	11,143	35,000	42,653
Interest	100	77	500	607	1,000	1,117
Other	-	31	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 40,350</u>	<u>\$ 5,079</u>	<u>\$ 12,500</u>	<u>\$ 11,750</u>	<u>\$ 36,000</u>	<u>\$ 43,770</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 7,918	\$ 6,101
Employee fringe benefits	-	-	-	-	667	467
Materials and supplies	4,500	3,179	20,000	12,033	10,000	2,711
Services and other	21,500	5,362	2,000	-	86,820	445
Capital outlay	13,500	3,610	-	-	50,000	6,701
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	9,596	9,596
Total Disbursements	<u>\$ 39,500</u>	<u>\$ 12,151</u>	<u>\$ 22,000</u>	<u>\$ 12,033</u>	<u>\$ 165,001</u>	<u>\$ 26,021</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 850	\$ (7,072)	\$ (9,500)	\$ (283)	\$ (129,001)	\$ 17,749
CASH AND INVESTMENTS, JANUARY 1	<u>12,689</u>	<u>12,689</u>	<u>98,838</u>	<u>98,838</u>	<u>165,001</u>	<u>165,001</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 13,539</u>	<u>\$ 5,617</u>	<u>\$ 89,338</u>	<u>\$ 98,555</u>	<u>\$ 36,000</u>	<u>\$ 182,750</u>

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

MCDONALD COUNTY, MISSOURI
STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
- BUDGET AND ACTUAL - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	ELECTION SERVICE FUND		LOCAL EMERGENCY PLANNING FUND		SHERIFF CIVIL FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	21,000	4,353	-	-
Charges for services	5,000	2,271	-	-	50,000	22,171
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 5,000</u>	<u>\$ 2,271</u>	<u>\$ 21,000</u>	<u>\$ 4,353</u>	<u>\$ 50,000</u>	<u>\$ 22,171</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ 6,500	\$ 2,145	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	-	-	1,250	2,095	-	-
Services and other	5,000	206	3,000	1,885	20,000	500
Capital outlay	-	-	1,500	2,258	30,000	21,706
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 5,000</u>	<u>\$ 206</u>	<u>\$ 12,250</u>	<u>\$ 8,383</u>	<u>\$ 50,000</u>	<u>\$ 22,206</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ 2,065	\$ 8,750	\$ (4,030)	\$ -	\$ (35)
CASH AND INVESTMENTS, JANUARY 1	<u>28,819</u>	<u>28,819</u>	<u>19,447</u>	<u>19,447</u>	<u>12,453</u>	<u>12,453</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 28,819</u>	<u>\$ 30,884</u>	<u>\$ 28,197</u>	<u>\$ 15,417</u>	<u>\$ 12,453</u>	<u>\$ 12,418</u>

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

MCDONALD COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2023

	CONCEALED WEAPONS FUND		INMATE SECURITY FUND		EXTRADITION AND TRANSPORTATION FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	33,000	7,715	7,000	3,404	50,000	18,938
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 33,000</u>	<u>\$ 7,715</u>	<u>\$ 7,000</u>	<u>\$ 3,404</u>	<u>\$ 50,000</u>	<u>\$ 18,938</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Services and other	7,000	-	7,000	3,159	10,000	3,386
Capital outlay	26,000	6,498	-	-	40,000	35
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 33,000</u>	<u>\$ 6,498</u>	<u>\$ 7,000</u>	<u>\$ 3,159</u>	<u>\$ 50,000</u>	<u>\$ 3,421</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ 1,217	\$ -	\$ 245	\$ -	\$ 15,517
CASH AND INVESTMENTS, JANUARY 1	<u>2,538</u>	<u>2,538</u>	<u>2,593</u>	<u>2,593</u>	<u>12,054</u>	<u>12,054</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 2,538</u></u>	<u><u>\$ 3,755</u></u>	<u><u>\$ 2,593</u></u>	<u><u>\$ 2,838</u></u>	<u><u>\$ 12,054</u></u>	<u><u>\$ 27,571</u></u>

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

MCDONALD COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2023

	SENATE BILL 665 FUND		COURTHOUSE ANNEX FUND		AMERICAN RESCUE PLAN ACT FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest	-	-	-	-	4,000	4,491
Other	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 4,491</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	-	-	-	-	50,000	110,772
Services and other	-	-	10,800	-	180,000	105,589
Capital outlay	-	-	-	-	1,500,000	1,456,226
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,800</u>	<u>\$ -</u>	<u>\$ 1,730,000</u>	<u>\$ 1,672,587</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ -	\$ (10,800)	\$ -	\$ (1,726,000)	\$ (1,668,096)
CASH AND INVESTMENTS, JANUARY 1	<u>-</u>	<u>-</u>	<u>10,835</u>	<u>10,835</u>	<u>1,727,685</u>	<u>1,727,685</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35</u>	<u>\$ 10,835</u>	<u>\$ 1,685</u>	<u>\$ 59,589</u>

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

MCDONALD COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2023

	OPIOID SETTLEMENTS FUND	
	Budget	Actual
RECEIPTS		
Property taxes	\$ -	\$ -
Sales taxes	-	-
Intergovernmental	-	-
Charges for services	-	-
Interest	-	215
Other	-	60,588
Transfers in	-	-
Total Receipts	\$ -	\$ 60,803
DISBURSEMENTS		
Salaries	\$ -	\$ -
Employee fringe benefits	-	-
Materials and supplies	-	-
Services and other	-	-
Capital outlay	-	-
Construction	-	-
Transfers out	-	-
Total Disbursements	\$ -	\$ -
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ 60,803
CASH AND CASH EQUIVALENTS, JANUARY 1	-	-
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ -	\$ 60,803

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
YEAR ENDED DECEMBER 31, 2023

Fund/Account	Cash and Cash Equivalents January 1	Receipts	Disbursements	Cash and Cash Equivalents December 31
Treasurer CERF	\$ -	\$ 279,279	\$ 279,279	\$ -
Treasurer Cities Surtax	-	35,862	35,862	-
Treasurer County Library	-	318,190	318,190	-
Treasurer Criminal Cost	-	12,665	12,665	-
Treasurer Crowder College	-	1,340,313	1,340,313	-
Treasurer Financial Institution Tax	3,272	3,530	3,318	3,484
Treasurer Fines	48,438	152,314	152,764	47,988
Treasurer Goodman FPD	-	96,554	96,554	-
Treasurer Lafayette House	-	3,367	3,367	-
Treasurer Overplus Tax Sales	36,583	91,026	41,544	86,065
Treasurer Schools	199	11,511,698	11,511,632	265
Treasurer Deputy Salary	-	7,377	7,377	-
Treasurer Wheaton FPD	-	17,378	17,378	-
Treasurer Washburn FPD	-	20,301	20,301	-
Treasurer Whiterock FPD	-	199,780	199,780	-
Treasurer Stella FPD	-	66,525	66,525	-
Treasurer Pineville FPD	-	17,288	17,288	-
Collector	8,833,416	15,076,349	14,519,602	9,390,163
Recorder	-	143,538	143,644	(106)
Sheriff Bond	(437)	242,293	243,993	(2,137)
Sheriff Civil	5,861	66,864	65,482	7,243
Sheriff Inmate	8,587	54,527	55,893	7,221
Prosecuting Attorney	6,110	69,521	76,026	(395)
Public Administrator Accounts	1,089,277	1,600,877	1,638,941	1,051,213
Total	<u>\$ 10,031,306</u>	<u>\$ 31,427,416</u>	<u>\$ 30,867,718</u>	<u>\$ 10,591,004</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, 2023

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 eleven elected Constitutional Officers: Assessor, Circuit Clerk, Collector, Coroner, County Clerk, Prosecuting Attorney, Public Administrator, Recorder, Sheriff, Surveyor 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 Governmental 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 under the regulatory basis of accounting. Financial data of other entities that may be considered to be component units of the County under generally accepted accounting principles is not included.

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 (other than the portion that is funded by the General Revenue Fund) and all funds under their control.

B. Basis of Presentation

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

Fiduciary Funds – Fiduciary funds consist of custodial funds. Custodial funds account for assets held by the County as an agent of individuals, private organizations, taxing units, 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 January 15, 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 budget for the Opioid Settlements Fund in 2023.
10. Section 50.740, RSMo prohibits expenditures in excess of the approved budgets.

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, or any instrumentality thereof, certain municipal bonds authorized by Missouri statute, or time certificates of deposit. 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. 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, 2023, the County had the following cash and investment balances:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>FDIC Coverage</u>
Cash and Cash Equivalents	\$ 3,289,263	\$ 3,628,742	\$ 250,000
Investments	2,410,016	2,410,016	-
Total Governmental Funds	<u>\$ 5,699,279</u>	<u>\$ 6,038,758</u>	<u>\$ 250,000</u>
Cash and Cash Equivalents - Fiduciary Funds	\$ 10,591,004	\$ 8,801,727	\$ 1,227,374

The remainder of the balances not covered by FDIC deposit insurance at December 31, 2023 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, except for \$125,702 held by the Public Administrator on behalf of one ward in excess of FDIC coverage.

3. COUNTY EMPLOYEES' RETIREMENT PLANS

A. County Employees' Retirement Fund (CERF)

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

1) Plan Description

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

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

2) Pension Benefits

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

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

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, by calling 1-877-632-2373, or by the following website, www.mocerf.org.

3) Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. Further, a contribution to CERF of 2% of annual salary is required for eligible employees hired before February 2002, while a contribution of 6% of annual salary is required of employees hired after February 2002. During 2023, the County collected and remitted to CERF employee withholdings and fees collected of \$279,279 for the year 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 earnings to the Plan. Employee contributions collected and remitted by the County for the year ended December 31, 2023 were \$24,628.

C. Deferred 457 Pension Plan

Participation in the plan is voluntary for all full-time employees. Part-time employees are not eligible to participate in the plan. Plan participants can elect to contribute any whole percentage of dollar amount of their earnings to the plan. Fifty cents on the dollar is matched by CERF on the first 4% of an employee's contribution. The County does not contribute to the plan. Employee contributions collected and remitted by the County for the year ended December 31, 2023 were \$47,683.

D. Prosecuting Attorney Retirement Fund

In accordance with Section 56.807, RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County contributed \$11,628 for the year ended December 31, 2023.

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 sixty days of sick time, depending on the 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 vacation days from one year to the next, employees with more than ten years of employment may carry over fifteen days. Any days accrued in excess of these are to be forfeited at the end of the year. Upon termination of employment, employees are paid for unused vacation time.

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 of the Missouri Association of Counties Self-Insured Workers' Compensation Trust. 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. OPERATING LEASES

In May 2022, the County entered into two non-cancellable 60-month lease agreements for postage machines. The lease agreements require quarterly payments of \$897 and \$124. Both lease agreements terminate in May 2027.

In October 2021, the County entered into non-cancellable 24-month government obligation contract for three 2022 Mack GR84F Trucks, under which the County could purchase the trucks at the end of the lease for \$334,500. The agreement required monthly payments of \$6,889 through September 2023. The County paid off the lease in January 2023 and purchased the trucks.

The following schedule represents future payments under the operating leases:

Fiscal Year Ending December 31,	Amount
2024	\$ 4,082
2025	4,082
2026	4,082
2027	2,041

8. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2023 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through July 10, 2024, the date the financial statements were available to be issued.

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 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, 2023, and the related Statements of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis for the year then ended, and the related notes to the financial statements, which collectively comprise McDonald County, Missouri's basic financial statements and have issued our report thereon dated July 10, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

Report on 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 financial statements. 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

Government Auditing Standards requires the auditor to perform limited procedures on McDonald County, Missouri's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. McDonald County, Missouri's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
July 10, 2024

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

To the County Commission and
Officeholders of McDonald County, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited McDonald County, Missouri's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of McDonald County, Missouri's major federal programs for the year ended December 31, 2023. McDonald County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, McDonald County, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of McDonald County, Missouri and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of McDonald County, Missouri's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to McDonald County, Missouri's federal programs.

Auditor's Responsibilities for Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on McDonald County, Missouri's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about McDonald County, Missouri's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding McDonald County, Missouri's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of McDonald County, Missouri's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of McDonald County, Missouri's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on McDonald County, Missouri's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. McDonald County, Missouri's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance

requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

McBride, Lock & Associates, LLC
Kansas City, Missouri
July 10, 2024

MCDONALD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures
	U. S. DEPARTMENT OF AGRICULTURE		
10.557	Passed through Missouri Department of Health and Senior Services - Special Supplemental Nutrition Program for Women, Infants, and Children	ERS04524068	\$ 204,016
	U. S. DEPARTMENT OF JUSTICE		
16.575	Passed through Missouri Department of Social Services - Crime Victim Assistance	ER130220112	26,462
	U. S. DEPARTMENT OF THE TREASURY		
21.027	Direct Program - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds		1,672,587
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.069	Passed through Missouri Department of Health and Senior Services - Public Health Emergency Preparedness	DH210048533	14,005
93.268	Immunization Cooperative Agreements	DH210049789	73,114
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases	DH220051282	69,281
93.354	Public Health Emergency Response	DH230053149	44,766
93.391	Activities to Support State, Tribal, Local and Territorial Health Department Response to Health or Healthcare Crisis	DH220051745	67,358
93.767	Children's Health Insurance Program	DH210050489	24,716
93.898	Cancer Prevention and Control Programs	ERS16153757	1,309
93.967	CDC Collaboration with Academia to Strengthen Public Health	DH230054558	14,895
93.991	Preventive Health and Health Services Block Grant	DH230052999	70,344
93.994	Maternal and Child Health Services Block Grant	DH220051108	16,553
	U. S. DEPARTMENT OF HOMELAND SECURITY		
97.036	Passed through Missouri Department of Public Safety - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	4451-DR-MO	179,749
97.042	Emergency Management Performance Grants	EMK-2022-EP-00004-069 EMK-2023-EP-APP-0004-059	22,395 12,539
			<u>\$ 34,934</u>
	Total Expenditures of Federal Awards		<u>\$ 2,514,089</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

MCDONALD COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of McDonald County, Missouri for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowed or are limited as to reimbursement. The County has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – SUBRECIPIENTS

The County did not pass any federal awards through to subrecipients during the year ended December 31, 2023.

MCDONALD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Adverse

Type of auditor’s report issued on whether the financial statements were prepared in accordance with the regulatory basis: Unmodified

The special purpose framework used as a basis of accounting was not required by state law.

Internal Control Over Financial Reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? X Yes None Reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards:

Internal Control Over Major Programs:

- Material weakness(es) identified? Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of Auditor’s Report Issued on Compliance For Major Programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance section 200.516? X Yes No

Identification of Major Programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$750,000

Auditee Qualified as low-risk: Yes X No

SECTION II – FINANCIAL STATEMENTS FINDINGS

MATERIAL WEAKNESSES IN INTERNAL CONTROL

None

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

2023-001: Prosecuting Attorney Bank Reconciliations

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

Condition: The Prosecuting Attorney’s office is not performing adequate reconciliations of monthly bank statements. Cash receipts and disbursements are recorded in the Karpel case management system. Through discussions with staff, procedures were implemented in 2023 to ensure proper reconciliation of checks written in Karpel that cleared the bank through review of monthly outstanding check reports. However, there is no process in place to compare the bank balance to a running balance of cash or liabilities within the system to ensure all transactions are recorded.

This finding was noted in the prior audit for the years ended December 31, 2021 and 2022 as finding 2022-001.

Cause: Formal bank reconciliations have not been performed for a number of years under previous administration staff within the office and 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 procedures to ensure proper monthly bank reconciliations are performed to ensure that all transactions are properly recorded in the accounting system.

County’s Response: Regarding the inquiries related to the reconciliation of the Prosecuting Attorney’s office bank accounts, we submit the following responses:

- The December 31, 2022 and January 31, 2023 reports were completed untimely in February 2023 due to turnover within the position that handles the accounting.
- Following the departure of the previous employee, we uncovered numerous discrepancies and other issues related to the pay-out of restitution checks.
- In order to best resolve these issues without further error, we opened a new bank account. Every report from February 2023 through current has been reconciled and timely filed.
- We are in the process of turning over all unclaimed funds from the former account over to the State of Missouri. Once this is completed, we will close the former account.

Auditor’s Evaluation: The bank statements should be reconciled to a running balance of cash or liabilities to ensure that all transactions are properly recorded in the accounting system.

2023-002: Recorder Bank Reconciliations

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

Condition: The Recorder's office did not perform reconciliations of monthly bank statements to balances of cash or liabilities per the accounting system during 2023.

Cause: The Recorder took office in January 2023 and was not aware of the need to perform bank reconciliations each month.

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 Recorder's office implement procedures to ensure proper monthly bank reconciliations are performed to ensure that all transactions are properly recorded in the accounting system.

County's Response: I agree with all the findings. I have already started implementing procedures to properly perform monthly bank reconciliation and recordings.

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

ITEMS OF NONCOMPLIANCE

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023-003: Reporting

Federal Grantor: U.S. Department of the Treasury

Pass-Through Grantor: N/A

Federal Assistance Listing Number: 21.027

Program Title: Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

Pass-through Entity Identifying Number: N/A

Award Year: 2023

Questioned Costs: None

Criteria: Under the requirements for the SLFRF Project and Expenditure Report published by the U.S. Department of Treasury, the County should enter the total dollar value of current reporting period expenditures for the project. This line item is identified as a key line item containing critical information in the OMB Compliance Supplement.

Condition: The County reported \$0 as Current Period Expenditures for the period ended March 31, 2023. However, Total Cumulative Expenditures changed from \$1,851,827 for the period ended March 31, 2022 to \$3,435,820 for the period ended March 31, 2023, a difference of \$1,583,993.

Cause: The individuals at the County responsible for completing the annual Project and Expenditure report entered \$0 in error rather than the difference in total expenditures between the two periods.

Effect: The reporting required under guidance from the U.S. Department of Treasury was not accurate, therefore, the correct current period expenditures were not shared with the federal government.

Recommendation: We recommend the County establish written procedures for filing the annual SLFRF Project and Expenditure Report which include instructions on how to accurately fill out all required fields in the report.

County's Response: The County Clerk and County Treasurer watched the live informational Zoom meeting to learn how to fill out the SLFRF Project and Expenditures Report correctly. For entities who received less than \$10 million in SLFRF, the entity was allowed to report the total amount as a loss in revenue. The slide show was difficult to understand and follow, but we mistakenly thought we were supposed to put \$0 on that part of the report. After the auditors discussed this error with me, I went to the reporting website to correct the error; however, the website would not allow changes to the report after a certain period of time. In the future we will report the difference in total expenditures between the two reporting periods. McDonald County is of the opinion that the U.S. Department of Treasury has changed reporting requirements, information, and acceptable expenditures so many times, they have made the reporting requirements difficult to understand or follow. We will do our best to not have an error in the next report.

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

MANAGEMENT'S RESPONSE TO AUDITOR'S FINDINGS:

- **Summary Schedule of Prior Audit Findings**
 - **Corrective Action Plan**



McDonald County Commission

Bryan Hall, Presiding Commissioner

417-223-7516

Kimberly Bell, County Clerk
PO Box 665, Pineville, MO 64856

417-223-7530 Fax 417-223-7519

mcdonald@sos.mo.gov
commission@olemac.net

Jamey Cope
Eastern Commissioner

Rick Lett
Western Commissioner

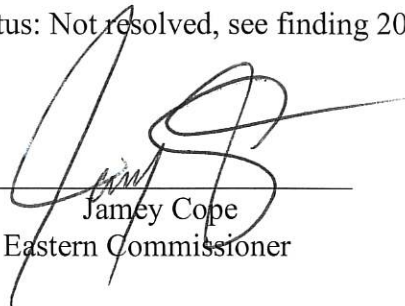
October 23, 2024

MCDONALD COUNTY, MISSOURI SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

In accordance with the Uniform Guidance, this section reports the 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, 2021 and 2022.

2022-001: The Prosecuting Attorney's office is not performing adequate reconciliations of monthly bank statements.

Status: Not resolved, see finding 2023-001



Jamey Cope
Eastern Commissioner



Bryan Hall
Presiding Commissioner



Rick Lett
Western Commissioner

OFFICE OF THE PROSECUTING ATTORNEY
MCDONALD COUNTY COURTHOUSE
P.O. Box 566
Pineville, MO 64856

MALEIA CHENEY
PROSECUTING ATTORNEY
TIM INTESSIMONE
ASSISTANT PROSECUTING ATTORNEY

PHONE
417-223-4142
417-223-2684
FAX NUMBER
417-223-4137

May 14, 2024

McBride, Lock & Associates, LLC
4151 N. Mulberry Dr. Ste. 275
Kansas City, MO 64116

REF: Audit questions

To Whom it May Concern:

Regarding the inquiries related to the reconciliation of the Prosecuting Attorney's office bank accounts, we submit the following responses:

- The December 31, 2022 and January 31, 2023 reports were completed untimely in February 2023 due to turnover within the position that handles the accounting.
- Following the departure of the previous employee, we uncovered numerous discrepancies and other issues related to the pay-out of restitution checks.
- In order to best resolve those issues without further error, we opened a new bank account. Every report from February 2023 through current has been reconciled and timely filed.
- We are in the process of turning all unclaimed funds from the former account over to the State of Missouri. Once this is completed, we will close the former account.

Should you require any further information, please contact our office and we will be happy to provide you with whatever information we have. We appreciate your time and investigation into these matters.

Sincerely,



Maleia Cheney
Prosecuting Attorney
McDonald County, Missouri



McDonald County Recorder's Office
Michelle Barker, Recorder
PO Box 606, Pineville, Mo 64856
417-223-7523 Phone 417-223-2881 Fax

MCDONALD COUNTY, MISSOURI
CORRECTIVE ACTION PLAN

Finding Reference Number: 2023-002

Federal Agency: N/A

Program Name: N/A

Assistance Listing Number: N/A

Responsible Official: Michelle Barker, Recorder

Views of Responsible Individuals:

I agree with all the findings. I have already started implementing procedures to properly perform monthly bank reconciliation and recordings.

Kimberly Bell



McDonald County Clerk

P.O. BOX 665

Pineville, Missouri 64856

mcdonald@sos.mo.gov

Ph: 417-223-7530

Fx: 417-223-7519

September 12, 2024

MCDONALD COUNTY, MISSOURI CORRECTIVE ACTION PLAN

Finding Reference Number: 2023-003

Federal Agency: U.S. Department of the Treasury

Program Name: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Responsible Official: Kimberly Bell, County Clerk

Views of Responsible Individual:

The County Clerk and County Treasurer watched the live informational Zoom meeting to learn how to fill out the SLFRF Project and Expenditure Report correctly. For entities who received less than \$10 million in SLFRF, the entity was allowed to report the total amount as a loss in revenue. The slide show was difficult to understand and follow, but we mistakenly thought we were supposed to put \$0 on that part of the report. After the Auditors discussed this error with me, I went to the reporting website to correct the error; however, the website would not allow changes to the report after a certain period of time. In the future we will report the difference in total expenditures between the two reporting periods. McDonald County is of the opinion that the U.S. Department of Treasury has changed reporting requirements, information, and acceptable expenditures so many times, they have made the reporting requirements difficult to understand or follow. We will do our best to not have an error in the next report.

Respectfully,

A handwritten signature in blue ink that reads "Kimberly Bell".

Kimberly Bell

McDonald County Clerk

4151 N. Mulberry Drive, Suite 275
Kansas City, Missouri 64116
T: (816) 221.4559
F: (816) 221.4563
E: Admin@McBrideLock.com

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

July 10, 2024

To the County Commission
McDonald County, Missouri

We have audited the regulatory basis financial statements of McDonald County, Missouri for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 26, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by McDonald County, Missouri are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of our audit were corrected by management:

- Expenditures of the General Revenue Fund were decreased by \$500,000 for money transferred from the Treasurer's account to a certificate of deposit.
- Interest revenue was increased by \$70,043 to include interest earned on certificates of deposit which was not recorded in the accounting system.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 10, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We were engaged to report on the Schedule of Expenditures of Federal Awards, which accompany the financial statements but is not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles prescribed or permitted by Missouri law, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the County Commission and management of McDonald County, Missouri and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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

McBride, Lock & Associates, LLC