

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

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FARMINGTON, MISSOURI
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FARMINGTON, MISSOURI
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FINANCIAL SECTION



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the County Commission of
St. Francois County, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of St. Francois County (County), Missouri, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise St. Francois County, Missouri's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, each major fund and the aggregate remaining fund information of St. Francois County, Missouri, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with the modified cash basis of accounting described in Note I.

Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information on pages 31 through 41 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheets – modified cash basis – non-major governmental funds (special revenue funds), combining statement of revenues, expenditures and changes in fund balances – modified cash basis – non-major governmental funds (special revenue funds), and the combining statement of fiduciary net position – modified cash basis – agency funds are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheets – modified cash basis – non-major governmental funds (special revenue funds), combining statement of revenues, expenditures and changes in fund balances – modified cash basis – non-major governmental funds (special revenue funds), and the combining statement of fiduciary net position – modified cash basis – agency funds are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The budgetary comparison schedules and notes to budgetary schedules, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2018, on our consideration of St. Francois 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 the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Francois County, Missouri's internal control over financial reporting and compliance.

Daniel Jones & Associates

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

June 14, 2018

BASIC FINANCIAL STATEMENTS

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 11,793,048
Investments	1,350,000
TOTAL ASSETS	\$ 13,143,048
LIABILITIES	
Payroll liabilities	-
Total liabilities	-
NET POSITION	
Restricted for:	
Special revenue funds restricted by state statute	6,940,802
Unrestricted	6,202,246
Total net position	13,143,048
TOTAL LIABILITIES AND NET POSITION	\$ 13,143,048

The accompanying notes are an integral part of this statement.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Function/Program	Expenses	Program revenues			Net (expense)
		Charges for services	Operating grants contributions and debt proceeds	Capital grants and contributions	revenue and changes in net position
					Total governmental activities
Governmental activities					
General and administration	\$ 4,456,662	\$ 103,054	\$ 14,093	\$ -	\$ (4,339,515)
Property valuation and recording	2,398,997	358,529	133,171	-	(1,907,297)
Health and welfare	-	-	-	-	-
Administration of justice and law enforcement	7,628,551	753,501	20,798	-	(6,854,252)
Road and bridges	2,818,774	-	-	16,512	(2,802,262)
Miscellaneous	400,124	-	-	-	(400,124)
Capital outlay	1,984,017	-	-	-	(1,984,017)
Debt Service:					-
Principal payments	260,000	-	-	-	(260,000)
Interest and fiscal charges	38,210	-	-	-	(38,210)
Total governmental activities	\$ 19,985,335	\$ 1,215,084	\$ 168,062	\$ 16,512	(18,585,677)
General revenues:					
Taxes:					
Property taxes, levied for:					
					911,601
					1,716,717
					362,414
					9,534,288
					113,731
					6,623,410
					<u>19,262,161</u>
					676,484
					12,466,564
					<u>\$ 13,143,048</u>

The accompanying notes are an integral part of this statement.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2017

	<u>Major Funds</u>			<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Road and Bridge</u>	<u>Law Enforcement Sales Tax</u>		
ASSETS					
Cash and cash equivalents	\$ 5,091,858	\$ 1,444,394	\$ 1,084,899	\$ 4,171,897	\$ 11,793,048
Investments	1,350,000	-	-	-	1,350,000
Total assets	<u>\$ 6,441,858</u>	<u>\$ 1,444,394</u>	<u>\$ 1,084,899</u>	<u>\$ 4,171,897</u>	<u>\$ 13,143,048</u>
LIABILITIES					
Payroll Liabilities	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	241,343	1,444,394	1,084,899	4,170,166	6,940,802
Committed	-	-	-	1,731	1,731
Assigned	2,170,163	-	-	-	2,170,163
Unassigned	4,030,352	-	-	-	4,030,352
Total fund balances	<u>6,441,858</u>	<u>1,444,394</u>	<u>1,084,899</u>	<u>4,171,897</u>	<u>13,143,048</u>
Total liabilities and fund balances	<u>\$ 6,441,858</u>	<u>\$ 1,444,394</u>	<u>\$ 1,084,899</u>	<u>\$ 4,171,897</u>	<u>\$ 13,143,048</u>

The accompanying notes are an integral part of this statement.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General	Road and Bridge	Law Enforcement Sale Tax		
Revenues					
Property taxes	\$ 475,156	\$ 1,716,717	\$ -	\$ 798,859	\$ 2,990,732
Sales taxes	3,919,853	195,301	3,604,740	1,814,394	9,534,288
Intergovernmental revenue	2,321,216	701,931	643,975	1,025,158	4,692,280
Charges for services	31,768	-	-	659,048	690,816
Grants, distributions and reimbursements	14,093	16,512	-	153,969	184,574
Fees, licenses and permits	17,020	-	-	507,248	524,268
Interest	57,096	16,619	6,704	33,312	113,731
Other	418,435	17,946	527,332	967,417	1,931,130
Total revenues	7,254,637	2,665,026	4,782,751	5,959,405	20,661,819
Expenditures					
Administration	4,014,287	-	-	442,375	4,456,662
Property valuation and recording	-	-	-	2,398,997	2,398,997
Administration of justice and law	2,046,349	-	4,837,993	744,209	7,628,551
Road and bridge	-	2,211,775	-	606,999	2,818,774
Miscellaneous	-	-	-	400,124	400,124
Capital outlay	232,905	947,088	37,519	766,505	1,984,017
Debt service:					
Principal payments	260,000	-	-	-	260,000
Interest payments	38,210	-	-	-	38,210
Fiscal agent fees	-	-	-	-	-
Total expenditures	6,591,751	3,158,863	4,875,512	5,359,209	19,985,335
Revenues over (under) expenditures	662,886	(493,837)	(92,761)	600,196	676,484
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	-
Transfers in	335,181	-	-	20,496	355,677
Transfers out	(298,485)	-	-	(57,192)	(355,677)
Total other financing sources (uses)	36,696	-	-	(36,696)	-
NET CHANGE IN FUND BALANCES	699,582	(493,837)	(92,761)	563,500	676,484
Fund balances, beginning of year	5,742,276	1,938,231	1,177,660	3,608,397	12,466,564
Fund balances, end of year	\$ 6,441,858	\$ 1,444,394	\$ 1,084,899	\$ 4,171,897	\$ 13,143,048

The accompanying notes are an integral part of this statement.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION
MODIFIED CASH BASIS - AGENCY FUNDS
AS OF DECEMBER 31, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 32,700,756
Investments	-
TOTAL ASSETS	<u>\$ 32,700,756</u>
 LIABILITIES	
Due to various taxing authorities and others	\$ 31,697,556
Protested taxes	292,320
Funds held for bankruptcy	2,689
Funds held for state agency	708,191
TOTAL LIABILITIES	<u>\$ 32,700,756</u>

The accompanying notes are an integral part of this statement.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Francois County, Missouri became a first-class county on January 1, 2013. It is a political subdivision, organized and existing under the laws of the State of Missouri. The County is approximately 451 square miles in area. St. Francois County is governed by a three-member board of commissioners. In addition to the three County Commissioners, there are twelve (12) elected Constitutional Officers: Assessor, County Clerk, Circuit Clerk, Recorder of Deeds, Collector, Treasurer, Auditor, Coroner, Prosecuting Attorney, Public Administrator, Surveyor, and Sheriff.

As discussed further in Note I, these financial statements are presented on the modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the modified cash basis of accounting, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable.

The County's operations include tax assessments and collections, state/county courts administration, county recorder, public safety and 911, road and bridge maintenance, public welfare, and social and human services. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The financial statements referred to above include the primary government of St. Francois County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise the County's legal entity.

Component units are organizations for which the County is financially accountable and all other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the County appoints a voting majority of the Component Unit's governing board and is either able to impose its will on that Component Unit or there is a potential for the Component Unit to provide specific financial benefits to, or impose specific financial burdens on, the County. The County may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the County.

The decision to include a potential component unit in the County's reporting entity is based on the criteria set forth in governmental accounting standards. Criteria for including a potential component unit within the reporting entity includes the governing body's ability to exercise financial accountability as the primary, but not the only, criteria for inclusion. Financial accountability includes control or dependence over budget adoption, taxing authority, funding and appointment of the respective board.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (concluded)

The juvenile office and detention center, located in St. Francois County, is an entity separate and distinct from St. Francois County. It is an entity operating at the circuit level to provide services to four counties: St. Francois, Madison, Washington, and Ste. Genevieve. The budgeting process for the office includes all four county commissions and the circuit court judge. Based upon budget adoption, tax authority and funding, the juvenile office is not controlled by or dependent upon St. Francois County. Missouri Statutes do not provide for cash management by juvenile offices. Accordingly, St. Francois County acts in a fiduciary capacity to maintain a depository account and disburse funds for the office as directed and authorized by the circuit court judge. The County has established a separate agency fund, the juvenile fund, to account for these cash inflows and outflows. This fund is custodial in nature and does not purport to represent a measurement of the results of operations of the juvenile office. The County also acts in a fiduciary capacity with the Circuit Court.

B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the County as a whole. These statements include the financial activities of the primary government and distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The County does not have any such activities.

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenue not properly included among *program revenues* are presented instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Following the government-wide financial statements are separate financial statements for governmental funds and fiduciary funds. Presently, the County has no proprietary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The County has determined that the General, Road and Bridge, and Law Enforcement Sales Tax funds are major governmental funds. All other governmental funds are reported in one column labeled

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

Fund Financial Statements: (concluded)

“Non-major Governmental Funds.” If applicable, the total fund balances for all governmental funds is reconciled to total net position for governmental activities as shown on the statement of net position. The net change in fund balance for all governmental funds, if applicable, is reconciled to the total change in net position as shown on the statement of activities in the government-wide financial statements.

The fund financial statements of the County are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances/net position, revenues and expenditures, or expenses. 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. The various funds are summarized by type in the basic financial statements. The following fund types are used by the County:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County’s expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

The following are the County’s governmental major funds:

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Road and Bridge Fund – A Special Revenue Fund used to account for receipts of the County-wide \$.2472 property tax levy and related expenditures for road maintenance and improvement projects.

Law Enforcement Sales Tax Fund – A Special Revenue Fund used to record the County-wide revenue of two, one-fourth (1/4) percent sales tax receipts and related expenditures to support law enforcement.

The other governmental funds of the County are considered non-major funds. They include special revenue funds, which account for the proceeds of specific revenue sources that generally are legally restricted to expenditures for specific purposes. In addition, the County Building Fund is a non-major capital projects fund used for the acquisition or construction of major capital facilities funded with the proceeds of the 2001 Certificates of Participation.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similarly to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue, Circuit Court, and Juvenile operations.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and fund financial statements are prepared using the modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions except that the purchase of investments are recorded as assets; funds collected through the agency funds, not yet remitted, are recorded as liabilities and as receivables and revenue in the fund statements as applicable; and as applicable, the receipts of proceeds of tax anticipation notes are recorded as liabilities. This is a basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as sales and property taxes due and revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, accrued expenses, certificates of participation and neighborhood improvement district bonds and obligations under capital leases) and certain expenses (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2017, for purposes of taxation, was:

Real Estate	\$ 581,882,990
Personal Property	173,024,854
	<u>\$ 754,907,844</u>

ST. FRANCOIS COUNTY
 FARMINGTON, MISSOURI
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Property Taxes (concluded)

During 2017, the County Commission approved a \$0.3569 tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2017, for purposes of County taxation, as follows:

General revenue	\$	0.0603
Road and bridge		0.2472
Senior services		0.0494
		0.3569
	\$	0.3569

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 such investments is allocated to each of the funds based on the funds' average daily cash balance.

State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest-bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investment shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash and investment balances are presented in Note II.

F. Restricted Cash and Investments

The Certificates of Participation used to finance the construction of the annex to the courthouse, and the Certificates of Participation issued to fund energy efficiency retrofit to the Jail, Annex, Courthouse, and Bridge replacements require the County to establish and maintain prescribed amounts of reserves that can be used only to service the Certificates.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are classified as "Due from other funds" or "Due to other funds" on the Balance Sheet – Modified Cash Basis – Governmental Funds.

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

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Governmental Fund Balances

In the Governmental fund financial statements, the following classifications are used to define the governmental fund balances:

Nonspendable – This consists of the governmental fund balances that are not in spendable form or legally or contractually required to be maintained intact. The County has no nonspendable fund balance as of December 31, 2017.

Restricted – This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The County’s restricted funds consist of various taxes approved by voters for specific purposes, special revenue funds restricted by state statute and debt obligations. Details of these balances are presented in Note XIII.

Committed – This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of County Commission, the County’s highest level of decision-making authority. Details of these balances are presented in Note XIII.

Assigned – This consists of the governmental fund balances that are intended to be used for specific purposes by the County Commission. Details of these balances are presented in Note XIII.

Unassigned – This consists of the governmental funds that do not meet the definition of “nonspendable,” “restricted,” “committed,” or “assigned.”

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classifications of fund balance that is identified.

I. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All remaining net position is reported as unrestricted. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The following net position was reported as restricted:

ST. FRANCOIS COUNTY
 FARMINGTON, MISSOURI
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Net Position (concluded)

General fund restrictions:	
Restricted general fund balance	\$ 241,343
Special revenue funds restricted by state statute:	
Road and Bridge Fund	1,444,394
Law Enforcement Sales Tax Fund	1,084,899
Insurance Maintenance Fund/Flex Spend Fund	12,059
Assessment Fund	529,483
Senior Citizens Service Fund	107,434
Road Improvement Tax Fund	1,397,336
Sheriff's Revolving Fund	347,351
County Law Enforcement Restitution Fund	78,457
Law Enforcement Training Fund	13,889
Recorder's User Fee Fund	86,176
Surplus Tax Sale Fund	136,974
Collector's Tax Maintenance Fund	235,870
Fines Fund	113,565
Prosecuting Attorney Training Fund	6,956
Prosecuting Attorney Handling Cost Fund	78,679
Victims Violence Fund	7,350
Prosecuting Attorney Delinquent Tax Fund	6,795
Inmate Security Fund	44,298
Sheriff's Civil Fees Fund	64,236
Tax Increment Financing Fund	702,363
Election Services Fund	49,621
Sheriff's D.A.R.E. Fund	4,818
Sheriff Fund	7,964
Recorder Fund	45,238
County Clerk Fund	50
Sheriff Inmate Commissary Fund	82,998
Equitable Sharing Fund	10,206
Total Restricted Fund Balance	<u><u>6,940,802</u></u>

J. Use of Estimates in Financial Statements

Preparation of these financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County Commission and that are either unusual in nature or infrequent in occurrence. No extraordinary items or special items occurred during the year ended December 31, 2017.

L. Adoption of New Accounting Standards

The County adopted several new accounting standards during the year ended December 31, 2017. These are described in Note XIV. None of the new standards adopted affected the County's financial statements.

II. CASH AND INVESTMENTS

The County is governed by the deposit and investment limitations of state law which authorize the types of investments as described in Note I. The deposits and investments held at December 31, 2017, and reported at cost, are as follows:

Type	Cost
Deposits:	
Demand deposits	\$ 44,493,000
Cash on hand	804
Investments:	
Nonnegotiable certificates of deposit	1,350,000
Total deposits and investments	\$ 45,843,804
Reconciliation to financial statements:	
Statement of Net Position	
Cash and cash equivalents	\$ 11,793,048
Investments	1,350,000
Statement of Fiduciary Net Position	
Cash and cash equivalents	32,700,756
	\$ 45,843,804

Investments were categorized as follows at December 31, 2017:

Investment	CD#	Maturity Date	Total
Certificate of Deposit	105317	9/11/2018	\$ 200,000
Certificate of Deposit	105318	9/11/2018	200,000
Certificate of Deposit	105319	5/11/2018	100,000
Certificate of Deposit	105320	5/11/2018	250,000
Certificate of Deposit	105321	5/11/2018	250,000
Certificate of Deposit	105322	12/11/2018	250,000
Certificate of Deposit	105323	6/11/2018	100,000
			\$ 1,350,000

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

II. CASH AND INVESTMENTS (concluded)

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2017, none of the County's bank balance of \$36,389,946 was exposed to custodial credit risk.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The amount invested in money market mutual funds is not subject to custodial credit risk. The County's investment policy does not address custodial credit risk relating to investments.

Investment Interest Rate Risk

The County's investment policy limits investment maturities to securities with a maturity of less than sixty (60) months as a means of managing its exposure to fair value losses arising from increasing interest rates. The County's investments earn interest based on variable interest rates. Investments (money market mutual funds) held at December 31, 2017, mature on January 1, 2018.

Investment Credit Risk

The County's investment policy does not address investment credit risk, the risk of loss due to the failure of the security issuer. As of December 31, 2017, the County's investments were rated as follows:

<u>Investment</u>	<u>Rating</u>	<u>Amount</u>
Money Market Mutual Funds	AAAm	\$ 8,258,262

Concentration of Investment Credit Risk

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

ST. FRANCOIS COUNTY
 FARMINGTON, MISSOURI
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2017

III. LONG-TERM DEBT

The County has long-term debt for a variety of purposes including capital projects financing and general government.

For the year ended December 31, 2017, the following changes occurred in long-term debt:

	Balance January 1, 2017	Additions	Retirements	Balance December 31, 2017	Interest Paid
Certificates of Participation	\$ 1,900,000	\$ -	\$ 260,000	\$ 1,640,000	\$ 38,210
Capital Lease	42,144	-	42,144	-	3,269
Total	<u>\$ 1,942,144</u>	<u>\$ -</u>	<u>\$ 302,144</u>	<u>\$ 1,640,000</u>	<u>\$ 41,479</u>

The Certificates of Participation are liquidated from the General Fund. The capital leases are liquidated from the Road and Bridge Fund.

A. Certificates of Participation

On January 7, 2014, the County issued \$2,160,000 in Refunding Certificates of Participation with an interest rate of 2.21%. The proceeds were being used to refund \$2,060,000 of the outstanding principal amount of the County's 2005 certificates of participation, which was originally used to construct, furnish and equip a new courthouse annex and to acquire land. The 2014 Refunding Certificates were also used to refund the Series 2010 Recovery Zone Economic Development Lease Certificates of Participation in March 2016 which were originally used to fund capital projects for repairs to the Jail, Annex, Courthouse, and for bridge replacements.

The following is a schedule of future minimum payments at December 31, 2017, for the outstanding certificates of participation.

Year Ending December 31,	Principal	Interest	Total
2018	\$ 265,000	\$ 34,598	\$ 299,598
2019	270,000	30,113	300,113
2020	275,000	24,658	299,658
2021	275,000	18,471	293,471
2022	285,000	11,535	296,535
2023	270,000	3,915	273,915
	<u>\$ 1,640,000</u>	<u>\$ 123,290</u>	<u>\$ 1,763,290</u>

B. Capital Lease Agreement

The County issued a note payable dated July 1, 2014, in the amount of \$180,473 for the purchase of two (2) utility tractors and two (2) side shift mowers, payable in annual installments of \$45,412 including principal and interest for 36 months. At the end of the term, the equipment becomes property of the County. The note is secured by the equipment. The lease was paid off in July 2017.

ST. FRANCOIS COUNTY
 FARMINGTON, MISSOURI
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2017

IV. INTERFUND TRANSFERS

Transfers between funds for the year ended December 31, 2017, are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Funds</u>		
General Fund	\$ 335,181	\$ 298,485
<u>Non-Major Funds (Special Revenue)</u>		
Fees Due Other Funds	304	-
Surplus Tax Sale Fund	-	20,192
Collector's Tax Maintenance Fund	-	30,000
Fines Fund	20,192	-
Prosecuting Attorney Handling Cost Fund	-	7,000
Total Transfers	<u>\$ 355,677</u>	<u>\$ 355,677</u>

Interfund transfers were used to move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them.

V. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

Plan Description

The St. Francois County's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. St. Francois County participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death and disability benefits to employees of participating political subdivisions. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program then in effect for their political subdivision. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance. The LAGERS Board of Trustees establishes the benefit plans and provisions that are available for adoption. The political subdivision's governing body adopts all benefits of the plan.

ST. FRANCOIS COUNTY
 FARMINGTON, MISSOURI
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2017

V. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

Benefits Provided (concluded)

	<u>2017 Valuation</u>
Benefit Multiplier:	2.00%
Final Average Salary:	3 Years
Member Contributions:	4%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered By Benefit Terms

At June 30, 2017, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>
Inactive employees or beneficiaries currently receiving benefits	82	25
Inactive employees entitled to but not yet receiving benefits	13	20
Active employees	123	55
	218	100

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employer contribution rates are 10.1% (General) and 7.6% (Police) of annual covered payroll.

Net Pension Liability

The employer's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

Actuarial Assumptions

The total pension liability in the February 28, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary Increase	3.5% to 6.8% including inflation
Investment rate of return	7.25%

ST. FRANCOIS COUNTY
 FARMINGTON, MISSOURI
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2017

V. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The Data can be found in your actuarial valuation Data can be found in the GASB 68 Accounting Schedule Executive Summary. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables. The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010, through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.00%	5.29%
Fixed Income	26.00%	2.23%
Real Assets	21.00%	3.31%
Strategic Assets	10.00%	5.73%

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

V. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

Changes in the Net Pension Liability

Schedule of Changes in Net Pension Liability and Related Ratios

	General Division	Police Division
A. Total Pension Liability		
1 Service Cost	\$ 513,724	\$ 272,167
2 Interest on Total Pension Liability	1,522,278	630,184
3 Changes of Benefit Terms	-	-
4 Difference between expected and actual experience of the Total Pension Liability	(82,015)	105,759
5 Changes of Assumptions	-	-
6 Benefit payments, including refunds of employee contributions	(896,660)	(248,593)
7 Net change in total pension liability	1,057,327	759,517
8 Total pension liability - beginning	21,185,055	8,680,608
9 Total pension liability - ending	<u>\$ 22,242,382</u>	<u>\$ 9,440,125</u>
B. Plan Fiduciary Net Position		
1 Contributions - employer	\$ 460,718	\$ 141,635
2 Contributions - employee	192,078	87,207
3 Net investment income	2,401,531	1,127,518
4 Benefit payments, including refunds of employee contributions	(896,660)	(248,593)
5 Pension plan administrative expense	(18,036)	(7,080)
6 Other (net transfer)	72,160	(79,539)
7 Net change in plan fiduciary net position	2,211,791	1,021,148
8 Plan fiduciary net position - beginning	19,728,543	9,001,974
9 Plan fiduciary net position - ending	<u>\$ 21,940,334</u>	<u>\$ 10,023,122</u>
C. Net Pension Liability / (Asset)	<u>\$ 302,048</u>	<u>\$ (582,997)</u>
D. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.64%	106.18%
E. Covered-Employee Payroll	\$ 4,543,005	\$ 2,130,436
F. Net Pension Liability as a Percentage of Covered Employee Payroll	6.65%	-27.37%

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

V. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate.

Sensitivity of Net Pension Liability to the Single Discount Rate

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
General Division:			
Total Pension Liability (TPL)	\$ 25,490,639	\$ 22,242,382	\$ 19,565,963
Plan Fiduciary Net Position	21,940,334	21,940,334	21,940,334
Net Pension Liability / (Asset) (NPL)	\$ 3,550,305	\$ 302,048	\$ (2,374,371)
Police Division:			
Total Pension Liability (TPL)	\$ 11,067,355	\$ 9,440,125	\$ 8,128,733
Plan Fiduciary Net Position	10,023,122	10,023,122	10,023,122
Net Pension Liability / (Asset) (NPL)	\$ 1,044,233	\$ (582,997)	\$ (1,894,389)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the employer would have recognized pension expense of \$864,856 under the GAAP financial reporting standards. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	General		Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 217,911	\$ (67,067)	\$ 88,355	\$ (196,169)
Changes in assumptions	523,589	-	189,664	-
Net difference between projected and actual earnings on pension plan investments	523,155	-	202,610	-
Total	\$ 1,264,655	\$ (67,067)	\$ 480,629	\$ (196,169)

ST. FRANCOIS COUNTY
 FARMINGTON, MISSOURI
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2017

V. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (concluded)

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending June 30, 2017.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources - General	Net Deferred Outflows of Resources - Police
2018	\$ 498,618	\$ 139,238
2019	498,617	139,236
2020	289,071	45,151
2021	(81,443)	(60,527)
2022	5	20,027
Thereafter	-	1,335
Total	<u>\$ 1,204,868</u>	<u>\$ 284,460</u>

VI. 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.

A. 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 (1,000) one thousand 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 nine persons.

B. 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.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

VI. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

B. Pension Benefits (concluded)

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed. 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, or by calling 1-573-632-9203.

C. Funding Policy

In accordance with State statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees are required to contribute 4% of their annual salary in order to participate in the CERF. The County collected and remitted to CERF, employee contributions of \$231,336.

VII. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$11,628 for the year ended December 31, 2017.

VIII. POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note V and VI, the County allows employees who retire from the County to participate in the County's health and dental insurance plans. Upon meeting the retirement requirements per County guidelines, the employees can elect to participate in the County's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single-blended rate used for both active employees and retirees. The County has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you go basis. A standalone financial report is not available for the plan. During the year, 6 retirees participated in the County's health insurance plan, 8 retirees participated in the County's dental insurance plan, 1 retiree participated in the County's vision plan, and 1 retiree participated in the dependent life insurance plan and paid premiums totaling approximately \$67,000.

The requirements established by Consolidated Omnibus Budget Reconciliation Act (COBRA) are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. There were 13 COBRA participants for the year ended December 31, 2017, paying a total in \$56,731 in premiums.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

IX. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is a defendant in various claims and lawsuits regarding protested taxes or civil cases. The cases are being fully appealed. The outcome of these claims and lawsuits are not presently determinable or are not expected to have a material adverse effect on the financial statements; therefore, no amount has been provided in the December 31, 2017, financial statements for any such claims and lawsuits.

B. Compensated Absences

St. Francois County has adopted the compensated leave policies of the Teamsters Local Union No. 600, an agreement between the County Commission of St. Francois County for its Road and Bridge employees. This contract is valid for periods January 1, 2015 through December 31, 2017. All elected official offices, departments, and the Commission of the County follow this contract.

Sick Leave

Employees earn sick leave at the rate of eighteen (18) days per year, cumulative to one hundred (100) days. Upon retirement, an employee with ten (10) or more years of seniority shall be entitled to a payout of 90% of his accumulated unused sick days. Upon separation of employment (voluntary quit) an employee with ten (10) or more years of seniority shall be entitled a payout of 55% of his accumulated unused sick days. If an employee with ten (10) or more years of service dies prior to retiring, the County shall issue pay equal to 85% of his accumulated unused sick days to his beneficiary.

Vacation

Employees shall earn annual vacation time and pay at their regular rate of pay from the date of employment, as follows:

- Employees shall not receive vacation pay until they have been employed for one (1) year
- After the completion of one (1) year of service, employees shall earn vacation pay from date of employment at the rate of eighty (80) hours per year (Employees after one year of service are entitled to 80 hours vacation).
- After the completion of five (5) years of service, employees shall earn vacation pay from their fourth (4th) anniversary date of employment at the rate of one hundred twenty (120) hours per year (Employees after five years of service are entitled to 120 hours of vacation).
- After the completion of ten (10) years of service, employees shall earn vacation from their ninth (9th) anniversary date of employment at the rate of one hundred sixty (160) hours per year (Employees after twelve years of service are entitled to 160 hours of vacation). After the completion of fifteen (15) years of service, employees shall earn vacation pay from their fourteenth (14th) anniversary date of employment at the rate of two hundred (200) hours per year (Employees after sixteen years of service are entitled to 200 hours of vacation).

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

IX. CLAIMS COMMITMENTS AND CONTINGENCIES (concluded)

B. Compensated Absences (concluded)

Vacation (concluded)

- After the completion of twenty-five (25) years of service, employees shall earn vacation pay from the twenty-fourth (24th) anniversary date of employment of an additional one (1) day, plus one (1) day more for each subsequent year of service, to a maximum of five (5) additional days.

In the event any employee terminates after one (1) year of service, he shall be paid his earned vacation pay. Such vacation pay shall be pro-rated to date of termination. At December 31, 2017, the accrued leave liability totaled \$2,001,650. The liability consisted of \$1,111,016 for the Sheriff's Department and \$890,634 for all other offices and departments. This includes vacation leave, sick leave, holiday, and compensatory time. These amounts are not recorded in the financial statements.

C. Contracts

In the normal course of operations, the County has contracted for various services such as an outsourcing arrangement for information technology, law enforcement system data, computer hardware and software maintenance, road construction, maintenance and repair, etc. Each agreement contains clauses for continuation or termination.

D. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
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X. 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 created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$250,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

The County has also purchased commercial insurance for other areas of risk that are not covered by the public entity risk pool or self-insurance fund. These policies include reasonable deductible amounts. The only exception is in regard to the County's vehicle fleet, which is covered for liability only. In a cost-benefit analysis, the County determined it is cost effective to forego the premiums and pay for repairs and replacement as needed. The portion of uninsured loss is not expected to be material with respect to the financial position of the County.

XI. SUBSEQUENT EVENTS

The County did not have any subsequent events to report as of the audit report date.

XII. RECENT ACCOUNTING PRONOUNCEMENTS

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement is effective for periods beginning after December 15, 2017.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

XII. RECENT ACCOUNTING PRONOUNCEMENTS (concluded)

GASB Statement No. 82 – *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for periods beginning after June 15, 2017.

GASB Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement is effective for periods beginning after June 15, 2018.

GASB Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for periods beginning after December 15, 2018.

GASB Statement No. 85 – *Omnibus 2017*. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement is effective for periods beginning after June 15, 2017.

GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement is effective for periods beginning after June 15, 2017.

GASB Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for periods beginning after December 15, 2019.

Effects of the County's financial statements as a result of the adoption of these new pronouncements are unknown.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

XIII. FUND BALANCE CONSTRAINTS

The constraints on fund balance are listed in aggregate in the Statement of Revenues, Expenditures, and Changes in Fund Balances. The following table provides detail on fund balance constraints according to balance classification and fund.

	Major Special Revenue Funds			Non-Major Governmental Funds	Total
	General	Road and Bridge	Law Enforcement Sales Tax		
Fund Balances:					
Restricted for:					
Tax Increment Financing	\$ -	\$ -	\$ -	\$ 702,363	\$ 702,363
SBRF	-	-	-	-	-
Road and Bridges	-	1,444,394	-	1,397,336	2,841,730
Debt Service - COPS	-	-	-	-	-
Assessment	-	-	-	529,483	529,483
Emergency	241,343	-	-	-	241,343
Senior Citizens	-	-	-	107,434	107,434
Sheriff Revolving	-	-	-	347,351	347,351
Co Law Enf. Restitution	-	-	-	78,457	78,457
Law Enforcement Sales Tax	-	-	1,084,899	-	1,084,899
Law Enforcement Training	-	-	-	13,889	13,889
Inmate Security	-	-	-	44,298	44,298
Sheriff Civil Fees	-	-	-	64,236	64,236
Equitable Sharing Fund	-	-	-	10,206	10,206
Recorder User Fee Fund	-	-	-	86,176	86,176
Surplus	-	-	-	136,974	136,974
Collector Tax Maintenance	-	-	-	235,870	235,870
Fines	-	-	-	113,565	113,565
Election Services	-	-	-	49,621	49,621
Prosecuting Attorney					
Delinquent Tax Fund	-	-	-	6,795	6,795
Prosecuting Attorney					
Training	-	-	-	6,956	6,956
Prosecuting Attorney					
Handling	-	-	-	78,679	78,679
Victims of Violence	-	-	-	7,350	7,350
Insurance Maintenance	-	-	-	12,059	12,059
Recorder User Fee Fund	-	-	-	45,238	45,238
Sheriff (Commissary)	-	-	-	82,998	82,998
Sheriff	-	-	-	7,964	7,964
Sheriff (D.A.R.E.)	-	-	-	4,818	4,818
County Clerk	-	-	-	50	50
Total Restricted	241,343	1,444,394	1,084,899	4,170,166	6,940,802
Committed for:					
Fees Due Others	-	-	-	1,731	1,731
Total Committed	-	-	-	1,731	1,731
Assigned for:					
Circuit Court	31,820	-	-	-	31,820
Stabilization	2,138,343	-	-	-	2,138,343
Total Assigned	2,170,163	-	-	-	2,170,163
Unassigned	4,030,352	-	-	-	4,030,352
	<u>\$ 6,441,858</u>	<u>\$ 1,444,394</u>	<u>\$ 1,084,899</u>	<u>\$ 4,171,897</u>	<u>\$ 13,143,048</u>

ST. FRANCOIS COUNTY
 FARMINGTON, MISSOURI
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2017

XIV. ADOPTION OF NEW ACCOUNTING STANDARDS

For the year ended December 31, 2017, the County adopted the GASB Statement No. 80 “*Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*”. The objective of this Statement is to revise existing accounting and financial reporting requirements when analyzing component unit inclusion in the financial statements. The requirements in Statement No. 80 are effective for periods beginning after June 15, 2016.

For the year ended December 31, 2017, the County adopted the GASB No. 81 “*Irrevocable Split-Interest Payments*”. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements in Statement No. 81 are effective for periods beginning after December 15, 2016.

For the year ended December 31, 2017, the County adopted the GASB Statement No. 82 “*Pension Issues – an amendment of GASB Statement No. 67, 68, and 73*”. The objective of this Statement is to improve accounting and financial reporting for pensions previously discussed in prior statements. The requirements in Statement No. 82 are effective for periods beginning after June 15, 2016.

XV. PRIOR PERIOD ADJUSTMENTS

The previously stated Net Position/Fund Balances have been adjusted as follows:

	Government-Wide Net Position	Fund Balances
Previously Stated Net Position December 31, 2016, as previously stated:	\$ 36,919,449	\$ 12,635,816
Conversion to modified cash basis:		
Related to fixed assets	(26,227,869)	-
Related to long-term liabilities	1,944,236	-
Reclassification of funds from special revenue to fiduciary:		
Drug Court Fund	(167,716)	(167,716)
Road and Bridge #2 Fund	-	-
County Health Fund	-	-
Developmentally Disabled Fund	-	-
School & College Fund	-	-
Co. Employees Retirement Fund	-	-
Cities Fund	-	-
Ambulance District Fund	-	-
Juvenile Electronics Fund	(587)	(587)
Juvenile Restitution Fund	-	-
Juvenile DFS Crisis Intervention Fund	(949)	(949)
Fund Balance/Net Position, December 31, 2016, as restated	\$ 12,466,564	\$ 12,466,564

SUPPLEMENTARY INFORMATION

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 588,050	\$ 588,050	\$ 475,156	\$ (112,894)
Sales taxes	3,637,000	3,637,000	3,919,853	282,853
Intergovernmental revenue	1,953,624	1,953,624	2,321,216	367,592
Charges for services	10,500	10,500	31,768	21,268
Grants, distributions and reimbursements	3,000	3,000	14,093	11,093
Fees, licenses and permits	6,590	6,590	17,020	10,430
Interest	20,150	20,150	57,096	36,946
Other	466,759	466,759	418,435	(48,324)
Total revenues	6,685,673	6,685,673	7,254,637	568,964
Expenditures				
Administration	5,583,239	5,593,239	4,014,287	(1,578,952)
Property valuation and recording	-	-	-	-
Administration of justice and law	2,194,882	2,194,882	2,046,349	(148,533)
Road and bridge	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	250,000	250,000	232,905	(17,095)
Debt service:				
Principal payments	279,918	279,918	260,000	(19,918)
Interest payments	18,293	18,293	38,210	19,917
Fiscal agent fees	-	-	-	-
Total expenditures	8,326,332	8,336,332	6,591,751	(1,744,581)
Revenues over (under) expenditures	(1,640,659)	(1,650,659)	662,886	2,313,545
Other financing sources (uses):				
Issuance of long-term debt	298,210	298,210	-	(298,210)
Transfers in	50,000	50,000	335,181	285,181
Transfers out	238,840	238,840	(298,485)	(537,325)
Total other financing sources (uses)	587,050	587,050	36,696	(550,354)
NET CHANGE IN FUND BALANCES	(1,053,609)	(1,063,609)	699,582	1,763,191
Fund balances, beginning of year	5,742,276	5,742,276	5,742,276	
Fund balances, end of year	<u>\$ 4,688,667</u>	<u>\$ 4,678,667</u>	<u>\$ 6,441,858</u>	

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 1,683,000	\$ 1,683,000	\$ 1,716,717	\$ 33,717
Sales taxes	134,000	134,000	195,301	61,301
Intergovernmental revenue	683,000	683,000	701,931	18,931
Charges for services	-	-	-	-
Grants, distributions and reimbursements	1,000	1,000	16,512	15,512
Fees, licenses and permits	-	-	-	-
Interest	1,000	1,000	16,619	15,619
Other	15,000	15,000	17,946	2,946
Total revenues	<u>2,517,000</u>	<u>2,517,000</u>	<u>2,665,026</u>	<u>148,026</u>
Expenditures				
Administration	-	-	-	-
Property valuation and recording	-	-	-	-
Administration of justice and law	-	-	-	-
Road and bridge	3,624,831	3,624,831	2,211,775	2,211,775
Miscellaneous	-	-	-	-
Capital outlay	27,000	27,000	947,088	947,088
Debt service:				
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	<u>3,651,831</u>	<u>3,651,831</u>	<u>3,158,863</u>	<u>3,158,863</u>
Revenues over (under) expenditures	<u>(1,134,831)</u>	<u>(1,134,831)</u>	<u>(493,837)</u>	<u>(3,010,837)</u>
Other financing sources (uses):				
Issuance of long-term debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(1,134,831)</u>	<u>(1,134,831)</u>	<u>(493,837)</u>	<u>(3,010,837)</u>
Fund balances, beginning of year	<u>1,938,231</u>	<u>1,938,231</u>	<u>1,938,231</u>	
Fund balances, end of year	<u>\$ 803,400</u>	<u>\$ 803,400</u>	<u>\$ 1,444,394</u>	

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
LAW ENFORCEMENT SALES TAX FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	3,335,000	3,335,000	3,604,740	269,740
Intergovernmental revenue	728,000	728,000	643,975	(84,025)
Charges for services	-	-	-	-
Grants, distributions and reimbursements	-	-	-	-
Fees, licenses and permits	-	-	-	-
Interest	250	250	6,704	6,454
Other	700,100	700,100	527,332	(172,768)
Total revenues	4,763,350	4,763,350	4,782,751	19,401
Expenditures				
Administration	-	-	-	-
Property valuation and recording	-	-	-	-
Administration of justice and law	5,172,004	5,172,004	4,837,993	-
Road and bridge	-	-	-	2,211,775
Miscellaneous	-	-	-	-
Capital outlay	-	-	37,519	947,088
Debt service:			-	-
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	5,172,004	5,172,004	4,875,512	3,158,863
Revenues over (under) expenditures	(408,654)	(408,654)	(92,761)	(3,139,462)
Other financing sources (uses):				
Issuance of long-term debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(408,654)	(408,654)	(92,761)	(3,139,462)
Fund balances, beginning of year	1,177,660	1,177,660	1,177,660	
Fund balances, end of year	<u>\$ 769,006</u>	<u>\$ 769,006</u>	<u>\$ 1,084,899</u>	

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
NOTES TO BUDGETARY SCHEDULES
DECEMBER 31, 2017

Budget and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.
2. On or before September 1st, each elected officer and department director will transmit to the County Auditor, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Auditor submits to the County Commission a proposed budget for the fiscal year beginning January 1 by November 15th. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.
4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.
5. Prior to January disbursements, the budget is legally enacted by a vote of the County Commission.
6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

7. Budgets are prepared and adopted on the cash basis of accounting.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
COMBINING BALANCE SHEET - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
AS OF DECEMBER 31, 2017

	Insurance Maintenance Fund/Flex Spend	Assessment Fund	Fees Due Other Funds	Senior Citizens Service Fund	Road Improvement Tax Fund	Sheriff's Revolving Fund	County Law Enforcement Restitution Fund	Law Enforcement Training Fund	Recorder's User Fee Fund
ASSETS									
Cash and cash equivalents	\$ 12,059	\$ 529,483	\$ 1,731	\$ 107,434	\$ 1,397,336	\$ 347,351	\$ 78,457	\$ 13,889	\$ 86,176
Investments	-	-	-	-	-	-	-	-	-
Due from Collector of Revenue	-	-	-	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-	-	-	-
Total assets	\$ 12,059	\$ 529,483	\$ 1,731	\$ 107,434	\$ 1,397,336	\$ 347,351	\$ 78,457	\$ 13,889	\$ 86,176
LIABILITIES									
Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to various taxing authorities and others	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Restricted	12,059	529,483	-	107,434	1,397,336	347,351	78,457	13,889	86,176
Committed	-	-	1,731	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Total fund balances	12,059	529,483	1,731	107,434	1,397,336	347,351	78,457	13,889	86,176
Total liabilities and fund balances	\$ 12,059	\$ 529,483	\$ 1,731	\$ 107,434	\$ 1,397,336	\$ 347,351	\$ 78,457	\$ 13,889	\$ 86,176

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
COMBINING BALANCE SHEET - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
AS OF DECEMBER 31, 2017

	Surplus Tax Sale Fund	Collector's Tax Maintenance Fund	Fines Fund	Election Cost Special Fund	Prosecuting Attorney Training Fund	Prosecuting Attorney Handling Cost Fund	Victims Violence Fund	Prosecuting Attorney Delinquent Tax Fund	Inmate Security Fund	Sheriff's Civil Fees Fund
ASSETS										
Cash and cash equivalents	\$ 136,974	\$ 235,870	\$ 113,565	\$ -	\$ 6,956	\$ 78,679	\$ 7,350	\$ 6,795	\$ 44,298	\$ 64,236
Investments	-	-	-	-	-	-	-	-	-	-
Due from Collector of Revenue	-	-	-	-	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 136,974	\$ 235,870	\$ 113,565	\$ -	\$ 6,956	\$ 78,679	\$ 7,350	\$ 6,795	\$ 44,298	\$ 64,236
LIABILITIES										
Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to various taxing authorities and others	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-
FUND BALANCES										
Restricted	136,974	235,870	113,565	-	6,956	78,679	7,350	6,795	44,298	64,236
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	136,974	235,870	113,565	-	6,956	78,679	7,350	6,795	44,298	64,236
Total liabilities and fund balances	\$ 136,974	\$ 235,870	\$ 113,565	\$ -	\$ 6,956	\$ 78,679	\$ 7,350	\$ 6,795	\$ 44,298	\$ 64,236

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
COMBINING BALANCE SHEET - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
AS OF DECEMBER 31, 2017

	Tax Increment Financing Fund	Election Services Fund	D.S.S.S.F. Fund	Sheriff's D.A.R.E. Fund	Sheriff Fund	Recorder Fund	County Clerk Fund	Sheriff Inmate Commissary Fund	Equitable Sharing Fund	Total
ASSETS										
Cash and cash equivalents	\$ 702,363	\$ 49,621	\$ -	\$ 4,818	\$ 7,964	\$ 45,238	\$ 50	\$ 82,998	\$ 10,206	\$ 4,171,897
Investments	-	-	-	-	-	-	-	-	-	-
Due from Collector of Revenue	-	-	-	-	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 702,363	\$ 49,621	\$ -	\$ 4,818	\$ 7,964	\$ 45,238	\$ 50	\$ 82,998	\$ 10,206	\$ 4,171,897
LIABILITIES										
Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to various taxing authorities and others	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-
FUND BALANCES										
Restricted	702,363	49,621	-	4,818	7,964	45,238	50	82,998	10,206	4,170,166
Committed	-	-	-	-	-	-	-	-	-	1,731
Assigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	702,363	49,621	-	4,818	7,964	45,238	50	82,998	10,206	4,171,897
Total liabilities and fund balances	\$ 702,363	\$ 49,621	\$ -	\$ 4,818	\$ 7,964	\$ 45,238	\$ 50	\$ 82,998	\$ 10,206	\$ 4,171,897

ST. FRANCOIS COUNTY

FARMINGTON, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
AS OF DECEMBER 31, 2017**

	Insurance Maintenance Fund/Flex Spend	Assessment Fund	Fees Due Other Funds	Senior Citizens Service Fund	Road Improvement Tax Fund	Sheriff's Revolving Fund	County Law Enforcement Restitution Fund	Law Enforcement Training Fund	Recorder's User Fee Fund
REVENUES:									
Property taxes	\$ -	\$ 436,445	\$ -	\$ 362,414	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	1,814,394	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	3,276	-	-	-	-	-	5,847	13,526
Grants, distributions and reimbursements	-	133,171	-	-	-	-	-	-	-
Fees, licenses, and permits	-	-	-	-	-	15,650	27,643	-	-
Interest	73	6,528	-	1,106	11,313	2,908	561	103	650
Other	11,212	300,992	-	-	50,128	-	-	-	23,550
Total revenues	\$ 11,285	\$ 880,412	\$ -	\$ 363,520	\$ 1,875,835	\$ 18,558	\$ 28,204	\$ 5,950	\$ 37,726
EXPENDITURES:									
Administration	-	-	-	387,700	-	-	-	-	-
Property assessments	-	1,069,562	-	-	-	-	-	-	-
Public safety and judicial	-	-	-	-	-	13,750	-	2,377	-
Road and bridge	-	-	-	-	606,999	-	-	-	-
Miscellaneous	11,027	-	177	-	-	-	-	-	26,760
Capital outlay	-	694	-	-	710,661	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Principal payments	-	-	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-	-	-
Fiscal agent fees	-	-	-	-	-	-	-	-	-
Total expenditures	11,027	1,070,256	177	387,700	1,317,660	13,750	-	2,377	26,760
Excess of revenues over (under) expenditures	258	(189,844)	(177)	(24,180)	558,175	4,808	28,204	3,573	10,966
Other financing sources (uses)									
Issuance of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	304	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	304	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	258	(189,844)	127	(24,180)	558,175	4,808	28,204	3,573	10,966
FUND BALANCE - BEGINNING OF YEAR	11,801	719,327	1,604	131,614	839,161	342,543	50,253	10,316	75,210
FUND BALANCE - END OF YEAR	\$ 12,059	\$ 529,483	\$ 1,731	\$ 107,434	\$ 1,397,336	\$ 347,351	\$ 78,457	\$ 13,889	\$ 86,176

ST. FRANCOIS COUNTY

FARMINGTON, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
AS OF DECEMBER 31, 2017**

	Surplus Tax Sale Fund	Collector's Tax Maintenance Fund	Fines Fund	Election Cost Special Fund	Prosecuting Training Fund	Prosecuting Attorney Handling Cost Fund	Victims Violence Fund	Prosecuting Attorney Delinquent Tax Fund	Inmate Security Fund	Sheriff's Civil Fees Fund
REVENUES:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	1,874	-	-	-	-	-	-	-
Charges for services	-	-	202,260	-	1,017	14,049	-	550	-	-
Grants, distributions and reimbursements	-	-	-	-	-	-	-	-	-	-
Fees, licenses, and permits	-	112,953	-	-	-	-	14,378	-	15,343	51,452
Interest	-	1,912	1,913	-	54	675	36	55	320	689
Other	55,065	-	-	63,438	92	-	-	-	-	-
Total revenues	\$ 55,065	\$ 114,865	\$ 206,047	\$ 63,438	\$ 1,163	\$ 14,724	\$ 14,414	\$ 605	\$ 15,663	\$ 52,141
EXPENDITURES:										
Administration	440	-	-	-	-	-	14,347	-	-	-
Property assessments	-	60,626	-	-	-	2,495	-	-	-	-
Public safety and judicial	-	-	211,868	-	-	-	-	-	125	22,512
Road and bridge	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	63,438	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	55,150
Debt service	-	-	-	-	-	-	-	-	-	-
Principal payments	-	-	-	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-	-	-	-
Fiscal agent fees	-	-	-	-	-	-	-	-	-	-
Total expenditures	440	60,626	211,868	63,438	-	2,495	14,347	-	125	77,662
Excess of revenues over (under) expenditures	54,625	54,239	(5,821)	-	1,163	12,229	67	605	15,538	(25,521)
Other financing sources (uses)										
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	20,192	-	-	-	-	-	-	-
Transfers out	(20,192)	(30,000)	-	-	-	(7,000)	-	-	-	-
Total other financing sources (uses)	(20,192)	(30,000)	20,192	-	-	(7,000)	-	-	-	-
NET CHANGE IN FUND BALANCE	34,433	24,239	14,371	-	1,163	5,229	67	605	15,538	(25,521)
FUND BALANCE - BEGINNING OF YEAR	102,541	211,631	99,194	-	5,793	73,450	7,283	6,190	28,760	89,757
FUND BALANCE - END OF YEAR	\$ 136,974	\$ 235,870	\$ 113,565	\$ -	\$ 6,956	\$ 78,679	\$ 7,350	\$ 6,795	\$ 44,298	\$ 64,236

ST. FRANCOIS COUNTY

FARMINGTON, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
AS OF DECEMBER 31, 2017**

	Tax Increment Financing Fund	Election Services Fund	D.S.S.S.F. Fund	Sheriff's D.A.R.E. Fund	Sheriff Fund	Recorder Fund	County Clerk Fund	Sheriff Inmate Commissary Fund	Equitable Sharing Fund	Total
REVENUES:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 798,859
Sales taxes	-	-	-	-	-	-	-	-	-	1,814,394
Intergovernmental	857,900	-	-	5,000	-	160,384	-	-	-	1,025,158
Charges for services	-	-	-	-	418,523	-	-	-	-	659,048
Grants, distributions and reimbursements	-	-	20,798	-	-	-	-	-	-	153,969
Fees, licenses, and permits	-	-	37	-	15,179	214,725	39,888	-	-	507,248
Interest	3,814	421	-	-	-	-	-	-	181	33,312
Other	-	2,719	-	-	2,353	120,735	-	302,642	34,491	967,417
Total revenues	\$ 861,714	\$ 3,140	\$ 20,835	\$ 5,000	\$ 436,055	\$ 495,844	\$ 39,888	\$ 302,642	\$ 34,672	\$ 5,959,405
EXPENDITURES:										
Administration	-	-	-	-	-	-	39,888	-	-	442,375
Property assessments	772,176	-	-	-	-	494,138	-	-	-	2,398,997
Public safety and judicial	-	-	20,835	5,505	436,879	-	-	-	30,358	744,209
Road and bridge	-	-	-	-	-	-	-	-	-	606,999
Miscellaneous	-	3,025	-	-	-	-	-	295,697	-	400,124
Capital outlay	-	-	-	-	-	-	-	-	-	766,505
Debt service										
Principal payments	-	-	-	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-	-	-	-
Fiscal agent fees	-	-	-	-	-	-	-	-	-	-
Total expenditures	772,176	3,025	20,835	5,505	436,879	494,138	39,888	295,697	30,358	5,359,209
Excess of revenues over (under) expenditures	89,538	115	-	(505)	(824)	1,706	-	6,945	4,314	600,196
Other financing sources (uses)										
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	20,496
Transfers out	-	-	-	-	-	-	-	-	-	(57,192)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(36,696)
NET CHANGE IN FUND BALANCE	89,538	115	-	(505)	(824)	1,706	-	6,945	4,314	563,500
FUND BALANCE - BEGINNING OF YEAR	612,825	49,506	-	5,323	8,788	43,532	50	76,053	5,892	3,608,397
FUND BALANCE - END OF YEAR	\$ 702,363	\$ 49,621	\$ -	\$ 4,818	\$ 7,964	\$ 45,238	\$ 50	\$ 82,998	\$ 10,206	\$ 4,171,897

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
AGENCY FUNDS
AS OF DECEMBER 31, 2017

	Circuit Court Agency Funds	County Collector of Revenue Agency Funds	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 708,191	\$ 31,992,565	\$ 32,700,756
Investments	-	-	-
Total assets	\$ 708,191	\$ 31,992,565	\$ 32,700,756
LIABILITIES			
Due to various taxing authorities and others	\$ -	\$ 31,697,556	\$ 31,697,556
Protested taxes	-	292,320	292,320
Funds held for bankruptcy	-	2,689	2,689
Funds held for state agency	708,191	-	708,191
Total liabilities	\$ 708,191	\$ 31,992,565	\$ 32,700,756
NET POSITION			
Unrestricted	\$ -	\$ -	\$ -
Total Net Position	\$ -	\$ -	\$ -

STATE COMPLIANCE SECTION

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
SCHEDULE OF STATE FINDINGS
YEAR ENDED DECEMBER 31, 2017

SCHEDULE OF STATE FINDINGS

There were no state findings noted for the year ended December 31, 2017.

INTERNAL CONTROL AND COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the County Commission of
St. Francois 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 St. Francois County ("County") as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 14, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. [FS 2017-001 and FS 2017-002]

Compliance and Other Matters

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

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's responses were 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Jones & Associates

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

June 14, 2018

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2017

I. FINANCIAL STATEMENT FINDINGS

FS 2017-001 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared in the County.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County offices develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The St. Francois County Commission is developing an internal control document to address and communicate the components of internal controls and antifraud policies currently in place through the County's financial software or through implementation of Officeholders. The County Commission, Officeholders, and Department heads will understand the controls and ensure they are operating effectively.

FS 2017-002 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place for the County.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2017

I. FINANCIAL STATEMENT FINDINGS (concluded)

FS 2017-002 Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of responsible officials and planned corrective actions: The St. Francois County Commission is developing an internal control document to address and communicate the components of internal controls and antifraud policies currently in place through the County's financial software or through implementation of Officeholders. The County Commission, Officeholders, and Department heads will understand the controls and ensure they are operating effectively.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Finding: 2016-001

Type: Internal Control

Criteria: An internal control system should include written policies and procedures.

Condition: The County does not have written policies and procedures to support an internal control environment for federal grants that are included within the financial statements.

Cause: No formal policies or procedures have been approved, communicated, or implemented regarding federal programs.

Effect: Risk of non-compliance increases.

Recommendation: The County should develop the required internal control documentation for federal programs to support the financial statements that include the program activity.

Status: This finding has been repeated as findings FS 2017-001 and FS 2017-002.

Finding: 2016-002

Type: Internal Control

Criteria: Management is responsible for establishing and maintaining effective internal controls.

Condition: The County does not have adequate segregation of duties.

Cause of Condition: Each office is responsible for conducting procedures and internal controls so the county government operates effectively. The internal controls are not operating in order to prevent deficiencies within the internal control environment.

Effect of Condition: The deficiency in the operating controls may not minimize the risk of fraud and material misstatement to the financial statements.

Recommendation: The County should reassess the internal controls procedures and duties of the office holders and supporting staff to the extent possible to establish mitigating controls.

Status: This finding has been resolved for the year ended December 31, 2017.

ST. FRANCOIS COUNTY
FARMINGTON, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017

II. PRIOR YEAR SINGLE AUDIT FINDINGS

Finding: 2016-003

Type: Internal Control

Criteria: Management must establish effective internal controls over federal awards that provide reasonable assurance that the entity is managing the federal awards related to the terms and conditions of the federal award.

Condition: The County does not have written internal control policies pertaining to federal awards.

Cause of Condition: Each office is responsible for conducting procedures and internal controls to ensure the County is in compliance with the federal statutes and regulations related to the federal programs.

Effect of Condition: Lack of policies and procedures may result in noncompliance of a federal award.

Recommendation: The County should approve internal control policies and procedures specific to the federal awards.

Status: The County is not a single audit for the year ended December 31, 2017.