



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

To the County Commission  
and  
Officeholders of Henry County, Missouri

The Office of the State Auditor contracted for an audit of Henry County's financial statements for the 2 years ended December 31, 2018, through the state Office of Administration, Division of Purchasing and Materials Management. The audit includes an audit of each county officer in fulfillment of our duties under Section 29.230.1, RSMo. A copy of the audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

Nicole R. Galloway, CPA  
State Auditor

August 2019  
Report No. 2019-074

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORTS  
AND SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2017 AND 2018

**THE COUNTY OF HENRY  
CLINTON, MISSOURI  
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## **FINANCIAL SECTION**



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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INDEPENDENT AUDITOR'S REPORT

To the County Commission  
The County of Henry, Missouri

**Report on the Financial Statements**

We have audited the accompanying financial statements of the County of Henry (County), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2018 and 2017, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. This includes determining that the regulatory 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 an opinion 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.

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

As described in Note I of the financial statements, the financial statements are prepared by the County on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2018, and 2017, or changes in net position or cash flows thereof for the years then ended.

### ***Unmodified Opinions on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the County as of December 31, 2018, and 2017, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2019, on our consideration of the County of Henry’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 County of Henry’s internal control over financial reporting and compliance.



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

July 19, 2019

## **FINANCIAL STATEMENTS**

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018

FUND	CASH AND INVESTMENTS JANUARY 1, 2018	RECEIPTS 2018	DISBURSEMENTS 2018	CASH AND INVESTMENTS DECEMBER 31, 2018
General Revenue Fund	\$ 2,111,620.20	\$ 3,403,262.29	\$ 3,401,568.02	\$ 2,113,314.47
Special Road and Bridge Fund	1,431,607.77	1,132,595.12	1,193,917.55	1,370,285.34
Assessment Fund	22,014.32	395,889.66	402,380.14	15,523.84
Central Emergency Communications Fund	-	-	-	-
Law Enforcement Training Fund	1,013.93	6,670.73	5,131.27	2,553.39
Prosecuting Attorney's Training Fund	191.94	1,093.68	800.00	485.62
Administrative Handling Cost Fund	3,637.09	14,620.79	16,782.30	1,475.58
Sheriff Revolving Fund	1,339.53	7,356.00	3,681.39	5,014.14
Victims of Domestic Violence Fund	-	1,031.00	1,031.00	-
Local Use Tax Fund	245,206.86	-	245,206.86	-
Local Emergency Planning Commission Fund	18,541.28	3,236.54	7,749.65	14,028.17
Sheriff's Civil Fund	1,627.74	20,378.21	16,160.63	5,845.32
Election Service Fund	18,532.41	10,814.29	1,270.60	28,076.10
Recorder's Records Storage Preservation Fund	53,078.78	13,335.42	11,720.00	54,694.20
Tax Maintenance Fund	24,873.75	35,193.78	22,367.73	37,699.80
Log Jam/CDBG Fund	34,346.91	-	-	34,346.91
Senior Citizens Service Fund	102,604.36	172,023.94	169,570.63	105,057.67
Henry County Law Enforcement Fund	412,538.45	2,385,636.88	2,601,103.57	197,071.76
Inmate Security Fund	29.69	167,188.50	150,843.01	16,375.18
TOTAL	<u>\$ 4,482,805.01</u>	<u>\$ 7,770,326.83</u>	<u>\$ 8,251,284.35</u>	<u>\$ 4,001,847.49</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

FUND	CASH AND INVESTMENTS JANUARY 1, 2017	RECEIPTS 2017	DISBURSEMENTS 2017	CASH AND INVESTMENTS DECEMBER 31, 2017
General Revenue Fund	\$ 2,149,345.10	\$ 3,460,834.14	\$ 3,498,559.04	\$ 2,111,620.20
Special Road and Bridge Fund	1,229,045.85	1,147,114.09	944,552.17	1,431,607.77
Assessment Fund	28,377.67	389,026.06	395,389.41	22,014.32
Central Emergency Communications Fund	6,665.63	458.99	7,124.62	-
Law Enforcement Training Fund	561.76	6,822.39	6,370.22	1,013.93
Prosecuting Attorney's Training Fund	161.17	1,163.05	1,132.28	191.94
Administrative Handling Cost Fund	2,809.22	20,988.56	20,160.69	3,637.09
Sheriff Revolving Fund	332.79	12,622.00	11,615.26	1,339.53
Victims of Domestic Violence Fund	95.00	982.00	1,077.00	-
Local Use Tax Fund	787,312.82	257,894.04	800,000.00	245,206.86
Local Emergency Planning Commission Fund	16,759.48	3,089.38	1,307.58	18,541.28
Sheriff's Civil Fund	11,858.82	16,054.46	26,285.54	1,627.74
Election Service Fund	17,671.06	7,261.35	6,400.00	18,532.41
Recorder's Records Storage Preservation Fund	40,753.87	12,669.91	345.00	53,078.78
Tax Maintenance Fund	44,332.62	30,200.72	49,659.59	24,873.75
Log Jam/CDBG Fund	34,346.91	-	-	34,346.91
Senior Citizens Service Fund	81,617.65	165,598.46	144,611.75	102,604.36
Henry County Law Enforcement Fund	206,662.47	2,716,319.15	2,510,443.17	412,538.45
Inmate Security Fund	16,032.71	163,590.66	179,593.68	29.69
<b>TOTAL</b>	<b>\$ 4,674,742.60</b>	<b>\$ 8,412,689.41</b>	<b>\$ 8,604,627.00</b>	<b>\$ 4,482,805.01</b>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	GENERAL REVENUE FUND			
	2018		2017	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 185,000.00	\$ 207,352.82	\$ 180,000.00	\$ 145,012.71
Sales Taxes	1,500,000.00	1,579,993.24	1,275,000.00	1,302,554.33
Intergovernmental	727,270.67	667,329.83	744,531.48	747,281.03
Charges for Services	577,300.00	628,674.61	577,274.63	590,401.98
Interest	18,000.00	36,878.72	6,000.00	19,007.59
Other	35,346.00	37,826.21	40,070.00	56,576.50
Transfers In	245,206.86	245,206.86	600,000.00	600,000.00
TOTAL RECEIPTS	3,288,123.53	3,403,262.29	3,422,876.11	3,460,834.14
DISBURSEMENTS				
County Commission	119,988.65	117,916.93	139,852.40	138,140.93
County Clerk	96,989.56	94,550.24	94,813.52	94,212.48
Elections	145,500.00	85,515.04	70,200.00	53,501.19
Buildings and Grounds	773,286.10	285,528.30	767,110.04	466,976.54
Employee Fringe Benefits	234,000.00	202,049.57	269,000.00	226,718.75
County Treasurer	105,040.00	102,781.07	99,971.02	98,579.23
Collector	27,100.00	24,941.17	26,300.00	19,897.98
Recorder of Deeds	112,000.00	103,765.28	116,479.52	104,162.39
Circuit Clerk	26,000.00	25,827.13	28,000.00	20,378.11
Court Administration	146,836.50	101,384.46	145,662.50	103,879.12
Public Administrator	49,300.00	25,040.00	35,300.00	22,763.50
Prosecuting Attorney	340,000.00	339,953.77	322,000.00	327,372.36
Juvenile Officer	293,011.00	259,740.66	300,423.00	260,916.68
Coroner	53,562.46	36,435.12	46,098.46	45,689.32
Other	453,510.66	382,807.73	453,803.64	417,573.59
Health and Welfare	4,000.00	4,000.00	4,000.00	4,000.00
Debt Service	1,110,000.00	1,109,331.55	1,100,000.00	1,093,796.87
Transfers Out	100,000.00	100,000.00	-	-
Emergency Fund	100,000.00	-	100,000.00	-
TOTAL DISBURSEMENTS	4,290,124.93	3,401,568.02	4,119,014.10	3,498,559.04
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(1,002,001.40)	1,694.27	(696,137.99)	(37,724.90)
CASH AND INVESTMENT				
BALANCES, JANUARY 1	2,111,620.20	2,111,620.20	2,149,345.10	2,149,345.10
CASH AND INVESTMENT				
BALANCES, DECEMBER 31	\$ 1,109,618.80	\$ 2,113,314.47	\$ 1,453,207.11	\$ 2,111,620.20

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	SPECIAL ROAD AND BRIDGE FUND			
	2018		2017	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 127,630.51	\$ 127,690.89	\$ 117,000.00	\$ 121,772.40
Sales Taxes	-	-	-	-
Intergovernmental	848,500.00	900,866.84	757,000.00	840,530.52
Charges for Services	-	-	-	-
Interest	8,000.00	15,849.95	3,000.00	9,735.72
Other	57,600.00	88,187.44	87,600.00	175,075.45
Transfers In	-	-	-	-
TOTAL RECEIPTS	1,041,730.51	1,132,595.12	964,600.00	1,147,114.09
DISBURSEMENTS				
Salaries	221,000.00	212,876.95	185,000.00	185,340.40
Employee Fringe Benefits	70,000.00	59,983.21	61,520.00	61,897.82
Supplies	61,300.00	70,798.91	57,750.00	47,088.94
Insurance	21,000.00	17,842.68	20,000.00	19,904.58
Materials	115,000.00	174,767.27	110,000.00	77,384.82
Equipment Repairs	45,000.00	34,351.90	35,000.00	39,683.13
Equipment Purchases	270,000.00	46,334.26	220,000.00	70,646.29
Road and Bridge Construction	503,197.00	572,554.97	429,697.00	439,866.28
Other	6,000.00	4,407.40	5,000.00	2,739.91
TOTAL DISBURSEMENTS	1,312,497.00	1,193,917.55	1,123,967.00	944,552.17
RECEIPTS OVER (UNDER) DISBURSEMENTS	(270,766.49)	(61,322.43)	(159,367.00)	202,561.92
CASH AND INVESTMENT BALANCES, JANUARY 1	1,431,607.77	1,431,607.77	1,229,045.85	1,229,045.85
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 1,160,841.28	\$ 1,370,285.34	\$ 1,069,678.85	\$ 1,431,607.77

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	ASSESSMENT FUND				CENTRAL EMERGENCY COMMUNICATIONS FUND			
	2018		2017		2018		2017	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 357,596.00	\$ 361,498.17	\$ 360,519.28	\$ 344,250.36	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	6,865.00	2,000.00	16,160.00	-	-	-	-
Interest	600.00	714.84	461.56	561.80	-	-	4.28	4.49
Other	30,000.00	26,811.65	42,500.00	28,053.90	-	-	454.50	454.50
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	388,196.00	395,889.66	405,480.84	389,026.06	-	-	458.78	458.99
DISBURSEMENTS								
Salaries	261,840.00	262,116.22	258,887.19	261,141.09	-	-	-	-
Employee Fringe Benefits	66,000.00	59,303.51	64,500.00	63,590.11	-	-	-	-
Office	21,000.00	16,701.84	36,500.00	12,711.76	-	-	-	-
Equipment	23,000.00	52,739.82	30,000.00	24,825.07	-	-	-	-
Mileage & Training	13,248.48	6,914.70	8,000.00	7,888.61	-	-	-	-
Insurance	5,000.00	4,604.05	4,500.00	4,706.77	-	-	-	-
Pictometry	20,000.00	-	30,000.00	20,526.00	-	-	-	-
Other	-	-	-	-	-	-	7,124.41	7,124.62
TOTAL DISBURSEMENTS	410,088.48	402,380.14	432,387.19	395,389.41	-	-	7,124.41	7,124.62
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,892.48)	(6,490.48)	(26,906.35)	(6,363.35)	-	-	(6,665.63)	(6,665.63)
CASH AND INVESTMENT BALANCES, JANUARY 1	22,014.32	22,014.32	28,377.67	28,377.67	-	-	6,665.63	6,665.63
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 121.84</u>	<u>\$ 15,523.84</u>	<u>\$ 1,471.32</u>	<u>\$ 22,014.32</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	LAW ENFORCEMENT TRAINING FUND				PROSECUTING ATTORNEY'S TRAINING FUND			
	2018		2017		2018		2017	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	\$ 6,000.00	\$ 6,670.73	\$ 6,500.00	\$ 6,822.39	\$ 1,500.00	\$ 1,093.68	\$ 1,000.00	\$ 1,163.05
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	6,000.00	6,670.73	6,500.00	6,822.39	1,500.00	1,093.68	1,000.00	1,163.05
DISBURSEMENTS								
Training Expenses	4,500.00	3,352.02	3,500.00	3,488.33	1,087.96	800.00	500.00	1,132.28
Dues and Subscriptions	1,500.00	1,779.25	3,000.00	2,881.89	500.00	-	661.17	-
TOTAL DISBURSEMENTS	6,000.00	5,131.27	6,500.00	6,370.22	1,587.96	800.00	1,161.17	1,132.28
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	1,539.46	-	452.17	(87.96)	293.68	(161.17)	30.77
CASH AND INVESTMENT BALANCES, JANUARY 1	1,013.93	1,013.93	561.76	561.76	191.94	191.94	161.17	161.17
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 1,013.93</u>	<u>\$ 2,553.39</u>	<u>\$ 561.76</u>	<u>\$ 1,013.93</u>	<u>\$ 103.98</u>	<u>\$ 485.62</u>	<u>\$ -</u>	<u>\$ 191.94</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	ADMINISTRATIVE HANDLING COST FUND				SHERIFF REVOLVING FUND			
	2018		2017		2018		2017	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ -	\$ 620.00	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	6,000.00	7,551.41	4,000.00	5,138.59	5,000.00	7,326.00	12,000.00	4,922.00
Interest	20.00	62.90	2.00	23.92	-	-	-	-
Other	18,620.00	7,006.48	10,000.00	15,826.05	-	30.00	-	7,700.00
TOTAL RECEIPTS	24,640.00	14,620.79	14,622.00	20,988.56	5,000.00	7,356.00	12,000.00	12,622.00
DISBURSEMENTS								
Office	500.00	335.00	750.00	225.00	-	-	-	-
Restitution Payments	18,000.00	8,139.04	7,000.00	10,771.07	-	-	-	-
Training	-	-	-	-	500.00	693.66	500.00	1,400.00
Equipment	-	-	-	-	1,500.00	934.65	8,000.00	8,426.26
Supplies	-	-	-	-	2,000.00	2,053.08	3,500.00	1,789.00
Services and Other	9,638.64	8,308.26	9,651.17	9,164.62	-	-	-	-
TOTAL DISBURSEMENTS	28,138.64	16,782.30	17,401.17	20,160.69	4,000.00	3,681.39	12,000.00	11,615.26
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,498.64)	(2,161.51)	(2,779.17)	827.87	1,000.00	3,674.61	-	1,006.74
CASH AND INVESTMENT BALANCES, JANUARY 1	3,637.09	3,637.09	2,809.22	2,809.22	1,339.53	1,339.53	332.79	332.79
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 138.45	\$ 1,475.58	\$ 30.05	\$ 3,637.09	\$ 2,339.53	\$ 5,014.14	\$ 332.79	\$ 1,339.53

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	VICTIMS OF DOMESTIC VIOLENCE FUND				LOCAL USE TAX FUND			
	2018		2017		2018		2017	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000.00	\$ 253,460.20
Intergovernmental	1,150.00	1,031.00	1,150.00	982.00	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	350.00	4,433.84
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	1,150.00	1,031.00	1,150.00	982.00	-	-	250,350.00	257,894.04
DISBURSEMENTS								
VDV Disbursements	1,150.00	1,031.00	1,150.00	1,077.00	-	-	-	-
Local Use Tax Expense	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	245,206.86	245,206.86	1,025,000.00	800,000.00
TOTAL DISBURSEMENTS	1,150.00	1,031.00	1,150.00	1,077.00	245,206.86	245,206.86	1,025,000.00	800,000.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	(95.00)	(245,206.86)	(245,206.86)	(774,650.00)	(542,105.96)
CASH AND INVESTMENT BALANCES, JANUARY 1	-	-	95.00	95.00	245,206.86	245,206.86	787,312.82	787,312.82
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ -	\$ -	\$ 95.00	\$ -	\$ -	\$ -	\$ 12,662.82	\$ 245,206.86

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	LOCAL EMERGENCY PLANNING COMMISSION FUND				SHERIFF'S CIVIL FUND			
	2018		2017		2018		2017	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 3,089.38	\$ 3,236.54	\$ 3,700.00	\$ 3,089.38	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	20,000.00	20,378.21	20,000.00	16,054.46
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	3,089.38	3,236.54	3,700.00	3,089.38	20,000.00	20,378.21	20,000.00	16,054.46
DISBURSEMENTS								
Office Expenditures	1,260.00	7,035.65	860.00	937.58	-	-	-	-
Mileage and Training	5,900.00	714.00	3,300.00	370.00	-	-	-	-
Supplies	1,500.00	-	-	-	5,000.00	5,605.82	10,000.00	4,567.71
Uniforms	-	-	-	-	15,000.00	10,554.81	20,000.00	21,717.83
Other	4,000.00	-	4,000.00	-	-	-	-	-
TOTAL DISBURSEMENTS	12,660.00	7,749.65	8,160.00	1,307.58	20,000.00	16,160.63	30,000.00	26,285.54
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,570.62)	(4,513.11)	(4,460.00)	1,781.80	-	4,217.58	(10,000.00)	(10,231.08)
CASH AND INVESTMENT BALANCES, JANUARY 1	18,541.28	18,541.28	16,759.48	16,759.48	1,627.74	1,627.74	11,858.82	11,858.82
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 8,970.66</u>	<u>\$ 14,028.17</u>	<u>\$ 12,299.48</u>	<u>\$ 18,541.28</u>	<u>\$ 1,627.74</u>	<u>\$ 5,845.32</u>	<u>\$ 1,858.82</u>	<u>\$ 1,627.74</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	ELECTION SERVICE FUND				RECORDER'S RECORDS STORAGE PRESERVATION FUND			
	2018		2017		2018		2017	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 17,000.00	\$ 10,814.29	\$ 17,000.00	\$ 7,261.35	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	9,000.00	13,198.00	9,000.00	12,583.50
Interest	-	-	-	-	50.00	137.42	-	86.41
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	17,000.00	10,814.29	17,000.00	7,261.35	9,050.00	13,335.42	9,000.00	12,669.91
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Office Expenses	2,500.00	1,092.99	-	6,400.00	15,000.00	7,720.00	7,000.00	-
Equipment	8,000.00	-	8,000.00	-	15,000.00	4,000.00	10,000.00	345.00
Uniforms	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	20,000.00	-	30,000.00	-
Training and Mileage	-	-	-	-	1,000.00	-	1,000.00	-
Other	5,000.00	177.61	10,000.00	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	15,500.00	1,270.60	18,000.00	6,400.00	51,000.00	11,720.00	48,000.00	345.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,500.00	9,543.69	(1,000.00)	861.35	(41,950.00)	1,615.42	(39,000.00)	12,324.91
CASH AND INVESTMENT BALANCES, JANUARY 1	18,532.41	18,532.41	17,671.06	17,671.06	53,078.78	53,078.78	40,753.87	40,753.87
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 20,032.41</u>	<u>\$ 28,076.10</u>	<u>\$ 16,671.06</u>	<u>\$ 18,532.41</u>	<u>\$ 11,128.78</u>	<u>\$ 54,694.20</u>	<u>\$ 1,753.87</u>	<u>\$ 53,078.78</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	TAX MAINTENANCE FUND				LOG JAM/CDBG FUND			
	2018		2017		2018		2017	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	30,000.00	35,193.78	31,091.42	29,503.60	-	-	-	-
Interest	-	-	400.00	68.83	-	-	-	-
Other	-	-	-	628.29	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	30,000.00	35,193.78	31,491.42	30,200.72	-	-	-	-
DISBURSEMENTS								
Salaries	-	-	6,375.00	7,000.00	-	-	-	-
Employee Fringe Benefits	-	-	488.00	-	-	-	-	-
Office	26,260.00	19,283.04	20,000.00	30,814.48	-	-	-	-
Equipment	10,000.00	1,109.80	25,000.00	828.58	-	-	-	-
Mileage and Training	3,000.00	1,667.39	3,000.00	1,978.47	-	-	-	-
Postage	10,000.00	151.94	17,000.00	7,005.04	-	-	-	-
Other	5,613.75	155.56	3,000.00	2,033.02	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	54,873.75	22,367.73	74,863.00	49,659.59	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(24,873.75)	12,826.05	(43,371.58)	(19,458.87)	-	-	-	-
CASH AND INVESTMENT BALANCES, JANUARY 1	24,873.75	24,873.75	44,332.62	44,332.62	34,346.91	34,346.91	34,346.91	34,346.91
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ -	\$ 37,699.80	\$ 961.04	\$ 24,873.75	\$ 34,346.91	\$ 34,346.91	\$ 34,346.91	\$ 34,346.91

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	SENIOR CITIZENS SERVICE FUND				HENRY COUNTY LAW ENFORCEMENT FUND			
	2018		2017		2018		2017	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$169,492.19	\$168,970.59	\$159,381.32	\$158,346.51	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	1,375,000.00	1,391,874.90	1,350,000.00	1,405,565.64
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	428,557.00	434,285.01	421,674.41	424,829.25
Interest	-	1,288.51	-	1,131.95	1,000.00	2,682.85	1,000.00	1,924.77
Other	-	1,764.84	-	6,120.00	631,441.00	456,794.12	630,072.13	683,999.49
Transfers In	-	-	-	-	-	100,000.00	-	200,000.00
TOTAL RECEIPTS	169,492.19	172,023.94	159,381.32	165,598.46	2,435,998.00	2,385,636.88	2,402,746.54	2,716,319.15
DISBURSEMENTS								
Office Supplies	900.00	203.41	700.00	52.00	-	-	-	-
Insurance	1,000.00	-	744.00	744.00	-	-	-	-
Mileage & Training	1,000.00	-	1,000.00	136.02	-	-	-	-
Dues and Subscriptions	-	-	200.00	-	-	-	-	-
Senior Programs	35,000.00	23,335.63	35,000.00	24,718.24	-	-	-	-
Contingency	20,000.00	-	20,000.00	-	-	-	-	-
Care Provider	125,968.00	146,031.59	141,400.00	118,961.49	-	-	-	-
Jail Expenditures	-	-	-	-	262,600.00	288,825.75	280,550.00	298,244.25
Salaries	-	-	-	-	1,282,844.00	1,250,538.37	1,163,175.86	1,192,139.32
Employee Fringe Benefits	-	-	-	-	308,818.00	269,548.38	307,183.27	288,510.98
Uniforms	-	-	-	-	-	2,104.29	-	8,751.79
Liability Insurance	-	-	-	-	89,000.00	90,728.19	89,000.00	81,994.77
Equipment	-	-	-	-	638,738.00	665,771.07	615,933.26	614,112.47
Building	-	-	-	-	55,000.00	33,587.52	55,000.00	26,689.59
TOTAL DISBURSEMENTS	183,868.00	169,570.63	199,044.00	144,611.75	2,637,000.00	2,601,103.57	2,510,842.39	2,510,443.17
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,375.81)	2,453.31	(39,662.68)	20,986.71	(201,002.00)	(215,466.69)	(108,095.85)	205,875.98
CASH AND INVESTMENT BALANCES, JANUARY 1	102,604.36	102,604.36	81,617.65	81,617.65	412,538.45	412,538.45	206,662.47	206,662.47
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 88,228.55</u>	<u>\$105,057.67</u>	<u>\$ 41,954.97</u>	<u>\$102,604.36</u>	<u>\$ 211,536.45</u>	<u>\$ 197,071.76</u>	<u>\$ 98,566.62</u>	<u>\$ 412,538.45</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
CASH AND INVESTMENT BALANCES  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INMATE SECURITY FUND			
	2018		2017	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 28,000.00	\$ -
Charges for Services	173,000.00	162,334.36	159,500.00	157,857.14
Interest	-	-	-	-
Other	5,000.00	4,854.14	-	5,733.52
Transfers In	-	-	-	-
TOTAL RECEIPTS	178,000.00	167,188.50	187,500.00	163,590.66
DISBURSEMENTS				
Supplies	79,000.00	71,772.57	90,000.00	79,047.65
GPS Monitoring	3,000.00	1,054.50	5,500.00	5,703.75
Software Maintenance	30,000.00	16,482.03	30,000.00	14,747.51
Equipment	16,000.00	15,731.22	16,000.00	25,130.23
Inmate Medical	48,000.00	43,811.75	59,000.00	45,137.16
Training	-	-	-	9,429.38
Attorney Fees	2,000.00	1,990.94	2,000.00	398.00
TOTAL DISBURSEMENTS	178,000.00	150,843.01	202,500.00	179,593.68
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	16,345.49	(15,000.00)	(16,003.02)
CASH AND INVESTMENT BALANCES, JANUARY 1	29.69	29.69	16,032.71	16,032.71
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 29.69	\$ 16,375.18	\$ 1,032.71	\$ 29.69

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
AGENCY FUNDS - REGULATORY BASIS  
AS OF DECEMBER 31, 2018

	2018					
	Payroll	Surplus Sales	Lieu/Tax	Collector	Recorder	Sheriff
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 23,927.42	\$ 13,162.64	\$ 4,148.13	\$ 11,130,439.08	\$ 14,425.00	\$ 22,178.10
Total Assets	23,927.42	13,162.64	4,148.13	11,130,439.08	14,425.00	22,178.10
<b>LIABILITIES AND FUND BALANCES</b>						
TOTAL LIABILITIES	23,927.42	13,162.64	4,148.13	11,130,439.08	14,425.00	22,178.10
UNRESERVED FUND BALANCES	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,927.42	\$ 13,162.64	\$ 4,148.13	\$ 11,130,439.08	\$ 14,425.00	\$ 22,178.10
	27th Circuit Treatment Court	Total Agency Funds				
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 70,596.57	\$ 11,278,876.94				
Total Assets	70,596.57	11,278,876.94				
<b>LIABILITIES AND FUND BALANCES</b>						
TOTAL LIABILITIES	70,596.57	11,278,876.94				
UNRESERVED FUND BALANCES	-	-				
TOTAL LIABILITIES AND FUND BALANCES	\$ 70,596.57	\$ 11,278,876.94				

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
AGENCY FUNDS - REGULATORY BASIS  
AS OF DECEMBER 31, 2017

	2017					
	<u>Payroll</u>	<u>Surplus Sales</u>	<u>Lieu/Tax</u>	<u>Collector</u>	<u>Recorder</u>	<u>Sheriff</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 12,823.12	\$ 12,803.58	\$ 19,345.81	\$ 10,525,425.96	\$ 12,616.50	\$ 12,588.29
Total Assets	12,823.12	12,803.58	19,345.81	10,525,425.96	12,616.50	12,588.29
<b>LIABILITIES AND FUND BALANCES</b>						
TOTAL LIABILITIES	12,823.12	12,803.58	19,345.81	10,525,425.96	12,616.50	12,588.29
UNRESERVED FUND BALANCES	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,823.12	\$ 12,803.58	\$ 19,345.81	\$ 10,525,425.96	\$ 12,616.50	\$ 12,588.29
	<u>27th Circuit Treatment Court</u>	<u>Total Agency Funds</u>				
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 74,378.92	\$ 10,669,982.18				
Total Assets	74,378.92	10,669,982.18				
<b>LIABILITIES AND FUND BALANCES</b>						
TOTAL LIABILITIES	74,378.92	10,669,982.18				
UNRESERVED FUND BALANCES	-	-				
TOTAL LIABILITIES AND FUND BALANCES	\$ 74,378.92	\$ 10,669,982.18				

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Henry, Missouri (“County”), which is governed by a three-member board of commissioners, was established in 1834 by an Act of the Missouri Territory. In addition to the three Commissioners, there are ten elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk, and ex officio Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

As discussed further in Note I, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of the County.

The County’s operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, and social and human services.

The financial statements referred to above include only the primary government of Henry County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County’s legal entity. The financial statements do not include financial data for the County’s legally separate component unit, which accounting principles generally accepted in the United States of America, as applicable to the regulatory basis of accounting require to be reported with the financial data of the County.

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri law, which include a Statement of Receipts, Disbursements and Changes in Cash and Investment Balances – All Governmental Funds, a Comparative Statement of Receipts, Disbursements and Changes in Cash and Investment Balances – Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following fund types are used by the County:

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

**Governmental Fund Types**

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

**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 similar 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 and other agency operations.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

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

If the County utilized the generally accepted basis of accounting, 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.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. 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 January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget included 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 February 1, 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 that were adopted.

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

State law requires that budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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 years 2018 and 2017, for purposes of taxation, was:

	<u>2018</u>	<u>2017</u>
Real Estate	\$ 240,701,580	\$ 237,530,950
Personal Property	78,979,707	81,225,614
Railroad and Utilities	<u>31,299,156</u>	<u>31,437,506</u>
	<u>\$ 350,980,443</u>	<u>\$ 350,194,070</u>

During 2018 and 2017, the County Commission approved a \$.1170 and \$.1032, respectively, tax levy per \$100 of assessed valuation of tangible taxable property, for purposes of County taxation, as follows:

	<u>2018</u>	<u>2017</u>
General Revenue Fund	\$ .0684	\$ .0550
Senior Citizens Service Fund	<u>.0486</u>	<u>.0482</u>
	<u>\$ .1170</u>	<u>\$ .1032</u>

F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer Funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balances. Cash equivalents include any instruments with an original maturity of ninety days or less. State law authorizes depositing 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 balances are presented in Note II.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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 eliminated due to reporting the financial statements on the regulatory basis of accounting. Legally required transfers are reported as “transfers in” by the recipient fund and as “transfers out” by the disbursing fund.

II. DEPOSITS AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed as "Cash and Investments" under each fund's caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2018, and 2017, the carrying amounts of the County's deposits were \$4,001,847.49 and \$4,482,805.01, and the bank balances were \$15,329,515.69 and \$14,032,348.40, respectively. As of December 31, 2018, and 2017, the County's deposits were insured through the Federal Deposit Insurance Corporation and securities set by the County's financial institutions.

SUMMARY OF CARRYING VALUES

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2018, as follows:

Included in the following fund financial statement captions:

Statements of Receipts, Disbursements and Changes in Cash  
and Investments – Governmental Funds:

Deposits	\$ 3,398,564.47
Investments	603,283.02
Total Governmental Funds	<u>4,001,847.49</u>

Statement of Assets and Liabilities Arising From Cash  
Transactions – Agency Funds:

Deposits	11,278,876.94
Investments	-
Total Deposits and Investments as of December 31, 2018	<u>\$ 15,280,724.43</u>

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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II. DEPOSITS AND INVESTMENTS (concluded)

The carrying values of deposits and investments at December 31, 2017, are as follows:

Included in the following fund financial statement captions:

Statements of Receipts, Disbursements and Changes in Cash  
and Investments – Governmental Funds:

Deposits	\$ 3,879,110.36
Investments	<u>603,694.65</u>
Total Governmental Funds	4,482,805.01

Statement of Assets and Liabilities Arising From Cash  
Transactions – Agency Funds:

Deposits	10,669,982.18
Investments	<u>-</u>
Total Deposits and Investments as of December 31, 2017	\$ <u>15,152,787.19</u>

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's investment policy does include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the years ended December 31, 2018, and 2017.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the County or its agent but not in the government's name. The County does have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of the County or of a type not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County 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 a policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's deposits were not exposed to concentration of investment credit risk for the years ended December 31, 2018, and 2017.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

III. LONG-TERM DEBT

CERTIFICATES OF PARTICIPATION:

On December 26, 2016, the County refinanced \$6,650,000 of the 2009 Certificates of Participation with the 2016 Certificates of Participation with First Bank of Missouri with an interest rate of 3%. The Certificates of Participation are solely payable from rents paid by the County to the trustee under the lease purchase agreement. The County's obligations under the lease purchase agreements do not extend beyond the amount budgeted for any respective fiscal year. The County has the option to purchase the trustee's interest in the leased property on any date at an amount necessary to provide for the rent payments on each rent payment date through the end of the leases. Certificates of participation payable at December 31, 2018, and 2017 are as follows:

The following is a schedule of payments made under the agreement as of December 31, 2018.

<u>Description</u>	<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2018</u>	<u>Interest Paid</u>	<u>Principal Due</u> <u>Within 1 Year</u>
2016 COPS	\$ 5,330,000.00	\$ -	\$ 1,355,000.00	\$3,975,000.00	\$159,900.00	\$365,000.00
TOTAL	\$ 5,330,000.00	\$ -	\$ 1,355,000.00	\$3,975,000.00	\$159,900.00	\$365,000.00

2018 AMORTIZATIONS

<u>Years Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 365,000.00	\$ 119,250.00	\$ 484,250.00
2020	385,000.00	108,300.00	493,300.00
2021	400,000.00	96,750.00	496,750.00
2022	415,000.00	84,750.00	499,750.00
2023	450,000.00	72,300.00	522,300.00
2024-2027	1,960,000.00	150,600.00	2,110,600.00
Totals	\$ 3,975,000.00	\$ 631,950.00	\$ 4,606,950.00

The following is a schedule of payments made under the agreement as of December 31, 2017.

<u>Description</u>	<u>Balance</u> <u>12/31/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2017</u>	<u>Interest Paid</u>	<u>Principal Due</u> <u>Within 1 Year</u>
2016 COPS	\$ 6,650,000.00	\$ -	\$ 1,320,000.00	\$ 5,330,000.00	\$183,429.17	\$1,355,000.00
TOTAL	\$ 6,650,000.00	\$ -	\$ 1,320,000.00	\$ 5,330,000.00	\$183,429.17	\$1,355,000.00

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

III. LONG-TERM DEBT (continued)

CERTIFICATES OF PARTICIPATION: (concluded)

2017 AMORTIZATIONS

Years Ending December 31,	Principal	Interest	Total
2018	\$ 1,355,000.00	\$ 159,900.00	\$ 1,514,900.00
2019	365,000.00	119,250.00	484,250.00
2020	385,000.00	108,300.00	493,300.00
2021	400,000.00	96,750.00	496,750.00
2022	415,000.00	84,750.00	499,750.00
2023-2027	2,410,000.00	222,900.00	2,632,900.00
Totals	\$ 5,330,000.00	\$ 791,850.00	\$ 6,121,850.00

CAPITAL LEASES:

On January 12, 2016, the County entered into a lease purchase agreement with US Bancorp for \$500,000 for the purchase of 911 equipment. The lease purchase agreement calls for twenty semi-annual payments of \$28,836.59 starting July 12, 2016, with an interest rate of 2.08%.

The following is a schedule of payments made under the agreement as of December 31, 2018.

Description	Balance 12/31/2017	Additions	Retirements	Balance 12/31/2018	Interest Paid	Principal Due Within 1 Year
2016 911 Equipment	\$ 433,568.82	\$ -	\$ 45,851.97	\$ 387,716.85	\$ 11,821.21	\$ 47,144.82
TOTAL	\$ 433,568.82	\$ -	\$ 45,851.97	\$ 387,716.85	\$ 11,821.21	\$ 47,144.82

2018 AMORTIZATIONS

Years Ending December 31,	Principal	Interest	Total
2019	\$ 47,144.82	\$ 10,528.36	\$ 57,673.18
2020	48,474.12	9,199.06	57,673.18
2021	49,840.90	7,832.28	57,673.18
2022	51,246.21	6,426.97	57,673.18
2023	52,691.15	4,982.03	57,673.18
2024-2026	138,319.65	5,863.30	144,182.95
Totals	\$ 387,716.85	\$ 44,832.00	\$ 432,548.85

The following is a schedule of payments made under the agreement as of December 31, 2017.

Description	Balance 12/31/2016	Additions	Retirements	Balance 12/31/2017	Interest Paid	Principal Due Within 1 Year
2016 911 Equipment	\$ 478,163.41	\$ -	\$ 44,594.59	\$ 433,568.82	\$ 13,078.59	\$ 45,851.97
TOTAL	\$ 478,163.41	\$ -	\$ 44,594.59	\$ 433,568.82	\$ 13,078.59	\$ 45,851.97

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

III. LONG-TERM DEBT (continued)

CAPITAL LEASES (concluded)

2017 AMORTIZATIONS

Years Ending December 31,	Principal	Interest	Total
2018	\$ 45,851.98	\$ 11,821.20	\$ 57,673.18
2019	47,144.82	10,528.36	57,673.18
2020	48,474.12	9,199.06	57,673.18
2021	49,840.90	7,832.28	57,673.18
2022	51,246.21	6,426.97	57,673.18
2023-2026	191,010.79	10,845.34	201,856.13
Totals	\$ 433,568.82	\$ 56,653.21	\$ 490,222.03

On November 4, 2015, the County entered into a lease purchase agreement with US Bancorp for \$262,241.08 for the purchase of 911 equipment. The lease purchase agreement calls for ten semi-annual payments of \$27,747.40 starting May 4, 2016, with an interest rate of 2.08%.

The following is a schedule of payments made under the agreement as of December 31, 2018.

Description	Balance 12/31/2017	Additions	Retirements	Balance 12/31/2018	Interest Paid	Principal Due Within 1 Year
2015 911 Equipment	\$ 160,588.59	\$ -	\$ 52,425.76	\$ 108,162.83	\$ 3,069.04	\$ 53,521.89
TOTAL	\$ 160,588.59	\$ -	\$ 52,425.76	\$ 108,162.83	\$ 3,069.04	\$ 53,521.89

2018 AMORTIZATIONS

Years Ending December 31,	Principal	Interest	Total
2019	\$ 53,521.89	\$ 1,972.91	\$ 55,494.80
2020	54,640.94	853.86	55,494.80
Totals	\$ 108,162.83	\$ 2,826.77	\$ 110,989.60

The following is a schedule of payments made under the agreement as of December 31, 2017.

Description	Balance 12/31/2016	Additions	Retirements	Balance 12/31/2017	Interest Paid	Principal Due Within 1 Year
2015 911 Equipment	\$ 211,940.68	\$ -	\$ 51,352.09	\$ 160,588.59	\$ 4,142.71	\$ 52,425.76
TOTAL	\$ 211,940.68	\$ -	\$ 51,352.09	\$ 160,588.59	\$ 4,142.71	\$ 52,425.76

2017 AMORTIZATIONS

Years Ending December 31,	Principal	Interest	Total
2018	\$ 52,425.76	\$ 3,069.04	\$ 55,494.80
2019	53,521.89	1,972.91	55,494.80
2020	54,640.94	853.86	55,494.80
Totals	\$ 160,588.59	\$ 5,895.81	\$ 166,484.40

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

III. LONG-TERM DEBT (concluded)

On June 15, 2018, the County Recorder entered into a lease agreement with Mobilis Technologies LLC for software licenses and certain hardware leases requiring 60 monthly payments of \$1,000 to begin on May 1, 2018, and mature on April 1, 2023.

The following is a schedule of payments made under the agreement as of December 31, 2018.

<u>Description</u>	<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2018</u>	<u>Interest Paid</u>	<u>Principal Due</u> <u>Within 1 Year</u>
Software License	\$ -	\$ 60,000.00	\$ 9,000.00	\$ 51,000.00	\$ -	\$ 12,000.00
TOTAL	\$ -	\$ 60,000.00	\$ 9,000.00	\$ 51,000.00	\$ -	\$ 12,000.00

2018 Future Minimum Payments:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2019	\$ 12,000.00
2020	12,000.00
2021	12,000.00
2022	12,000.00
2023	3,000.00
	<u>\$ 51,000.00</u>

IV. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2018, and 2017 are as follows:

	<u>2018</u>		<u>2017</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Revenue Fund	\$ 245,206.86	\$ 100,000.00	\$ 600,000.00	\$ -
Local Use Tax Fund	-	245,206.86	-	800,000.00
Henry County Law Enforcement Fund	100,000.00	-	200,000.00	-
	<u>\$ 345,206.86</u>	<u>\$ 345,206.86</u>	<u>\$ 800,000.00</u>	<u>\$ 800,000.00</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Revenue Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system. CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit, which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

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.

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (concluded)

B. Contributions (concluded)

The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. During 2018 and 2017, the County collected and remitted to CERF, employee contributions of \$164,234.51 and \$156,112.55, respectively, for the years then ended.

VI. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Section 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$11,628 and \$11,628, respectively, for the years ended December 31, 2018, and 2017.

VII. POST-EMPLOYMENT BENEFITS

The County does provide post-employment benefits including, as mandated, the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. Retirees may remain on the health insurance plan until they are Medicare eligible. If an employee has over 25 years of service with the County, the County will continue to pay the same portion of health insurance that they paid before the person retired, until the person becomes Medicare eligible. There were three participants on COBRA for the year ended December 31, 2018, paying premiums of \$12,207.43 and one participant for 2017, paying premiums of \$5,125.86.

VIII. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is not involved in pending litigation as of the audit report date.

B. Compensated Absences

The County provides employees with up to three weeks of paid vacation based upon the number of years of continuous service. Up to one week of vacation may carry forward if it is unused. Upon termination from county employment, an employee is reimbursed for any unused vacation days. Employees accrue one sick day per month. The County allows employees to carry forward six days a year to a maximum of ninety days. Upon termination from county employment, an employee is reimbursed for half of unused sick leave, except if the employee has not worked in the County for ten years. These have not been subjected to auditing procedures.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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VIII. CLAIMS COMMITMENTS AND CONTINGENCIES (concluded)

C. 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.

IX. OTHER RETIREMENT PLAN

Contributions to a voluntary plan are paid by a voluntary deduction from employees' salaries. These contributions qualify under the Internal Revenue Code and are tax exempt. These contributions are then remitted to Pepco who administers the 457 Plan. Employee contributions were \$60,776.25 and \$50,307.56, respectively, for the years 2018 and 2017.

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 also a member of the Missouri Rural Services Workers Compensation Insurance Trust. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$1,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

XI. SUBSEQUENT EVENTS

As of the date of the audit report, there are no subsequent events to report.

**SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT**

## **STATE COMPLIANCE SECTION**

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
SCHEDULE OF STATE FINDINGS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

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SCHEDULE OF STATE FINDINGS

- I. For the year ended December 31, 2017, expenditures exceeded those budgeted for the Central Emergency Communications Fund and Administrative Handling Cost Fund.

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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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  
The County of Henry, 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 the County of Henry ("County") as of and for the years ended December 31, 2018, and 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 July 19, 2019.

**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. [2018-001, 2018-002, 2018-003, 2018-004]

## **Compliance and Other Matters**

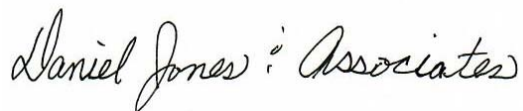
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 Responses 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Daniel Jones & Associates".

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

July 19, 2019

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2018 AND 2017

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I. FINANCIAL STATEMENT FINDINGS

2018-001      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.

Context: During walkthroughs, the County informed us that internal control documentation had 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 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 County will complete the recommendation of the auditors by developing documentation to outline the County's internal control policy to deter fraud. The County will model its internal control policy from another acceptable government entity. The finished document will be approved by all office holders or department heads within the County. The County Clerk's office phone number is 660-885-7204.

2018-002      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 the walkthroughs of the County, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

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.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2018 AND 2017

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I. FINANCIAL STATEMENT FINDINGS (continued)

2018-002      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 creation of an Internal Control Policy will address and deter potential risks of fraud. The County will work to complete a thorough policy with the assistance of the auditor and other state governmental agencies. The County Clerk's office phone number is 660-885-7204.

2018-003      Criteria: Bank reconciliations must be accurately prepared for the Sheriff's Fee Account to ensure a positive cash balance.

Condition: We noted that the Sheriff's Fee bank account was reconciled to a negative balance.

Context: During our review of the Sheriff's bank accounts, we noticed that the reconciliation was negative for Sheriff's Fee Account.

Effect: Negative bank balances can result in unnecessary bank fees.

Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate reconciliations for this account to ensure positive cash balances.

Recommendation: We recommend that the Sheriff's office prepare accurate bank reconciliations for this account.

Views of Responsible Officials and Planned Corrective Actions: The Sheriff's office will take the auditor's recommendation and make sure that the Sheriff's Fee bank account does not go negative. The Sheriff can be reached at 660-885-7021.

2018-004      Criteria: Uniform Guidance requires the auditee to document internal controls over each federal program.

Condition: During the walkthroughs of the County, we noted there is not documentation over internal controls with regards to federal awards in place.

Context: During the audit of federal programs, we noted there was not adequate internal control documentation of each federal program.

Effect: Not documenting internal controls over federal compliance requirements could result in the noncompliance of a major component of the federal program.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2018 AND 2017

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I. FINANCIAL STATEMENT FINDINGS (concluded)

2018-004      Cause: Adequate emphasis was not placed on the documentation of internal controls required under the *Uniform Guidance*.

Recommendation: We recommend that the County formally document internal controls over federal programs in accordance with the *Uniform Guidance*.

Views of responsible officials and planned corrective actions: The County Clerk is in the process of preparing the needed documentation to document their internal control structure in conformity with the *Uniform Guidance*. The Clerk expects to complete this by the next audit period. The Clerk's office can be reached at (660) 885-7204.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2018 AND 2017

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I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 2016-001 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.

Context: During walkthroughs, the County informed us that internal control documentation had 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 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 County will complete the recommendation of the auditors by developing documentation to outline the County's internal control policy to deter fraud. The County will model its internal control policy from another acceptable government entity. The finished document will be approved by all office holders or department heads within the County. The County Clerk's office phone number is 660-885-7204.

Status: The finding is repeated in the current year as 2018-001.

FS 2016-002 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 the walkthroughs of the County, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

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.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2018 AND 2017

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I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (concluded)

FS 2016-002     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 creation of an Internal Control Policy will address and deter potential risks of fraud. The County will work to complete a thorough policy with the assistance of the auditor and other state governmental agencies. The County Clerk's office phone number is 660-885-7204.

Status: This finding is repeated in the current year as 2018-002.

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SA 2016-001	Federal Grantor:	All
	Pass-Through Grantor:	All
	Federal CFDA Number:	All
	Program Title:	All
	Pass- Through Entity	
	Identification Number:	All
	Award Year:	2015 and 2016
	Type of Finding:	Other Information – Significant Deficiency

Information on the federal program: The County must establish and maintain effective internal control over federal awards.

Criteria: Uniform Guidance requires the auditee to document internal controls over each federal program.

Condition: During the walkthroughs of the County, we noted there is not documentation over internal controls with regards to federal awards in place.

Questioned Costs: Not applicable

Context: During the audit of federal programs, we noted there was not adequate internal control documentation of each federal program.

Effect: Not documenting internal controls over federal compliance requirements could result in the noncompliance of a major component of the federal program.

Cause: Adequate emphasis was not placed on the documentation of internal controls required under the *Uniform Guidance*.

Recommendation: We recommend that the County formally document internal controls over federal programs in accordance with the *Uniform Guidance*.

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2018 AND 2017

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II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

Views of responsible officials and planned corrective actions: The County Clerk is in the process of preparing the needed documentation to document their internal control structure in conformity with the *Uniform Guidance*. The Clerk expects to complete this by the next audit period. The Clerk's office can be reached at (660) 885-7204.

Status: This finding is repeated in the current year as 2018-004.

SA 2016-002 Federal Grantor:	U.S. Department of Transportation, General Services Administration, Election Assistance Commission, U.S. Department of Health and Human Services and U.S. Department of Homeland Security.
Pass-Through Grantor:	Missouri Highway and Transportation Commission, Missouri Department of Public Safety, Missouri Office of Secretary of State, Missouri Department of Social Services, and the State Emergency Management Agency.
Federal CFDA Number:	20.205, 20.600, 39.011, 90.401, 93.563, 97.036 and 97.042
Program Title:	Alcohol Open Container Requirements, Child Support Enforcement, CDBG, BJA Vest Grant and State and Community Highway Safety
Award year	2016 and 2015
Type of Finding	Other Information – Significant Deficiency

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* requires the auditee to prepare the Schedule of Expenditures of Federal Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

Context: During the audit of federal programs, we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

THE COUNTY OF HENRY  
CLINTON, MISSOURI  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2018 AND 2017

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II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (concluded)

SA 2016-002 Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA.

Views of responsible officials and planned corrective actions: The County will work diligently to comply with and to fully understand the proper procedures of completing the SEFA. As the state does not provide SEFA training, advice may be sought from Certified Public Accountants with SEFA knowledge and local governments. The County Clerk's office will create a spreadsheet to input data relating to expenditures of federal awards. The County Clerk's office phone number is 660-885-7204.

Status: This finding has been resolved in the current audit period.



# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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July 19, 2019

To the County Commission  
The County of Henry, Missouri

In planning and performing our audit of the regulatory based financial statements of the County of Henry (the "County") as of and for the years ended December 31, 2018 and December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in County's internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in the County's internal control to be significant deficiencies as noted in section I.

Our comments concerning internal control and other significant matters are presented as follows:

- I. Deficiencies Considered to be Significant
- II. Information Required by Professional Standards

The County's management has provided written responses to the findings in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the County Commission, County Office Holders, the Missouri State Auditor and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

## I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

2018-001      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.

Context: During walkthroughs, the County informed us that internal control documentation had 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 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 County will complete the recommendation of the auditors by developing documentation to outline the County's internal control policy to deter fraud. The County will model its internal control policy from another acceptable government entity. The finished document will be approved by all office holders or department heads within the County. The County Clerk's office phone number is 660-885-7204.

2018-002      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 the walkthroughs of the County, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

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.

## I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (Concluded)

- 2018-002      Views of Responsible Officials and Planned Corrective Actions: The creation of an Internal Control Policy will address and deter potential risks of fraud. The County will work to complete a thorough policy with the assistance of the auditor and other state governmental agencies. The County Clerk's office phone number is 660-885-7204.
- 2018-003      Criteria: Bank reconciliations must be accurately prepared for the Sheriff's Fee Account to ensure a positive cash balance.
- Condition: We noted that the Sheriff's Fee bank account was reconciled to a negative balance.
- Context: During our review of the Sheriff's bank accounts, we noticed that the reconciliation was negative for Sheriff's Fee Account.
- Effect: Negative bank balances can result in unnecessary bank fees.
- Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate reconciliations for this account to ensure positive cash balances.
- Recommendation: We recommend that the Sheriff's office prepare accurate bank reconciliations for this account.
- Views of Responsible Officials and Planned Corrective Actions: The Sheriff's office will take the auditor's recommendation and make sure that the Sheriff's Fee bank account does not go negative. The Sheriff can be reached at 660-885-7021.
- 2018-004      Criteria: Uniform Guidance requires the auditee to document internal controls over each federal program.
- Condition: During the walkthroughs of the County, we noted there is not documentation over internal controls with regards to federal awards in place.
- Context: During the audit of federal programs, we noted there was not adequate internal control documentation of each federal program.
- Effect: Not documenting internal controls over federal compliance requirements could result in the noncompliance of a major component of the federal program.
- Cause: Adequate emphasis was not placed on the documentation of internal controls required under the *Uniform Guidance*.
- Recommendation: We recommend that the County formally document internal controls over federal programs in accordance with the *Uniform Guidance*.
- Views of responsible officials and planned corrective actions: The County Clerk is in the process of preparing the needed documentation to document their internal control structure in conformity with the *Uniform Guidance*. The Clerk expects to complete this by the next audit period. The Clerk's office can be reached at (660) 885-7204.

## II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

### Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 13, 2019. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2018 and 2017 fiscal years. We noted no transactions entered into by the County during the years for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

#### Difficulties Encountered in Performing the Audit

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

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### Disagreements with Management

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

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 19, 2019.

## **II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)**

### Management Consultations with Other Independent Accountants

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

### Other Audit Findings or Issues

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

### Other Matters

We noted during our audit certain matters that were not considered to be significant deficiencies or material weaknesses. Several county offices have limited numbers of staff which inherently increases the risk of misstatement. Office holders appear to have mitigating controls in place to lower these risks to an acceptable level but the commission does need to be aware of these risks and offices need to remain vigilant in deterring the potential for erroneous or fraudulent activity. During our audit we noted that the federal form 941’s were not being reconciled to the general ledger on a quarterly basis. We also noted that during testing of accounts payable transactions, it was noted that sales tax was charged on multiple invoices. It was also noted that one expenditure was coded to an incorrect account and there were two missing invoices.