



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Polk County, Missouri

The Office of the State Auditor contracted for an audit of Polk County's financial statements for the 2 years ended December 31, 2019, through the state Office of Administration, Division of Purchasing and Materials Management. The audit includes an audit of each county officer in fulfillment of our duties under Section 29.230.1, RSMo. A copy of this audit, performed by Stopp & VanHoy, Certified Public Accountants, and Business Advisors, LLC, is attached.

Nicole R. Galloway, CPA
State Auditor

August 2020
Report No. 2020-057



Nicole Galloway, CPA
Missouri State Auditor

RECOMMENDATION SUMMARY

Recommendations in the contracted audit of Polk County

2019-001	We recommend that the county adopt a budget for all funds and periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes. Additionally, the county should closely monitor fund balances on an ongoing basis in order to prevent negative fund balances.
2019-002	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.
2019-003	We recommend management develop internal controls over reporting and consult with external consultants, if possible, to ensure an accurate SEFA is prepared.

**The County of Polk
Bolivar, Missouri
Independent Auditor's Reports and Financial Statements
December 31, 2019 and 2018**



**The County of Polk
Bolivar, Missouri
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Independent Auditor's Report

To the County Commission and
Officeholders of Polk County, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Polk County, Missouri, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Polk County, Missouri's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law to demonstrate compliance with the State of Missouri's regulatory basis of accounting and budget laws. 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 opinion.

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

As described in Note 1 of the financial statements, the financial statements are prepared by Polk County, Missouri on the basis of accounting practices prescribed or permitted by Missouri law to demonstrate compliance with the State of Missouri's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of Polk County, Missouri as of December 31, 2019 and 2018, or changes in financial position or cash flows thereof for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of each fund of Polk County, Missouri as of December 31, 2019 and 2018, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the basis of accounting practices prescribed or permitted by Missouri law as described in Note 1.

Other Matters

Other Information

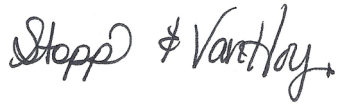
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Polk County, Missouri's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2020 on our consideration of Polk County, Missouri's internal control over financial reporting and on our tests of

its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Polk County, Missouri's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Stopp & VanHay". The signature is written in a cursive, flowing style.

Creve Coeur, Missouri
July 8, 2020

The County of Polk
Bolivar, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

<u>Fund</u>	Cash and Equivalents January 1, 2019	Receipts 2019	Disbursements 2019	Cash and Equivalents December 31, 2019
General Revenue	\$ 2,129,954	\$ 1,721,201	\$ 1,673,543	\$ 2,177,612
Special Road and Bridge	30	3,164,613	3,140,672	23,971
Assessment	420,375	355,357	307,079	468,653
Road and Bridge Capital Improvement	1,142,314	1,723,702	1,660,580	1,205,436
General Revenue Savings	1,021,045	69,829	239,116	851,758
Law Enforcement Sales Tax	107,596	2,355,766	2,463,007	355
Collector's Tax Maintenance	17,466	36,267	30,084	23,649
Deputy Sheriff Salary Supplement	(1,555)	50,381	46,071	2,755
Election Service	88,654	13,664	3,887	98,431
Inmate Security	31,239	19,108	17,371	32,976
Law Enforcement Restitution	122,443	90,706	104,042	109,107
Law Enforcement Training	32,057	7,182	12,426	26,813
Prosecuting Attorney Administrative Handling Cost	2	7,889	7,888	3
Prosecuting Attorney Training	(196)	2,358	1,250	912
Recorder User Fee	51,872	17,845	24,880	44,837
Prosecuting Attorney Delinquent Tax	2,081	-	-	2,081
Regional Child Support	26,984	148,372	165,345	10,011
Senior Citizens Service Board	67,485	159,881	134,472	92,894
Sheriff Special Operations	2,793	-	-	2,793
Sheriff Civil Fee	48,601	22,414	24,584	46,431
Special Trust	1,533	7,224	8,297	460
Sheriff Revolving	38,538	13,457	26,316	25,679
Senate Bill 40 Board	480,516	894,031	813,316	561,231
Veteran's Memorial	3,354	44	-	3,398
Total	<u>\$ 5,835,181</u>	<u>\$ 10,881,291</u>	<u>\$ 10,904,226</u>	<u>\$ 5,812,246</u>

See Notes to the Financial Statements

The County of Polk
Bolivar, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2018

<u>Fund</u>	Cash and Equivalents January 1, 2018	Receipts 2018	Disbursements 2018	Cash and Equivalents December 31, 2018
General Revenue	\$ 2,004,358	\$ 1,752,567	\$ 1,626,971	\$ 2,129,954
Special Road and Bridge	42	3,932,736	3,932,748	30
Assessment	383,090	349,117	311,832	420,375
Road and Bridge Capital Improvement	900,929	1,690,869	1,449,484	1,142,314
General Revenue Savings	960,505	60,540	-	1,021,045
Law Enforcement Sales Tax	155,938	2,245,785	2,294,127	107,596
Collector's Tax Maintenance	11,524	34,990	29,048	17,466
Deputy Sheriff Salary Supplement	2,583	59,846	63,984	(1,555)
Election Service	81,150	13,721	6,217	88,654
Inmate Security	59,828	18,166	46,755	31,239
Law Enforcement Restitution	143,985	66,384	87,926	122,443
Law Enforcement Training	34,878	9,012	11,833	32,057
Prosecuting Attorney Administrative Handling Cost	78	6,469	6,545	2
Prosecuting Attorney Training	602	1,439	2,237	(196)
Recorder User Fee	47,087	16,845	12,060	51,872
Prosecuting Attorney Delinquent Tax	2,081	-	-	2,081
Regional Child Support	12,716	170,290	156,022	26,984
Senior Citizens Service Board	113,965	158,945	205,425	67,485
Sheriff Special Operations	2,793	-	-	2,793
Sheriff Civil Fee	33,093	23,404	7,896	48,601
Special Trust	964	8,569	8,000	1,533
Sheriff Revolving	82,855	7,679	51,996	38,538
Senate Bill 40 Board	349,660	778,361	647,505	480,516
Veteran's Memorial	3,320	34	-	3,354
Total	<u>\$ 5,388,024</u>	<u>\$ 11,405,768</u>	<u>\$ 10,958,611</u>	<u>\$ 5,835,181</u>

See Notes to the Financial Statements

The County of Polk
Bolivar, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	General Revenue Fund			
	2019		2018	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	\$ 1,045,500	1,025,750	\$ 995,000	\$ 1,045,417
Sales Taxes	-	-	-	-
Intergovernmental	73,733	74,448	110,048	77,247
Charges for Services	529,000	522,558	495,250	526,112
Interest	25,500	33,774	17,000	25,443
Other Receipts	58,722	57,671	59,628	71,348
Transfers In	7,000	7,000	7,000	7,000
Total Receipts	1,739,455	1,721,201	1,683,926	1,752,567
Disbursements				
County Commission	110,785	106,053	108,000	103,348
County Clerk	126,270	119,471	94,352	85,060
Elections	189,360	123,917	278,232	206,142
Building and Grounds	444,635	344,887	516,842	357,782
Employee Fringe Benefits	87,500	83,767	72,000	78,989
County Treasurer	62,325	57,303	56,910	53,406
Collector	181,199	170,886	174,865	151,167
Recorder of Deeds	104,668	96,282	97,358	92,316
Circuit Clerk	162,689	66,277	141,010	69,052
Court Administration	21,514	13,058	21,238	14,108
Public Administrator	93,660	84,736	81,500	80,634
Court Reporter	1,932	938	2,208	908
Surveyor	3,400	3,110	3,400	2,955
Emergency Management	76,620	54,989	77,294	66,427
Other Disbursements	241,029	183,128	234,026	175,445
Transfers Out	486,924	164,741	293,732	89,232
Emergency	52,000	-	50,500	-
Total Disbursements	2,446,510	1,673,543	2,303,467	1,626,971
Receipts Over (Under)				
Disbursements	\$ (707,055)	\$ 47,658	\$ (619,541)	\$ 125,596
Cash and Equivalents, Jan 1	2,129,954	2,129,954	2,004,358	2,004,358
Cash and Equivalents, Dec 31	\$ 1,422,899	\$ 2,177,612	\$ 1,384,817	\$ 2,129,954

See Notes to the Financial Statements

The County of Polk
Bolivar, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Special Road and Bridge Fund			
	2019		2018	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ 603,500	\$ 613,027	\$ 570,300	\$ 595,082
Sales Taxes	-	-	-	-
Intergovernmental	1,428,100	1,081,542	2,012,070	2,066,570
Charges for Services	-	-	-	23
Interest	1,100	1,444	750	1,179
Other Receipts	1,000	8,600	1,000	17,777
Transfers In	1,650,000	1,460,000	1,600,000	1,252,105
Total Receipts	3,683,700	3,164,613	4,184,120	3,932,736
<u>Disbursements</u>				
Salaries	680,000	665,791	668,000	657,686
Employee Fringe Benefits	202,000	188,649	205,000	194,320
Supplies	321,500	302,342	320,200	302,040
Insurance	48,100	43,186	41,000	46,076
Road and Bridge Materials	1,236,000	1,138,002	1,236,000	1,102,322
Equipment Repairs	180,000	267,523	160,000	202,678
Rentals	13,000	16,624	10,000	11,863
Equipment Purchases	280,000	317,539	280,000	232,972
Road and Bridge Construction	562,000	83,983	1,082,000	1,066,914
Other Disbursements	112,500	117,033	115,800	115,877
Transfers Out	-	-	-	-
Total Disbursements	3,635,100	3,140,672	4,118,000	3,932,748
Receipts Over (Under)				
Disbursements	\$ 48,600	\$ 23,941	\$ 66,120	\$ (12)
Cash and Equivalents, Jan 1	30	30	42	42
Cash and Equivalents, Dec 31	\$ 48,630	\$ 23,971	\$ 66,162	\$ 30

See Notes to the Financial Statements

The County of Polk
Bolivar, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Assessment Fund			
	2019		2018	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	303,840	306,549	292,788	302,998
Charges for Services	-	-	-	-
Interest	4,200	6,900	3,900	4,965
Other Receipts	7,900	8,879	7,200	8,134
Transfers In	33,029	33,029	33,020	33,020
Total Receipts	<u>348,969</u>	<u>355,357</u>	<u>336,908</u>	<u>349,117</u>
<u>Disbursements</u>				
Salaries	193,300	187,380	198,068	172,607
Employee Fringe Benefits	61,625	57,699	56,500	54,225
Materials and Supplies	27,900	20,558	25,900	17,677
Services	26,750	13,421	12,840	13,128
Other Disbursements	-	236	-	-
Capital Outlay	42,000	27,785	58,000	54,195
Transfers Out	-	-	-	-
Total Disbursements	<u>351,575</u>	<u>307,079</u>	<u>351,308</u>	<u>311,832</u>
Receipts Over (Under)				
Disbursements	\$ (2,606)	\$ 48,278	\$ (14,400)	\$ 37,285
Cash and Equivalents, Jan 1	<u>420,375</u>	<u>420,375</u>	<u>383,090</u>	<u>383,090</u>
Cash and Equivalents, Dec 31	<u>\$ 417,769</u>	<u>\$ 468,653</u>	<u>\$ 368,690</u>	<u>\$ 420,375</u>

See Notes to the Financial Statements

The County of Polk
Bolivar, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Road and Bridge Capital Improvement Fund				General Revenue Savings Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	1,600,000	1,704,719	1,550,000	1,677,514	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	13,000	18,983	8,000	13,355	9,000	10,829	8,000	9,950
Other Receipts	-	-	-	-	-	7,000	-	90
Transfers In	-	-	-	-	-	52,000	-	50,500
Total Receipts	<u>1,613,000</u>	<u>1,723,702</u>	<u>1,558,000</u>	<u>1,690,869</u>	<u>9,000</u>	<u>69,829</u>	<u>8,000</u>	<u>60,540</u>
Disbursements								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Other Disbursements	200,000	200,580	186,000	197,379	-	-	-	-
Capital Outlay	-	-	-	-	240,000	239,116	-	-
Transfers Out	<u>1,650,000</u>	<u>1,460,000</u>	<u>1,600,000</u>	<u>1,252,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Disbursements	<u>1,850,000</u>	<u>1,660,580</u>	<u>1,786,000</u>	<u>1,449,484</u>	<u>240,000</u>	<u>239,116</u>	<u>-</u>	<u>-</u>
Receipts Over (Under)								
Disbursements	\$ (237,000)	\$ 63,122	\$ (228,000)	\$ 241,385	\$ (231,000)	\$ (169,287)	\$ 8,000	\$ 60,540
Cash and Equivalents, Jan 1	<u>1,142,314</u>	<u>1,142,314</u>	<u>900,929</u>	<u>900,929</u>	<u>1,021,045</u>	<u>1,021,045</u>	<u>960,505</u>	<u>960,505</u>
Cash and Equivalents, Dec 31	<u>\$ 905,314</u>	<u>\$ 1,205,436</u>	<u>\$ 672,929</u>	<u>\$ 1,142,314</u>	<u>\$ 790,045</u>	<u>\$ 851,758</u>	<u>\$ 968,505</u>	<u>\$ 1,021,045</u>

See Notes to the Financial Statements

The County of Polk
Bolivar, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Law Enforcement Sales Tax Fund			
	2019		2018	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	1,600,000	1,704,719	1,550,000	1,677,515
Intergovernmental	153,113	144,494	160,700	107,805
Charges for Services	286,500	338,588	230,750	351,102
Interest	2,900	2,241	2,000	2,987
Other Receipts	54,682	63,734	42,500	52,235
Transfers In	479,198	101,990	321,108	54,141
Total Receipts	<u>2,576,393</u>	<u>2,355,766</u>	<u>2,307,058</u>	<u>2,245,785</u>
<u>Disbursements</u>				
Sheriff	1,159,392	1,104,067	1,052,999	1,017,502
Jail	608,700	578,218	574,100	538,576
Prosecuting Attorney	413,171	395,762	379,218	358,133
Juvenile Office	101,703	78,954	76,023	75,945
Coroner	42,770	32,685	44,318	44,256
Employee Fringe Benefits	278,540	273,321	267,332	257,493
Transfers Out	-	-	-	-
Emergency	75,000	-	63,000	2,222
Total Disbursements	<u>2,679,276</u>	<u>2,463,007</u>	<u>2,456,990</u>	<u>2,294,127</u>
Receipts Over (Under)				
Disbursements	\$ (102,883)	\$ (107,241)	\$ (149,932)	\$ (48,342)
Cash and Equivalents, Jan 1	<u>107,596</u>	<u>107,596</u>	<u>155,938</u>	<u>155,938</u>
Cash and Equivalents, Dec 31	<u>\$ 4,713</u>	<u>\$ 355</u>	<u>\$ 6,006</u>	<u>\$ 107,596</u>

See Notes to the Financial Statements

The County of Polk
Bolivar, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Collector's Tax Maintenance Fund				Deputy Sheriff Salary Supplement Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	53,360	41,732	59,329	50,407
Charges for Services	35,010	35,873	32,007	34,755	9,500	8,649	9,100	9,439
Interest	200	394	163	235	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	35,210	36,267	32,170	34,990	62,860	50,381	68,429	59,846
Disbursements								
Salaries	7,280	7,280	5,200	5,200	41,500	34,087	54,100	49,744
Employee Fringe Benefits	560	557	400	398	3,227	2,607	4,121	3,806
Materials and Supplies	7,000	1,955	7,000	1,840	-	-	-	-
Services	23,600	10,606	17,600	11,196	9,500	8,608	9,100	9,439
Other Disbursements	-	-	-	-	-	-	-	-
Capital Outlay	6,560	2,686	5,800	3,414	-	-	-	-
Transfers Out	7,000	7,000	7,000	7,000	1,015	769	1,108	995
Total Disbursements	52,000	30,084	43,000	29,048	55,242	46,071	68,429	63,984
Receipts Over (Under)								
Disbursements	\$ (16,790)	\$ 6,183	\$ (10,830)	\$ 5,942	\$ 7,618	\$ 4,310	\$ -	\$ (4,138)
Cash and Equivalents, Jan 1	17,466	17,466	11,524	11,524	(1,555)	(1,555)	2,583	2,583
Cash and Equivalents, Dec 31	\$ 676	\$ 23,649	\$ 694	\$ 17,466	\$ 6,063	\$ 2,755	\$ 2,583	\$ (1,555)

See Notes to the Financial Statements

The County of Polk
Bolivar, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Election Service Fund				Inmate Security Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	2,500	3,157	3,000	1,711	-	-	-	-
Charges for Services	5,000	7,125	4,550	5,350	17,300	18,793	19,200	17,731
Interest	800	1,237	600	857	-	-	-	-
Other Receipts	2,500	2,145	6,500	5,803	200	315	600	435
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	10,800	13,664	14,650	13,721	17,500	19,108	19,800	18,166
Disbursements								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	50,000	1,405	50,000	2,890	-	-	-	-
Services	7,500	2,482	7,500	3,327	20,000	17,371	52,000	46,755
Other Disbursements	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	57,500	3,887	57,500	6,217	20,000	17,371	52,000	46,755
Receipts Over (Under)								
Disbursements	\$ (46,700)	\$ 9,777	\$ (42,850)	\$ 7,504	\$ (2,500)	\$ 1,737	\$ (32,200)	\$ (28,589)
Cash and Equivalents, Jan 1	88,654	88,654	81,150	81,150	31,239	31,239	59,828	59,828
Cash and Equivalents, Dec 31	\$ 41,954	\$ 98,431	\$ 38,300	\$ 88,654	\$ 28,739	\$ 32,976	\$ 27,628	\$ 31,239

See Notes to the Financial Statements

**The County of Polk
Bolivar, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018**

	Law Enforcement Restitution Fund				Law Enforcement Training Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	8,086	8,086	3,000	2,233	3,000	2,917
Charges for Services	55,000	89,060	80,000	55,746	5,300	4,550	6,800	5,734
Interest	1,300	1,646	1,300	1,402	360	399	200	361
Other Receipts	-	-	-	1,150	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	56,300	90,706	89,386	66,384	8,660	7,182	10,000	9,012
Disbursements								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	-	37,460	-	14,397	13,000	12,426	12,000	11,833
Other Disbursements	-	-	-	-	-	-	-	-
Capital Outlay	175,000	66,582	158,000	73,529	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	175,000	104,042	158,000	87,926	13,000	12,426	12,000	11,833
Receipts Over (Under)								
Disbursements	\$ (118,700)	\$ (13,336)	\$ (68,614)	\$ (21,542)	\$ (4,340)	\$ (5,244)	\$ (2,000)	\$ (2,821)
Cash and Equivalents, Jan 1	122,443	122,443	143,985	143,985	32,057	32,057	34,878	34,878
Cash and Equivalents, Dec 31	\$ 3,743	\$ 109,107	\$ 75,371	\$ 122,443	\$ 27,717	\$ 26,813	\$ 32,878	\$ 32,057

See Notes to the Financial Statements

The County of Polk
Bolivar, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Prosecuting Attorney Administrative Handling Cost Fund				Prosecuting Attorney Training Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	8,000	7,872	7,500	6,454	1,500	2,358	1,800	1,439
Interest	14	17	20	15	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	8,014	7,889	7,520	6,469	1,500	2,358	1,800	1,439
Disbursements								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	-	-	-	-	1,300	1,250	2,400	2,237
Other Disbursements	3,000	5,667	-	3,399	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	5,000	2,221	7,500	3,146	-	-	-	-
Total Disbursements	8,000	7,888	7,500	6,545	1,300	1,250	2,400	2,237
Receipts Over (Under)								
Disbursements	\$ 14	\$ 1	\$ 20	\$ (76)	\$ 200	\$ 1,108	\$ (600)	\$ (798)
Cash and Equivalents, Jan 1	2	2	78	78	(196)	(196)	602	602
Cash and Equivalents, Dec 31	\$ 16	\$ 3	\$ 98	\$ 2	\$ 4	\$ 912	\$ 2	\$ (196)

See Notes to the Financial Statements

**The County of Polk
Bolivar, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018**

	Recorder User Fee Fund				Prosecuting Attorney Delinquent Tax Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	17,000	17,162	18,000	16,302	-	-	-	-
Interest	500	683	150	543	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	17,500	17,845	18,150	16,845	-	-	-	-
Disbursements								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	-	-	-	-	2,000	-	2,000	-
Other Disbursements	5,000	-	5,000	-	-	-	-	-
Capital Outlay	25,000	24,880	30,000	12,060	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	30,000	24,880	35,000	12,060	2,000	-	2,000	-
Receipts Over (Under)								
Disbursements	\$ (12,500)	\$ (7,035)	\$ (16,850)	\$ 4,785	\$ (2,000)	\$ -	\$ (2,000)	\$ -
Cash and Equivalents, Jan 1	51,872	51,872	47,087	47,087	2,081	2,081	2,081	2,081
Cash and Equivalents, Dec 31	\$ 39,372	\$ 44,837	\$ 30,237	\$ 51,872	\$ 81	\$ 2,081	\$ 81	\$ 2,081

See Notes to the Financial Statements

The County of Polk
Bolivar, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Regional Child Support Fund				Senior Citizens Service Board Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 144,184	\$ 158,233	\$ 139,010	\$ 157,909
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	152,646	142,130	176,752	164,243	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	500	891	900	779
Other Receipts	-	530	-	335	555	757	600	257
Transfers In	5,712	5,712	5,712	5,712	-	-	-	-
Total Receipts	158,358	148,372	182,464	170,290	145,239	159,881	140,510	158,945
Disbursements								
Salaries	117,006	111,655	114,614	104,639	-	-	-	-
Employee Fringe Benefits	27,225	21,785	21,100	21,815	-	-	-	-
Materials and Supplies	4,200	1,689	4,200	2,550	2,200	75	2,200	-
Services	27,000	23,147	24,400	21,743	210,524	134,397	252,275	205,425
Other Disbursements	200	86	200	145	-	-	-	-
Capital Outlay	6,600	6,983	6,600	5,130	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	182,231	165,345	171,114	156,022	212,724	134,472	254,475	205,425
Receipts Over (Under)								
Disbursements	\$ (23,873)	\$ (16,973)	\$ 11,350	\$ 14,268	\$ (67,485)	\$ 25,409	\$ (113,965)	\$ (46,480)
Cash and Equivalents, Jan 1	26,984	26,984	12,716	12,716	67,485	67,485	113,965	113,965
Cash and Equivalents, Dec 31	\$ 3,111	\$ 10,011	\$ 24,066	\$ 26,984	\$ -	\$ 92,894	\$ -	\$ 67,485

See Notes to the Financial Statements

**The County of Polk
Bolivar, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018**

	Sheriff Special Operations Fund				Sheriff Civil Fee Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	22,000	21,702	20,000	22,936
Interest	-	-	-	-	400	712	300	425
Other Receipts	-	-	-	-	-	-	-	43
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	22,400	22,414	20,300	23,404
<u>Disbursements</u>								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	2,793	-	2,793	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	25,000	24,584	25,000	7,896
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	2,793	-	2,793	-	25,000	24,584	25,000	7,896
Receipts Over (Under)								
Disbursements	\$ (2,793)	\$ -	\$ (2,793)	\$ -	\$ (2,600)	\$ (2,170)	\$ (4,700)	\$ 15,508
Cash and Equivalents, Jan 1	2,793	2,793	2,793	2,793	48,601	48,601	33,093	33,093
Cash and Equivalents, Dec 31	\$ -	\$ 2,793	\$ -	\$ 2,793	\$ 46,001	\$ 46,431	\$ 28,393	\$ 48,601

See Notes to the Financial Statements

**The County of Polk
Bolivar, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018**

	Special Trust Fund				Sheriff Revolving Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	8,700	7,224	10,600	8,569	6,500	13,160	3,000	7,245
Interest	-	-	-	-	400	297	400	434
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	8,700	7,224	10,600	8,569	6,900	13,457	3,400	7,679
Disbursements								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	2,500	1,316	2,000	1,996
Services	10,200	8,297	11,564	8,000	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	25,000	25,000	50,000	50,000
Total Disbursements	10,200	8,297	11,564	8,000	27,500	26,316	52,000	51,996
Receipts Over (Under)								
Disbursements	\$ (1,500)	\$ (1,073)	\$ (964)	\$ 569	\$ (20,600)	\$ (12,859)	\$ (48,600)	\$ (44,317)
Cash and Equivalents, Jan 1	1,533	1,533	964	964	38,538	38,538	82,855	82,855
Cash and Equivalents, Dec 31	\$ 33	\$ 460	\$ -	\$ 1,533	\$ 17,938	\$ 25,679	\$ 34,255	\$ 38,538

See Notes to the Financial Statements

The County of Polk
Bolivar, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Senate Bill 40 Board Fund				Veteran's Memorial Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ 66,000	\$ 71,428	\$ 62,000	\$ 66,020	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	700,000	822,410	650,000	712,099	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	225	193	200	242	30	44	-	34
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>766,225</u>	<u>894,031</u>	<u>712,200</u>	<u>778,361</u>	<u>30</u>	<u>44</u>	<u>-</u>	<u>34</u>
Disbursements								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	707,309	813,316	692,310	647,505	-	-	-	-
Other Disbursements	-	-	-	-	200	-	200	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>707,309</u>	<u>813,316</u>	<u>692,310</u>	<u>647,505</u>	<u>200</u>	<u>-</u>	<u>200</u>	<u>-</u>
Receipts Over (Under)								
Disbursements	\$ 58,916	\$ 80,715	\$ 19,890	\$ 130,856	\$ (170)	\$ 44	\$ (200)	\$ 34
Cash and Equivalents, Jan 1	<u>480,516</u>	<u>480,516</u>	<u>349,660</u>	<u>349,660</u>	<u>3,354</u>	<u>3,354</u>	<u>3,320</u>	<u>3,320</u>
Cash and Equivalents, Dec 31	<u>\$ 539,432</u>	<u>\$ 561,231</u>	<u>\$ 369,550</u>	<u>\$ 480,516</u>	<u>\$ 3,184</u>	<u>\$ 3,398</u>	<u>\$ 3,120</u>	<u>\$ 3,354</u>

See Notes to the Financial Statements

The County of Polk
Bolivar, Missouri
Statements of Assets and Liabilities Arising From Cash Transactions
Agency Funds - Regulatory Basis
December 31, 2019 and 2018

2019					
	Collector	Recorder	Sheriff	Treasurer	Total
Assets					
Cash and Equivalents	\$ 10,821,354	\$ 20,851	\$ 36,627	\$ 326,291	\$ 11,205,123
Total Assets	10,821,354	20,851	36,627	326,291	11,205,123
Liabilities and Fund Balances					
Total Liabilities	10,821,354	20,851	36,627	326,291	11,205,123
	10,821,354	20,851	36,627	326,291	11,205,123
Fund Balances	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 10,821,354	\$ 20,851	\$ 36,627	\$ 326,291	\$ 11,205,123
2018					
	Collector	Recorder	Sheriff	Treasurer	Total
Assets					
Cash and Equivalents	\$ 9,620,595	\$ 16,551	\$ 33,367	\$ 922,142	\$ 10,592,655
Total Assets	9,620,595	16,551	33,367	922,142	10,592,655
Liabilities and Fund Balances					
Total Liabilities	9,620,595	16,551	33,367	922,142	10,592,655
	9,620,595	16,551	33,367	922,142	10,592,655
Fund Balances	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 9,620,595	\$ 16,551	\$ 33,367	\$ 922,142	\$ 10,592,655

See Notes to the Financial Statements

**The County of Polk
Bolivar, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018**

Note 1 - Summary of Significant Accounting Policies

Organized in 1835, the county of Polk was named after former U.S. President James K. Polk. It is a third-class county, and the county seat is Bolivar. Polk County's government is composed of a three-member county commission and the following separately elected Constitutional Officers: County Clerk, Collector, Treasurer, Sheriff, Assessor, Coroner, Circuit Clerk, Recorder of Deeds, Public Administrator, and Prosecuting Attorney.

As discussed further in Note 1, 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).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Polk County, Missouri, the Polk County Senior Citizens Service Board, and the Polk County Senate Bill 40 Board.

Polk County's operations include tax assessments and collections, state/county courts, county recorder, public safety, transportation, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Polk County, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise Polk County's legal entity. The Senior Citizens Service Board and the Senate Bill 40 Board are controlled by separate boards and are also included under the control of the County.

Certain elected County officials, such as the County Collector, Treasurer, and Sheriff, collect and hold monies in a trustee capacity as an agent of an individual, taxing units, or other governments. These assets, which are held by these officeholders for the sole benefit of external parties, are included in the Statements of Assets and Liabilities Arising from Cash Transactions - Agency Funds - Regulatory Basis.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Polk County, Missouri, and the comparisons of such information with the corresponding budgeted information for all funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**The County of Polk
Bolivar, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018**

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

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

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo, Polk County adopts a budget for each governmental fund.

On or before January 15th, each elected official 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.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures 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.

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.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

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 financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.

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

During the audit, it was noted the County was not in compliance with Missouri budgetary statute RSMo. Chapter 50. The following funds had actual expenditures which exceeded the budgeted expenditures in 2019: Senate Bill 40 Board Fund. The following funds had an ending deficit fund balance in 2018: Deputy Sheriff Salary Supplement Fund and Prosecuting Attorney Training Fund.

The County of Polk
Bolivar, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies (continued)

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 Polk County's boundaries for the calendar year 2019 and 2018, respectively, for the purposes of County taxation was as follows:

	<u>2019</u>	<u>2018</u>
Real Estate	\$ 238,733,780	\$ 219,004,370
Personal Property	74,965,470	70,926,944
Railroad and Utilities	29,999,912	23,930,627
	<u>\$ 343,699,162</u>	<u>\$ 313,861,941</u>

The tax levy per \$100 assessed valuation of tangible taxable property for the calendar year 2019 and 2018, respectively, for the purpose of County taxation, was as follows:

	<u>2019</u>	<u>2018</u>
General Revenue Fund	\$ 0.3094	\$ 0.3250
Special Road and Bridge Fund	0.2662	0.2811
Senior Citizens Service Board Fund	0.0476	0.0500
Senate Bill 40 Board Fund	0.0200	0.0210

The County also receives sales tax collected by the State and remitted based on the County's sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments 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 Polk County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

**The County of Polk
Bolivar, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018**

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

Note 2 - Deposits and Investments

Polk 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 on the statements of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents." Cash held for others is displayed on the statement of assets and liabilities arising from cash transactions as "Cash and Equivalents."

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

The carrying values and bank balances of deposits and investments shown below are included in the financial statements at December 31, 2019, as follows:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits	\$ 13,947,369	\$ 13,977,196
Investments	3,070,000	3,070,000
Total Deposits and Investments as of December 31, 2019	<u>\$ 17,017,369</u>	<u>\$ 17,047,196</u>
Total Cash and Equivalents - Governmental Funds	\$ 5,812,246	
Total Cash and Equivalents - Agency Funds	11,205,123	
	<u>\$ 17,017,369</u>	

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

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits	\$ 13,357,836	\$ 13,403,613
Investments	3,070,000	3,070,000
Total Deposits and Investments as of December 31, 2018	<u>\$ 16,427,836</u>	<u>\$ 16,473,613</u>
Total Cash and Equivalents - Governmental Funds	\$ 5,835,181	
Total Cash and Equivalents - Agency Funds	10,592,655	
	<u>\$ 16,427,836</u>	

**The County of Polk
Bolivar, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018**

Note 2 - Deposits and Investments (continued)

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. At December 31, 2019 and 2018, 100% of Polk County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

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 that sold the security to Polk County or its agent but not in the government's name. Polk County does not have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of Polk County or of a type that are 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. Polk County does not 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 Polk 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 no 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 following investments represent more than 5%, individually, of total investments:

Issuer	Investment Type	2019 Balance	% of Portfolio	2018 Balance	% of Portfolio
Oakstar Bank	Cert. of Deposit	\$ 3,070,000	100.00%	\$ 2,400,000	78.18%
Farmers State Bank	Cert. of Deposit	-	n/a	670,000	21.82%

Note 3 - Long-Term Debt

On June 16, 2014, the County entered into a \$1,400,000 lease purchase agreement with U.S. Bancorp Government Leasing and Finance, Inc. for courthouse improvements, payable in ten annual payments of \$159,446 with a final payment due June 16, 2024. The lease agreement carries an interest rate of 2.411%.

The County of Polk
Bolivar, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018

Note 3 - Long-Term Debt (continued)

On June 12, 2015, the County entered into a \$192,424 lease purchase agreement with Caterpillar Financial Services Corporation for a motor grader, payable in four annual payments of \$16,453 with a final payment of \$150,453 due July 15, 2020. The lease agreement carries an interest rate of 2.710%. On May 19, 2020, the County refinanced the lease purchase agreement for \$137,000 to be payable in four semiannual payments of \$10,671 with a final payment of \$115,800 due September 15, 2022. The new lease agreement carries an interest rate of 6.985%.

On July 31, 2015, the County entered into a \$660,756 lease purchase agreement with Deere Credit Inc. for three 672G motor graders, payable in five annual payments of \$50,369 and a final payment of \$417,000 due on August 31, 2020. The lease agreement carries an interest rate of 0.283%.

On October 2, 2015, the County entered into a \$192,424 lease purchase agreement with Caterpillar Financial Services Corporation for a motor grader payable in four annual payments of \$16,453 with a final payment of \$150,453 due October 2, 2020. The lease agreement carries an interest rate of 2.710%.

On September 26, 2016, the County entered into \$128,800 lease purchase agreement with Deere Credit, Inc. for a 670G motor grader, payable in two annual payments of \$67,102 with a final payment due September 26, 2018. The lease agreement carries an interest rate of 2.750%.

On November 18, 2018, the County entered into a \$94,902 lease purchase agreement with Deere Credit Inc. for a Loader Backhoe payable in one annual payment of \$47,450 and a second annual payment of \$50,274 due February 19, 2020. The lease agreement carries an interest rate of 5.790%.

	Balance at 1/1/2019	Amount Borrowed	Amount Repaid	Balance at 12/31/2019	Interest Paid During Year
Courthouse Improvements	\$ 880,088	\$ -	\$ (137,994)	\$ 742,094	\$ 21,452
Motor Grader	158,519	-	(12,099)	146,420	4,355
3 Motor Graders	514,858	-	(48,909)	465,949	1,460
Motor Grader	158,539	-	(12,104)	146,435	4,350
Motor Grader	-	-	-	-	-
Loader Backhoe	94,902	-	(47,450)	47,452	-
	<u>\$ 1,806,906</u>	<u>\$ -</u>	<u>\$ (258,556)</u>	<u>\$ 1,548,350</u>	<u>\$ 31,617</u>

	Balance at 1/1/2018	Amount Borrowed	Amount Repaid	Balance at 12/31/2018	Interest Paid During Year
Courthouse Improvements	\$ 1,014,798	\$ -	\$ (134,710)	\$ 880,088	\$ 24,736
Motor Grader	170,295	-	(11,776)	158,519	4,678
3 Motor Graders	563,628	-	(48,770)	514,858	1,599
Motor Grader	170,319	-	(11,780)	158,539	4,674
Motor Grader	65,284	-	(65,284)	-	1,818
Loader Backhoe	-	94,902	-	94,902	-
	<u>\$ 1,984,324</u>	<u>\$ 94,902</u>	<u>\$ (272,320)</u>	<u>\$ 1,806,906</u>	<u>\$ 37,505</u>

**The County of Polk
Bolivar, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018**

Note 3 - Long-Term Debt (continued)

As of December 31, 2019, the schedule of future payments of long-term debt of the County is as follows:

Year Ending December 31,	Principal	Interest	Total
2020	\$ 810,614	\$ 26,349	\$ 836,963
2021	154,159	26,629	180,788
2022	275,977	19,611	295,588
2023	151,948	7,498	159,446
2024	155,652	3,794	159,446
Total	<u>\$ 1,548,350</u>	<u>\$ 83,881</u>	<u>\$ 1,632,231</u>

Note 4 - Interfund Transfers

Transfers between funds for the years ended December 31, 2019 and 2018 are as follows:

<u>Fund</u>	2019		2018	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	\$ 7,000	\$ 164,741	\$ 7,000	\$ 89,232
Special Road and Bridge Fund	1,460,000	-	1,252,105	-
Assessment Fund	33,029	-	33,020	-
Road and Bridge Capital Improvement Fund	-	1,460,000	-	1,252,105
General Revenue Savings Fund	52,000	-	50,500	-
Law Enforcement Sales Tax Fund	101,990	-	54,141	-
Collector's Tax Maintenance Fund	-	7,000	-	7,000
Deputy Sheriff Salary Supplement Fund	-	769	-	995
Prosecuting Attorney Admin. Handling Cost Fund	-	2,221	-	3,146
Regional Child Support Fund	5,712	-	5,712	-
Sheriff Revolving Fund	-	25,000	-	50,000
Total	<u>\$ 1,659,731</u>	<u>\$ 1,659,731</u>	<u>\$ 1,402,478</u>	<u>\$ 1,402,478</u>

Note 5 - State of Missouri County Employees' Retirement Fund (CERF)

Plan Description

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

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

**The County of Polk
Bolivar, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018**

Note 5 - State of Missouri County Employees' Retirement Fund (CERF) (continued)

Benefits Provided

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

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

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, Missouri, 65101, by calling (573) 632-9203, or by visiting the CERF website at www.mocerf.org.

Contributions

Prior to January 1, 2003, participating county employees 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 6%. If any employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 6% contribution on behalf of employees. During 2019 and 2018, the County remitted to CERF, employee contributions of \$157,525 and \$145,823, respectively, for the years ended.

In addition to the above contributions required of employees, the following fees and penalties prescribed under Missouri law are required to be collected and remitted to CERF by counties covered by the plan:

- Late fees on filing of personal property tax declarations;
- Twenty dollars on each merchants' and manufacturers' license issued;
- Six dollars on each document recorded or filed with county recorders of deeds, with an additional one dollar on each document recorded;
- Three sevenths of the fee on delinquent property taxes; and
- Interest earned on investment of the above collections prior to remittance to CERF.

The County collected and remitted CERF fees and penalties of \$238,277 and \$204,612 for the years ended December 31, 2019 and 2018, respectively.

Further information related to required contributions, pension benefits, other plan terms, and investments and related return and financial information can be found in the notes to the financial statements of CERF's Annual Financial Report.

**The County of Polk
Bolivar, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018**

Note 6 - Prosecuting Attorney Retirement Fund

In accordance with state statute RSMo. Section 56.807, Polk County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys' and Circuit Attorneys' 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, 2019 and 2018.

Note 7 - Other Retirement Plans

Polk County has voluntary 457 and 401(a) plans administered by Empower Retirement (formerly Great-West Retirement Services) which are paid by deductions from employees' salaries. These contributions qualify under the Internal Revenue Code and are tax exempt. Employee contributions collected and remitted by the County for the years ended December 31, 2019 and 2018 for the 457 plan were \$48,361 and \$53,851, respectively. Employee contributions collected and remitted by the County for the years ended December 31, 2019 and 2018 for the 401(a) plan were \$19,813 and \$18,488, respectively.

Note 8 - Post Employment Benefits

Polk County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by Polk County.

Note 9 - Claims, Commitments, and Contingencies

Litigation

The County is subject to various claims and legal proceedings covering a wide range of matters in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Compensated Absences

The County provides employees with up to three weeks of paid vacation based upon the number of years of continuous service. This ranges from getting one week after the first year of service, two weeks after two years of service, and three weeks after 10 years of service. Upon termination from county employment, an employee is reimbursed for unused vacation leave, if applicable. County employees receive personal days when they start, after 90 days of continuous employment. An employee is not reimbursed for unused personal time upon termination of employment. Full-time employees earn 4 hours per month of sick time, up to a maximum of 240 hours. Upon voluntary termination, employees will be compensated for half of their unused sick time if the employee provides two weeks' notice. Employees may not be compensated for unused sick time if involuntarily terminated.

Federal and State Assisted Programs

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

**The County of Polk
Bolivar, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018**

Note 9 - Claims, Commitments, and Contingencies (continued)

Other Commitments

Part of the County's taxing district contains a development area subject to an Enhanced Enterprise Zone (EEZ) plan where the County must abate 100% of the real property tax assessed on improvements. If approved, the abatements within the EEZ must continue for 10 years if the business maintains operations and eligibility. Future amounts abated are based on maintaining operations and eligibility and cannot be estimated. The County is committed to abating these taxes through the year ended December 31, 2029.

Note 10 - 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 Association of Counties Self-Injured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$500,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

Note 11 - Subsequent Events

The County has evaluated events subsequent to December 31, 2019 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through July 8, 2020, the date the financial statements were available to be issued.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the County expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be estimated at this time.

On May 19, 2020, the County refinanced the June 12, 2015 lease purchase agreement for \$137,000. See Note 3 for more details.

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 and
Officeholders of Polk County, Missouri

We have audited, 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, the accompanying financial statements of Polk County, Missouri as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Polk County, Missouri's basic financial statements, and have issued our report thereon dated July 8, 2020.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-002 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Polk County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the schedule of findings and questioned costs as item 2019-001.

Polk County, Missouri's Responses to Findings

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Stopp & VanHoy". The signature is written in a cursive, flowing style.

Creve Coeur, Missouri
July 8, 2020

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE
UNIFORM GUIDANCE

Independent Auditor's Report

To the County Commission and
Officeholders of Polk County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Polk County, Missouri's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Polk County, Missouri's major federal programs for the years ended December 31, 2019 and 2018. Polk County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Polk County, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Polk County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Polk County, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, Polk County, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2019 and 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-003. Our opinion on each major federal program is not modified with respect to these matters.

Polk County, Missouri's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Polk County, Missouri's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

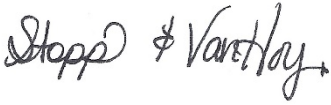
Management of Polk County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Polk County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Polk County, Missouri's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-003, that we consider to be a significant deficiency.

Polk County, Missouri's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Polk County, Missouri's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

A handwritten signature in black ink, reading "Stopp & VanHoy". The signature is written in a cursive, flowing style.

Creve Coeur, Missouri
July 8, 2020

**The County of Polk
Bolivar, Missouri
Schedule of Expenditures of Federal Awards
For the years ended December 31, 2019 and 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31,		Awards Provided to Subrecipients	
			2019	2018	2019	2018
U.S. Department of Defense						
Passed through state:						
Office of Administration						
Payments to States in Lieu of Real Estate Taxes	12.112	n/a	186	249	-	-
U.S. Department of Interior						
Direct Program:						
Payments in Lieu of Taxes	15.226	n/a	29,224	28,589	-	-
U.S. Department of Justice						
Passed through local:						
Lawrence County, Missouri						
Domestic Cannabis Eradication and Suppression Program	16.000	2018-75	-	8,000	-	-
Domestic Cannabis Eradication and Suppression Program	16.000	2019-79	19,605	-	-	-
Total Domestic Cannabis Eradication and Suppression Program			19,605	8,000	-	-
Passed through state:						
Missouri Association of Prosecuting Attorneys						
Crime Victim Assistance	16.575	ER130180073	70,199	88,379	-	-
Crime Victim Assistance	16.575	ER130200072	13,550	-	-	-
Total Crime Victim Assistance			83,749	88,379	-	-
Direct Program:						
Bulletproof Vest Partnership Program	16.607	n/a	-	8,086	-	-
Passed through state:						
Missouri Department of Public Safety						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-LLEBG-068	7,421	-	-	-
Total U.S. Department of Justice			110,775	104,465	-	-
U.S. Department of Transportation						
Highway Planning and Construction Cluster						
Passed through state:						
Missouri Highways and Transportation Commission						
Highway Planning and Construction	20.205	BRO-NBIL-B084(13)	-	1,063,710	-	-
Highway Planning and Construction	20.205	BRO-B084(14)	58,556	-	-	-
Total Highway Planning and Construction Cluster			58,556	1,063,710	-	-

See Notes to the Schedule of Expenditures of Federal Awards

**The County of Polk
Bolivar, Missouri
Schedule of Expenditures of Federal Awards
For the years ended December 31, 2019 and 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31,		Awards Provided to Subrecipients	
			2019	2018	2019	2018
U.S. Department of Transportation (continued)						
Highway Safety Cluster						
Passed through:						
University of Central Missouri						
State and Community Highway Safety	20.600	19-PT-02-067	1,276	-	-	-
Passed through:						
University of Central Missouri						
National Priority Safety Programs	20.616	18-M2OP-05-020	-	846	-	-
Total Highway Safety Cluster			1,276	846	-	-
Passed through:						
University of Central Missouri						
Alcohol Open Container Requirements	20.607	18-154-AL-154	-	1,238		
Alcohol Open Container Requirements	20.607	19-154-AL-019	1,979	-		
Total Alcohol Open Container Requirements			1,979	1,238	-	-
Total U.S. Department of Transportation			61,811	1,065,794		
U.S. Department of Health and Human Services						
Passed through state:						
Missouri Department of Social Services						
Child Support Enforcement	93.563	ER10217C078	46,287	45,342		
Total Expenditures of Federal Awards			\$ 248,283	\$ 1,244,439	\$ -	\$ -

See Notes to the Schedule of Expenditures of Federal Awards

**The County of Polk
Bolivar, Missouri
Notes to the Schedule of Expenditures of Federal Awards
For the years ended December 31, 2019 and 2018**

Note 1 - Summary of Significant Accounting Policies

Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Uniform Guidance requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA number is not available.

This schedule includes all federal awards administered by Polk County, Missouri.

Basis of Presentation

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Because the Schedule presents only a selected portion of the operations of Polk County, Missouri, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Polk County, Missouri.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Polk County, Missouri has not elected to use the 10% de minimis indirect cost rate.

**The County of Polk
Bolivar, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2019 and 2018**

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

Unmodified Regulatory Basis

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are
not considered to be material weaknesses?

 X Yes _____ None Reported

Any noncompliance material to financial
statements noted?

 X Yes _____ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified
not considered to be material weaknesses?

 X Yes _____ None Reported

Type of auditor's report issued on
compliance for major programs:

Unmodified

Any audit findings disclosed that are
required to be reported in accordance
with section 2 CFR section 200.516(a)?

 X Yes _____ No

Identification of Major Programs:

CFDA
Number
20.205

Name of Federal Program or Cluster
Highway Planning and Construction Cluster

Dollar threshold used to distinguish
between type A and type B programs:

 \$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

**The County of Polk
Bolivar, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2019 and 2018**

Section 2 - Financial Statement Findings

2019-001 **Criteria:** Missouri statutes requires Counties to prepare an annual budget as applicable to each fund. Expenditures are not to exceed the budget and funds are not to be budgeted at a deficit. Additionally, expenditures are not to exceed available funds, resulting in a deficit fund balance available.

Condition: During the audit, it was noted the County was not in compliance with Missouri budgetary statute RSMo. Chapter 50. The following funds had actual expenditures which exceeded the budgeted expenditures in 2019: Senate Bill 40 Board Fund. The following funds had an ending deficit fund balance in 2018: Deputy Sheriff Salary Supplement Fund and Prosecuting Attorney Training Fund.

Cause: Oversight

Effect: The County is in violation of Missouri Revised Statutes due to exceeding budgets in certain funds and expending funds in excess of funds available in certain funds.

Recommendation: We recommend that the County adopt a budget for all funds and periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes. Additionally, the County should closely monitor fund balances on an ongoing basis in order to prevent negative fund balances.

Management's Response: The County Clerk will perform a detailed review of budgetary schedules and actual expenditures in order to ensure budgetary compliance, and amendments to the budget will be prepared and approved by the County Commission, if necessary. The expected completion date is December 31, 2020. The phone number for the County Clerk's office is (417) 326-4031.

2019-002 **Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

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

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

Effect: Lack of an appropriate fraud 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.

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.

Management's Response: The County will work to prepare a risk assessment procedure. The expected completion date is December 31, 2020. The phone number for the County Clerk's office is (417) 326-4031.

**The County of Polk
Bolivar, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2019 and 2018**

Section 3 - Federal Award Findings and Questioned Costs

2019-003 Federal Grantor: All Programs
Pass-Through Grantor: All Programs
Federal CFDA Number: All Programs
Program Title: All Programs

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200 requires auditees to prepare an accurate Schedule of Expenditures of Federal Awards (SEFA) containing awards expended, CFDA title and number, award number, name of the Federal agency, name of pass-through entity, and awards paid to subrecipients.

Condition: During our audit, we noted the SEFA contained errors. The County's current internal controls over SEFA reporting are not sufficient enough to ensure correct SEFA reporting.

Cause: Management did not follow reporting requirements related to the Schedule of Expenditures of Federal Awards.

Effect: Federal expenditures reported in the SEFA were incorrect.

Recommendation: We recommend management develop internal controls over reporting and consult with external consultants, if possible, to ensure an accurate SEFA is prepared.

Management's Response: Title 2 U.S. *Code of Federal Regulations* Part 200 is being reviewed and training sessions will be initiated by the County Clerk's office. The County Clerk is working towards capturing grant transactions in a manner sufficient to readily report the necessary information required on the SEFA by the next audit period. The expected completion date is December 31, 2020. The phone number for the County Clerk's office is (417) 326-4031.

**The County of Polk
Bolivar, Missouri
Summary Schedule of Prior Year Findings and Responses
For the years ended December 31, 2019 and 2018**

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Polk County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2015 and 2014.

Prior Year Financial Statement Findings

2015-001 **Condition:** We noted two areas of noncompliance with State Statutes regarding the County's budgeting process during 2015 and 2014, as follows: a) Adoption of formal budget is required by law. However, the County did not adopt a formal budget for the Sheriff's Special Operations Fund in 2015 and 2014. b) Actual expenditures exceeded budgeted expenditures for the Senate Bill 40 Fund in 2015 and 2014. State statutes prohibit the County from approving expenditures in excess of the authorized budgeted amount for any County fund. This requirement ensures that expenditures are subject to public scrutiny as provided by their inclusion in a budget adopted or amended at a public meeting.

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

County's Response: We are scheduled to amend the budget on August 16, 2016, at that time we will adopt a formal budget for the Sheriff's Special Operation Fund as per recommendation of the auditors.

2014 is when we started working with the Center for Human Services and we did not have any idea what kind of revenues or expenditures would be associated with this relationship. In the future, the Senate Bill 40 Board will take into consideration when setting the budget expenditures to include any possible requests that may come before the Board during the budget year and budget accordingly, as to not go over in expenditures.

Auditor's Evaluation: The responses are appropriate to correct the concern.

Status: Management has not corrected this issue; therefore, this finding is repeated as 2019-001 in the current year.



POLK COUNTY COMMISSION

SHANNON HANCOCK
Presiding Commissioner

KYLE LEGAN
North Associate Commissioner

REX AUSTIN
South Associate Commissioner

MELINDA ROBERTSON
County Clerk

COUNTY OF POLK • 102 E. Broadway, Room 11 • BOLIVAR, MISSOURI 65613 • (417) 326-4031 - (417) 326-3525 (Fax)
E-mail: clerk@polkcountymo.org • Website: www.polkcountymo.gov

Polk County, Missouri Corrective Action Plan

Corrective Action Plan – 2019-001

Finding: During our audit, it was noted that the County was not in compliance with Missouri budgetary state statute RSMo. Chapter 50.

Contact Person Responsible for Corrective Action: Polk County Clerk

Corrective Action Planned: The County Clerk will perform a detailed review of budgetary schedules and actual expenditures in order to ensure budgetary compliance, and amendments to the budget will be prepared and approved by the County Commission, if necessary.

Anticipated Completion Date: December 31, 2020

Corrective Action Plan – 2019-002

Finding: During our audit, we noted there is no formal fraud risk assessment in place.

Contact Person Responsible for Corrective Action: Polk County Clerk

Corrective Action Planned: The County will work to prepare a risk assessment procedure.

Anticipated Completion Date: December 31, 2020

Corrective Action Plan – 2019-003

Finding: Management has not implemented internal controls related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA). During our audit we noted the SEFA contained errors.

Contact Person Responsible for Corrective Action: Polk County Clerk

Corrective Action Planned: Title 2 U.S. *Code of Federal Regulations* Part 200 is being reviewed and training sessions will be initiated by the County Clerk's office. The County Clerk is working towards capturing grant transactions in a manner sufficient to readily report the necessary information required on the SEFA by the next audit period.

Anticipated Completion Date: December 31, 2020