



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Knox County, Missouri

The Office of the State Auditor contracted for an audit of Knox 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

November 2020
Report No. 2020-092



Nicole Galloway, CPA
Missouri State Auditor

RECOMMENDATION SUMMARY

Recommendations in the contracted audit of Knox County

2019-001	The county address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.
2019-002	The Sheriff implement the necessary procedures to ensure that the bank balance reconciles to the book balance on a monthly basis.
2019-003	The Prosecuting Attorney's office implement the necessary procedures to ensure that all funds assumed upon entry to the position are accounted for in a custodial capacity and supported by funds held in the bank account.

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



**The County of Knox
Edina, Missouri
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Independent Auditor's Report

To the County Commission and
Officeholders of Knox County, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Knox 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 Knox 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 Knox 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 Knox 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 Knox 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2020 on our consideration of Knox 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 Knox County, Missouri's internal control over financial reporting and compliance.



Creve Coeur, Missouri
September 4, 2020

The County of Knox
Edina, 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	\$ 455,847	\$ 1,577,208	\$ 1,084,445	\$ 948,610
Special Road and Bridge	188,756	1,490,994	1,581,827	97,923
Assessment	66,743	128,992	136,779	58,956
Capital Improvement	48,798	197,309	231,068	15,039
Capital Improvement - Courthouse Renovation	171,773	171,861	115,582	228,052
Law Enforcement	2,457	241,621	208,437	35,641
Sheriff's Fee	4,978	4,781	7,283	2,476
Law Enforcement Training	1,169	990	1,152	1,007
Inmate Security	3,671	1,242	132	4,781
Revolving	10,481	1,758	5,861	6,378
Concentrated Animal Feeding Operation	10,091	258	-	10,349
Children's Trust	818	636	-	1,454
Collector's Tax Maintenance	33,870	7,755	3,055	38,570
Economic Development	24	-	-	24
Election Services	18,517	6,938	7,980	17,475
Prosecuting Attorney Administrative Handling Cost	1,493	1,646	594	2,545
Prosecuting Attorney Delinquent Tax	185	1,170	-	1,355
Prosecuting Attorney Training	120	216	83	253
Recorder's Technology	8,445	1,320	85	9,680
Recorder's User Fee	14,064	2,188	1,211	15,041
Restitution	2,982	4,162	2,014	5,130
Sever Lake	69,021	22,606	35,932	55,695
Shop Tools	2,855	686	1,999	1,542
Emergency	-	32,737	-	32,737
Total	<u>\$ 1,117,158</u>	<u>\$ 3,899,074</u>	<u>\$ 3,425,519</u>	<u>\$ 1,590,713</u>

See Notes to the Financial Statements

The County of Knox
Edina, 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	\$ 218,404	\$ 1,221,680	\$ 984,237	\$ 455,847
Special Road and Bridge	169,175	1,097,181	1,077,600	188,756
Assessment	73,936	130,081	137,274	66,743
Capital Improvement	178,258	165,075	294,535	48,798
Capital Improvement - Courthouse Renovation	118,343	165,142	111,712	171,773
Law Enforcement	5,965	218,811	222,319	2,457
Sheriff's Fee	5,808	4,812	5,642	4,978
Law Enforcement Training	101	1,068	-	1,169
Inmate Security	2,724	1,567	620	3,671
Revolving	11,515	1,018	2,052	10,481
Concentrated Animal Feeding Operation	9,918	173	-	10,091
Children's Trust	9,181	818	9,181	818
Collector's Tax Maintenance	29,606	8,425	4,161	33,870
Economic Development	23	1	-	24
Election Services	13,066	7,556	2,105	18,517
Prosecuting Attorney Administrative Handling Cost	753	1,114	374	1,493
Prosecuting Attorney Delinquent Tax	182	3	-	185
Prosecuting Attorney Training	226	144	250	120
Recorder's Technology	7,143	1,302	-	8,445
Recorder's User Fee	13,213	2,152	1,301	14,064
Restitution	1,446	1,536	-	2,982
Sever Lake	69,546	22,304	22,829	69,021
Shop Tools	111	2,744	-	2,855
Emergency	-	-	-	-
Total	<u>\$ 938,643</u>	<u>\$ 3,054,707</u>	<u>\$ 2,876,192</u>	<u>\$ 1,117,158</u>

See Notes to the Financial Statements

The County of Knox
Edina, Missouri
Comparative Statement 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
<u>Receipts</u>				
Property Taxes	\$ 280,000	275,383	\$ 267,260	\$ 282,403
Sales Taxes	590,000	1,078,455	403,000	613,688
Intergovernmental	54,500	38,959	60,000	55,286
Charges for Services	142,622	148,308	137,709	150,830
Interest	4,000	20,743	4,000	6,697
Other Receipts	17,707	15,360	17,242	62,776
Transfers In	-	-	50,000	50,000
Total Receipts	1,088,829	1,577,208	939,211	1,221,680
<u>Disbursements</u>				
County Commission	104,423	102,556	100,552	94,154
County Clerk	70,301	68,936	67,077	66,477
Elections	14,780	13,458	41,590	41,393
Building and Grounds	112,400	104,846	73,170	69,676
Employee Fringe Benefits	117,464	119,071	131,351	123,184
County Treasurer	40,735	39,953	38,700	37,840
Collector	73,249	72,069	70,190	69,982
Recorder of Deeds	45,285	44,976	43,500	42,645
Circuit Clerk	19,800	9,641	18,700	7,737
Public Administrator	18,238	17,344	18,238	17,823
Sheriff	24,000	27,525	20,100	55,515
Jail	40,000	20,961	30,000	37,279
Prosecuting Attorney	80,847	77,613	80,129	75,712
Juvenile Officer	18,207	18,207	18,207	18,207
Coroner	18,193	13,405	17,368	13,488
Health and Welfare	1,200	1,200	1,200	1,200
Debt Service	22,500	21,838	11,020	11,020
Other Disbursements	178,529	143,489	150,497	151,206
Transfers Out	167,357	167,357	69,699	49,699
Emergency Fund	-	-	28,300	-
Total Disbursements	1,167,508	1,084,445	1,029,588	984,237
Receipts Over (Under)				
Disbursements	\$ (78,679)	\$ 492,763	\$ (90,377)	\$ 237,443
Cash and Equivalents, Jan 1	455,847	455,847	218,404	218,404
Cash and Equivalents, Dec 31	\$ 377,168	\$ 948,610	\$ 128,027	\$ 455,847

See Notes to the Financial Statements

The County of Knox
Edina, Missouri
Comparative Statement 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	\$ 540,500	\$ 531,160	\$ 518,484	\$ 551,737
Sales Taxes	-	-	-	-
Intergovernmental	834,187	880,555	886,912	529,192
Charges for Services	3,000	4,714	3,450	9,624
Interest	5,500	10,238	6,500	5,413
Other Receipts	1,000	44,327	1,000	1,215
Transfers In	20,000	20,000	-	-
Total Receipts	<u>1,404,187</u>	<u>1,490,994</u>	<u>1,416,346</u>	<u>1,097,181</u>
<u>Disbursements</u>				
Salaries	363,600	309,062	360,004	341,019
Employee Fringe Benefits	125,900	136,381	99,456	113,447
Supplies	177,000	185,132	178,500	167,680
Insurance	35,000	41,049	30,017	34,179
Road and Bridge Materials	350,000	347,853	240,000	238,918
Equipment Repairs	70,000	106,094	70,000	72,471
Equipment Purchases	448,862	452,691	3,000	-
Road and Bridge Construction	-	-	463,839	24,680
Other Disbursements	11,608	3,565	13,609	35,206
Transfers Out	-	-	58,500	50,000
Total Disbursements	<u>1,581,970</u>	<u>1,581,827</u>	<u>1,516,925</u>	<u>1,077,600</u>
Receipts Over (Under)				
Disbursements	\$ (177,783)	\$ (90,833)	\$ (100,579)	\$ 19,581
Cash and Equivalents, Jan 1	<u>188,756</u>	<u>188,756</u>	<u>169,175</u>	<u>169,175</u>
Cash and Equivalents, Dec 31	<u><u>\$ 10,973</u></u>	<u><u>\$ 97,923</u></u>	<u><u>\$ 68,596</u></u>	<u><u>\$ 188,756</u></u>

See Notes to the Financial Statements

The County of Knox
Edina, Missouri
Comparative Statement 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	99,538	100,697	96,290	102,951
Charges for Services	668	623	500	669
Interest	1,600	2,663	1,600	1,762
Other Receipts	500	317	-	-
Transfers In	24,692	24,692	24,699	24,699
Total Receipts	<u>126,998</u>	<u>128,992</u>	<u>123,089</u>	<u>130,081</u>
<u>Disbursements</u>				
Salaries	89,457	89,463	87,976	87,976
Employee Fringe Benefits	36,200	32,536	32,584	28,135
Materials and Supplies	5,900	2,959	5,900	3,954
Services	19,404	4,970	16,904	8,806
Other Disbursements	-	-	-	-
Capital Outlay	9,950	6,851	9,125	8,403
Transfers Out	-	-	-	-
Total Disbursements	<u>160,911</u>	<u>136,779</u>	<u>152,489</u>	<u>137,274</u>
Receipts Over (Under)				
Disbursements	\$ (33,913)	\$ (7,787)	\$ (29,400)	\$ (7,193)
Cash and Equivalents, Jan 1	<u>66,743</u>	<u>66,743</u>	<u>73,936</u>	<u>73,936</u>
Cash and Equivalents, Dec 31	<u>\$ 32,830</u>	<u>\$ 58,956</u>	<u>\$ 44,536</u>	<u>\$ 66,743</u>

See Notes to the Financial Statements

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

	Capital Improvement Fund				Capital Improvement - Courthouse Renovation Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	160,000	166,038	160,000	162,812	160,000	166,573	140,000	162,556
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	2,000	1,271	1,900	2,263	2,500	5,288	500	2,586
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	30,000	30,000	-	-	-	-	-	-
Total Receipts	192,000	197,309	161,900	165,075	162,500	171,861	140,500	165,142
Disbursements								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Debt Service	96,282	96,591	66,687	66,687	-	-	-	-
Capital Outlay	140,500	134,477	267,000	227,848	228,200	115,582	111,733	111,712
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	236,782	231,068	333,687	294,535	228,200	115,582	111,733	111,712
Receipts Over (Under)								
Disbursements	\$ (44,782)	\$ (33,759)	\$ (171,787)	\$ (129,460)	\$ (65,700)	\$ 56,279	\$ 28,767	\$ 53,430
Cash and Equivalents, Jan 1	48,798	48,798	178,258	178,258	171,773	171,773	118,343	118,343
Cash and Equivalents, Dec 31	\$ 4,016	\$ 15,039	\$ 6,471	\$ 48,798	\$ 106,073	\$ 228,052	\$ 147,110	\$ 171,773

See Notes to the Financial Statements

The County of Knox
Edina, Missouri
Comparative Statement 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 Fund				Sheriff's Fee Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	160,000	166,012	155,382	162,546	-	-	-	-
Intergovernmental	15,500	8,129	24,219	29,203	-	-	-	-
Charges for Services	2,000	2,196	1,900	1,960	4,700	4,667	4,700	4,729
Interest	80	284	125	102	80	114	100	83
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	66,000	65,000	53,100	25,000	-	-	-	-
Total Receipts	243,580	241,621	234,726	218,811	4,780	4,781	4,800	4,812
Disbursements								
Salaries	170,459	159,411	164,252	162,285	-	-	-	-
Employee Fringe Benefits	24,000	12,501	18,000	16,798	-	-	-	-
Materials and Supplies	27,150	22,194	26,350	29,226	-	-	-	-
Services	5,000	4,950	5,000	6,111	5,000	1,590	5,000	3,217
Other Disbursements	4,000	2,258	4,000	4,250	-	-	-	1,425
Capital Outlay	7,200	7,123	6,419	3,649	4,500	5,693	5,000	1,000
Transfers Out	-	-	-	-	-	-	600	-
Total Disbursements	237,809	208,437	224,021	222,319	9,500	7,283	10,600	5,642
Receipts Over (Under)								
Disbursements	\$ 5,771	\$ 33,184	\$ 10,705	\$ (3,508)	\$ (4,720)	\$ (2,502)	\$ (5,800)	\$ (830)
Cash and Equivalents, Jan 1	2,457	2,457	5,965	5,965	4,978	4,978	5,808	5,808
Cash and Equivalents, Dec 31	\$ 8,228	\$ 35,641	\$ 16,670	\$ 2,457	\$ 258	\$ 2,476	\$ 8	\$ 4,978

See Notes to the Financial Statements

The County of Knox
Edina, Missouri
Comparative Statement 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 Training Fund				Inmate Security Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	500	-	500	-	-	-	-
Charges for Services	550	468	550	560	1,450	1,126	1,530	1,511
Interest	5	22	2	8	48	116	40	56
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	555	990	552	1,068	1,498	1,242	1,570	1,567
Disbursements								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	700	-
Services	1,400	1,152	653	-	-	-	200	-
Other Disbursements	-	-	-	-	-	-	-	620
Capital Outlay	-	-	-	-	1,000	132	1,000	-
Transfers Out	-	-	-	-	1,000	-	1,500	-
Total Disbursements	1,400	1,152	653	-	2,000	132	3,400	620
Receipts Over (Under)								
Disbursements	\$ (845)	\$ (162)	\$ (101)	\$ 1,068	\$ (502)	\$ 1,110	\$ (1,830)	\$ 947
Cash and Equivalents, Jan 1	1,169	1,169	101	101	3,671	3,671	2,724	2,724
Cash and Equivalents, Dec 31	\$ 324	\$ 1,007	\$ -	\$ 1,169	\$ 3,169	\$ 4,781	\$ 894	\$ 3,671

See Notes to the Financial Statements

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

	Revolving Fund				Concentrated Animal Feeding Operation Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	1,457	1,517	2,900	813	-	-	-	-
Interest	227	241	170	205	130	258	130	173
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>1,684</u>	<u>1,758</u>	<u>3,070</u>	<u>1,018</u>	<u>130</u>	<u>258</u>	<u>130</u>	<u>173</u>
<u>Disbursements</u>								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	1,500	-	3,340	486	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Capital Outlay	6,716	5,861	7,600	1,566	-	-	-	-
Transfers Out	-	-	1,000	-	-	-	-	-
Total Disbursements	<u>8,216</u>	<u>5,861</u>	<u>11,940</u>	<u>2,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receipts Over (Under)								
Disbursements	\$ (6,532)	\$ (4,103)	\$ (8,870)	\$ (1,034)	\$ 130	\$ 258	\$ 130	\$ 173
Cash and Equivalents, Jan 1	<u>10,481</u>	<u>10,481</u>	<u>11,515</u>	<u>11,515</u>	<u>10,091</u>	<u>10,091</u>	<u>9,918</u>	<u>9,918</u>
Cash and Equivalents, Dec 31	<u>\$ 3,949</u>	<u>\$ 6,378</u>	<u>\$ 2,645</u>	<u>\$ 10,481</u>	<u>\$ 10,221</u>	<u>\$ 10,349</u>	<u>\$ 10,048</u>	<u>\$ 10,091</u>

See Notes to the Financial Statements

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

	Children's Trust Fund				Collector's Tax Maintenance Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	750	606	740	760	6,500	6,741	5,580	7,842
Interest	50	30	20	58	475	1,014	420	583
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>800</u>	<u>636</u>	<u>760</u>	<u>818</u>	<u>6,975</u>	<u>7,755</u>	<u>6,000</u>	<u>8,425</u>
<u>Disbursements</u>								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	700	30	700	639
Services	-	-	9,181	9,181	3,800	1,590	3,500	1,961
Other Disbursements	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	3,000	1,435	4,000	1,561
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>-</u>	<u>-</u>	<u>9,181</u>	<u>9,181</u>	<u>7,500</u>	<u>3,055</u>	<u>8,200</u>	<u>4,161</u>
Receipts Over (Under)								
Disbursements	\$ 800	\$ 636	\$ (8,421)	\$ (8,363)	\$ (525)	\$ 4,700	\$ (2,200)	\$ 4,264
Cash and Equivalents, Jan 1	<u>818</u>	<u>818</u>	<u>9,181</u>	<u>9,181</u>	<u>33,870</u>	<u>33,870</u>	<u>29,606</u>	<u>29,606</u>
Cash and Equivalents, Dec 31	<u>\$ 1,618</u>	<u>\$ 1,454</u>	<u>\$ 760</u>	<u>\$ 818</u>	<u>\$ 33,345</u>	<u>\$ 38,570</u>	<u>\$ 27,406</u>	<u>\$ 33,870</u>

See Notes to the Financial Statements

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

	Economic Development Fund				Election Services Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,592	446	1,700	1,514
Charges for Services	-	-	-	-	2,900	5,890	2,340	5,763
Interest	-	-	-	1	250	602	125	279
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	1	4,742	6,938	4,165	7,556
Disbursements								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	6,000	1,144	6,000	764
Services	-	-	-	-	4,000	208	2,000	63
Other Disbursements	-	-	-	-	1,392	-	1,400	-
Capital Outlay	-	-	-	-	9,000	6,628	2,000	1,278
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	-	-	-	-	20,392	7,980	11,400	2,105
Receipts Over (Under)								
Disbursements	\$ -	\$ -	\$ -	\$ 1	\$ (15,650)	\$ (1,042)	\$ (7,235)	\$ 5,451
Cash and Equivalents, Jan 1	24	24	23	23	18,517	18,517	13,066	13,066
Cash and Equivalents, Dec 31	\$ 24	\$ 24	\$ 23	\$ 24	\$ 2,867	\$ 17,475	\$ 5,831	\$ 18,517

See Notes to the Financial Statements

The County of Knox
Edina, Missouri
Comparative Statement 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 Delinquent Tax Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	200	1,585	1,000	1,090	-	1,162	-	-
Interest	10	61	5	24	2	8	2	3
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>210</u>	<u>1,646</u>	<u>1,005</u>	<u>1,114</u>	<u>2</u>	<u>1,170</u>	<u>2</u>	<u>3</u>
<u>Disbursements</u>								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	750	357	500	259	-	-	-	-
Other Disbursements	500	237	500	115	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>1,250</u>	<u>594</u>	<u>1,000</u>	<u>374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receipts Over (Under)								
Disbursements	\$ (1,040)	\$ 1,052	\$ 5	\$ 740	\$ 2	\$ 1,170	\$ 2	\$ 3
Cash and Equivalents, Jan 1	<u>1,493</u>	<u>1,493</u>	<u>753</u>	<u>753</u>	<u>185</u>	<u>185</u>	<u>182</u>	<u>182</u>
Cash and Equivalents, Dec 31	<u>\$ 453</u>	<u>\$ 2,545</u>	<u>\$ 758</u>	<u>\$ 1,493</u>	<u>\$ 187</u>	<u>\$ 1,355</u>	<u>\$ 184</u>	<u>\$ 185</u>

See Notes to the Financial Statements

The County of Knox
Edina, Missouri
Comparative Statement 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 Training Fund				Recorder's Technology Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	140	212	135	142	1,000	1,110	1,000	1,166
Interest	1	4	4	2	100	210	80	136
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	141	216	139	144	1,100	1,320	1,080	1,302
Disbursements								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	250	83	250	250	-	-	-	-
Other Disbursements	-	-	-	-	500	85	500	-
Capital Outlay	-	-	-	-	1,000	-	1,000	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	250	83	250	250	1,500	85	1,500	-
Receipts Over (Under)								
Disbursements	\$ (109)	\$ 133	\$ (111)	\$ (106)	\$ (400)	\$ 1,235	\$ (420)	\$ 1,302
Cash and Equivalents, Jan 1	120	120	226	226	8,445	8,445	7,143	7,143
Cash and Equivalents, Dec 31	\$ 11	\$ 253	\$ 115	\$ 120	\$ 8,045	\$ 9,680	\$ 6,723	\$ 8,445

See Notes to the Financial Statements

The County of Knox
Edina, Missouri
Comparative Statement 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's User Fee Fund				Restitution Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	1,800	1,775	1,800	1,920	800	4,065	100	1,500
Interest	150	413	150	232	18	97	19	36
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	1,950	2,188	1,950	2,152	818	4,162	119	1,536
Disbursements								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	300	-	300	-	-	-	-	-
Services	950	295	950	-	-	-	-	-
Other Disbursements	500	-	500	-	-	-	-	-
Capital Outlay	4,000	916	4,000	1,301	3,000	2,014	1,000	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	5,750	1,211	5,750	1,301	3,000	2,014	1,000	-
Receipts Over (Under)								
Disbursements	\$ (3,800)	\$ 977	\$ (3,800)	\$ 851	\$ (2,182)	\$ 2,148	\$ (881)	\$ 1,536
Cash and Equivalents, Jan 1	14,064	14,064	13,213	13,213	2,982	2,982	1,446	1,446
Cash and Equivalents, Dec 31	\$ 10,264	\$ 15,041	\$ 9,413	\$ 14,064	\$ 800	\$ 5,130	\$ 565	\$ 2,982

See Notes to the Financial Statements

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

	Sever Lake Fund				Shop Tools Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	20,699	20,699	20,000	21,087	-	-	-	-
Interest	900	1,781	900	1,196	1	80	3	18
Other Receipts	20	126	-	21	-	606	-	2,726
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	21,619	22,606	20,900	22,304	1	686	3	2,744
Disbursements								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	11,100	3,667	15,100	8,794	2,000	1,999	-	-
Services	13,300	9,186	13,300	9,162	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Capital Outlay	20,000	18,079	17,400	4,873	-	-	-	-
Transfers Out	5,000	5,000	5,000	-	-	-	-	-
Total Disbursements	49,400	35,932	50,800	22,829	2,000	1,999	-	-
Receipts Over (Under)								
Disbursements	\$ (27,781)	\$ (13,326)	\$ (29,900)	\$ (525)	\$ (1,999)	\$ (1,313)	\$ 3	\$ 2,744
Cash and Equivalents, Jan 1	69,021	69,021	69,546	69,546	2,855	2,855	111	111
Cash and Equivalents, Dec 31	\$ 41,240	\$ 55,695	\$ 39,646	\$ 69,021	\$ 856	\$ 1,542	\$ 114	\$ 2,855

See Notes to the Financial Statements

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

	Emergency Fund			
	2019		2018	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	-	72	-	-
Other Receipts	-	-	-	-
Transfers In	32,665	32,665	-	-
Total Receipts	32,665	32,737	-	-
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	-	-	-	-
Other Disbursements	32,665	-	-	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	32,665	-	-	-
Receipts Over (Under)				
Disbursements	\$ -	\$ 32,737	\$ -	\$ -
Cash and Equivalents, Jan 1	-	-	-	-
Cash and Equivalents, Dec 31	\$ -	\$ 32,737	\$ -	\$ -

See Notes to the Financial Statements

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

	2019						
	Collector	County Clerk	Recorder	Prosecuting Attorney	Sheriff	Treasurer	Total
Assets							
Cash and Equivalents	\$ 4,154,079	\$ -	\$ -	\$ 2,044	\$ 2	\$ 49,092	\$ 4,205,217
Total Assets	4,154,079	-	-	2,044	2	49,092	4,205,217
Liabilities and Fund Balances							
Total Liabilities	4,154,079	-	-	2,044	2	49,092	4,205,217
	4,154,079	-	-	2,044	2	49,092	4,205,217
Fund Balances	-	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 4,154,079	\$ -	\$ -	\$ 2,044	\$ 2	\$ 49,092	\$ 4,205,217
	</						

*Balances for December 31, 2018 were not available.

See Notes to the Financial Statements

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

Note 1 - Summary of Significant Accounting Policies

Organized in 1845, the county of Knox was named after Revolutionary War General Henry Knox. It is a third-class county, and the county seat is Edina. Knox 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 Knox County, Missouri.

Knox 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 Knox County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise Knox County's legal entity.

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 Knox County 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 Knox
Edina, 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 Knox 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., the 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.

**The County of Knox
Edina, 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 Knox County's boundaries for the calendar year 2019 and 2018, for the purposes of taxation was:

	<u>2019</u>	<u>2018</u>
Real Estate	\$ 45,118,490	\$ 44,532,380
Personal Property	25,173,279	23,817,100
Railroad and Utilities	17,817,855	13,896,228
	<u>\$ 88,109,624</u>	<u>\$ 82,245,708</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	\$ 0.3341	\$ 0.3318
Special Road and Bridge Fund	0.6562	0.6606

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 Knox County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

**The County of Knox
Edina, 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

Knox 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 above are included in the financial statements at December 31, 2019, as follows:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits	\$ 5,795,930	\$ 4,836,564
Investments	-	-
Total Deposits and Investments as of December 31, 2019	<u>\$ 5,795,930</u>	<u>\$ 4,836,564</u>
 Total Cash and Equivalents - Governmental Funds	 \$ 1,590,713	
Total Cash and Equivalents - Agency Funds	<u>4,205,217</u>	
	<u>\$ 5,795,930</u>	

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

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits	\$ 4,843,805	\$ 3,985,419
Investments	-	-
Total Deposits and Investments as of December 31, 2018	<u>\$ 4,843,805</u>	<u>\$ 3,985,419</u>
 Total Cash and Equivalents - Governmental Funds	 \$ 1,117,158	
Total Cash and Equivalents - Agency Funds	<u>3,726,647</u>	
	<u>\$ 4,843,805</u>	

**The County of Knox
Edina, 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 the 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 the County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments.

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 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 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 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.

Note 3 - Long-Term Debt

In 2015, the County entered into a lease-purchase agreement to finance the purchase of two 2015 Dodge Ram 1500 Crew Cab 4x4 trucks at a cost of \$51,018. The agreement requires five annual payments of \$11,020, which includes interest payable at 2.59%. This lease was paid in full ahead of schedule in 2019.

In 2015, the County entered into a lease-purchase agreement to finance the purchase of a Caterpillar 140M2AWD Motor Grader at a cost of \$100,150. The agreement requires seven annual payments of \$16,196, which includes interest payable at 3.20%.

In 2015, the County entered into a lease-purchase agreement to finance the purchase of a Caterpillar 140M3AWD Motor Grader at a cost of \$216,961. The agreement requires seven annual payments of \$35,086, which includes interest payable at 3.20%.

In 2016, the County issued \$1,250,000 in Series 2016 Certificates of Participation for the purpose of paying for renovations and improvements to the County courthouse. Funds from a dedicated sales tax are used to make principal and interest payments. The certificates bear interest at 1.50% - 3.50% and mature in October of 2031. Principal payments range from \$75,000 - \$100,000, annually.

In 2016, the County entered into a lease-purchase agreement to finance the purchase of a Caterpillar 420F Backhoe Loader at a cost of \$70,150. The agreement requires five annual payments of \$15,405, which includes interest payable at 3.20%. This lease was paid in full ahead of schedule in 2019.

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

Note 3 - Long-Term Debt (continued)

In 2019, the County entered into a lease-purchase agreement to finance the purchase of a 2018 Komatsu PC210LC-11 Hydraulic Excavator and a 2019 Mack P164 truck at a cost of \$354,825. The agreement requires three annual payments of \$131,536, which includes interest payable at 5.50%. This lease was paid in full ahead of schedule in 2019.

	Balance at 1/1/2019	Amount Borrowed	Amount Repaid	Balance at 12/31/2019	Interest Paid During Year
Dodge Ram 1500 Trucks	\$ 21,202	\$ -	\$ (21,202)	\$ -	\$ 636
CAT 140M2AWD Motor Grader	59,916	-	(14,279)	45,637	1,917
CAT 140M3AWD Motor Grader	129,799	-	(30,933)	98,866	4,154
Series 2016 COP's	1,175,000	-	(80,000)	1,095,000	33,700
CAT 420F Backhoe Loader	43,409	-	(43,409)	-	1,899
Excavator/Truck	-	354,825	(354,825)	-	9,603
	<u>\$ 1,429,326</u>	<u>\$ 354,825</u>	<u>\$ (544,648)</u>	<u>\$ 1,239,503</u>	<u>\$ 51,909</u>

	Balance at 1/1/2018	Amount Borrowed	Amount Repaid	Balance at 12/31/2018	Interest Paid During Year
Dodge Ram 1500 Trucks	\$ 31,399	\$ -	\$ (10,197)	\$ 21,202	\$ 823
CAT 140M2AWD Motor Grader	73,752	-	(13,836)	59,916	2,360
CAT 140M3AWD Motor Grader	159,773	-	(29,974)	129,799	5,113
Series 2016 COP's	1,250,000	-	(75,000)	1,175,000	34,825
CAT 420F Backhoe Loader	56,990	-	(13,581)	43,409	1,824
Excavator/Truck	-	-	-	-	-
	<u>\$ 1,571,914</u>	<u>\$ -</u>	<u>\$ (142,588)</u>	<u>\$ 1,429,326</u>	<u>\$ 44,945</u>

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	\$ 126,658	\$ 37,124	\$ 163,782
2021	128,151	34,031	162,182
2022	129,694	30,888	160,582
2023	85,000	27,300	112,300
2024	85,000	25,175	110,175
2025-2029	485,000	85,338	570,338
2030-2031	200,000	10,500	210,500
Total	<u>\$ 1,239,503</u>	<u>\$ 250,356</u>	<u>\$ 1,489,859</u>

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

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	\$ -	\$ 167,357	\$ 50,000	\$ 49,699
Special Road and Bridge Fund	20,000	-	-	50,000
Assessment Fund	24,692	-	24,699	-
Capital Improvement Fund	30,000	-	-	-
Law Enforcement Fund	65,000	-	25,000	-
Sever Lake Fund	-	5,000	-	-
Emergency Fund	32,665	-	-	-
Total	<u>\$ 172,357</u>	<u>\$ 172,357</u>	<u>\$ 99,699</u>	<u>\$ 99,699</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 Sections 56.800 to 56.840, RSMo., circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo., and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of 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.

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.

**The County of Knox
Edina, 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)

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 elected to make all or a portion of the required 6% contribution on behalf of employees. During 2019 and 2018, the County collected and remitted to CERF, employee contributions of \$41,651 and \$43,244 for the years ended, respectively.

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 merchant's and manufacturer's 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 \$45,100 and \$43,705 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.

Note 6 - 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 Attorneys' Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$3,366 and \$3,366, respectively, for the years ended December 31, 2019 and 2018.

Note 7 - Other Retirement Plans

Knox County has voluntary 457 and 401(a) plans administered by Norwest Bank which are paid by a deduction from employees' salary. 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 \$18,464 and \$17,375, respectively. Employee contributions collected and remitted by the County for the years ended December 31, 2019 and 2018 for the 401(a) plan were \$5,697 and \$6,000, respectively.

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

Note 8 - Post Employment Benefits

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

Note 9 - Claims, Commitments, and Contingencies

Litigation

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

Compensated Absences

Vacation time is accrued for every eligible employee in the County and accrues at a rate of up to two weeks per year. The County provides full-time employees and part-time employees who occupy regular budgeted positions with sick time, which accrues at two days per calendar month of employment up to ninety days. Upon termination, no payment will be made for unused vacation or sick days. These have not been subjected to auditing procedures.

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.

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 a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$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 September 4, 2020, the date the financial statements were available to be issued.

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

Note 11 - Subsequent Events (continued)

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.

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 Knox 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 Knox 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 Knox County, Missouri's basic financial statements, and have issued our report thereon dated September 4, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Knox 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 Knox County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Knox County, Missouri'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 described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and 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 consider the deficiency described in the accompanying schedule of findings and responses as item 2019-003 to be a material weakness.

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 deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 to be significant deficiencies.

Compliance and Other Matters

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

Knox County, Missouri's Responses to Findings

Knox County, Missouri's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Knox 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", with a stylized flourish at the end.

Creve Coeur, Missouri
September 4, 2020

**The County of Knox
Edina, Missouri
Schedule of Findings and Responses
For the years ended December 31, 2019 and 2018**

Financial Statement Findings

2019-001 **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.

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.

Cause: Management has not prepared documentation of risk assessments, including identifying 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.

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 (660) 397-2184.

2019-002 **Criteria:** The Sheriff is charged with maintaining accountability over funds in a trustee capacity as an agent of an individual, taxing units, or other government. A proper system of internal controls dictates that bank reconciliations be performed on a timely basis to ensure that cash balances per accounting records agree to the cash balances held in the bank.

Condition: For the year ended December 31, 2018, the Sheriff's office failed to perform timely bank reconciliations.

Effect: Without timely, accurate bank reconciliations, the risk of material misstatement of the Sheriff's cash balances due to error or misappropriation is heightened.

Cause: The reconciled bank balance was not being compared to the balances of the funds on hand per the Sheriff's records.

Recommendation: We recommend that the Sheriff implement the necessary procedures to ensure that the bank balance reconciles to the book balance on a monthly basis.

Management's Response: The Sheriff's office has implemented the necessary procedures to ensure that the bank balance reconciles to the book balance on a monthly basis, and the procedures were implemented in the year ended December 31, 2019. The phone number for the Sheriff's office is (660) 397-2186.

**The County of Knox
Edina, Missouri
Schedule of Findings and Responses
For the years ended December 31, 2019 and 2018**

Financial Statement Findings (continued)

2019-003 **Criteria:** The Prosecuting Attorney is charged with maintaining accountability over funds in a trustee capacity as an agent of an individual, taxing units, or other government. A proper system of internal controls dictates that bank reconciliations be performed on a timely basis to ensure that cash balances per accounting records agree to the cash balances held in the bank.

Condition: For the year ended December 31, 2018, the Prosecuting Attorney's was unable to provide bank statements and reconciliations which support the cash balances held.

Effect: Without timely, accurate bank reconciliations, the risk of material misstatement of the Prosecuting Attorney's cash balances due to error or misappropriation is heightened.

Cause: The previously elected Prosecuting Attorney did not provide bank statements and reconciliations to the current office holder upon completion of her term. The prior office holder provided a narrative accounting of funds turned over, however, bank statements supporting the accounting were not provided.

Recommendation: We recommend that the Prosecuting Attorney's office implement the necessary procedures to ensure that all funds assumed upon entry to the position are accounted for in a custodial capacity and supported by funds held in the bank account.

Management's Response: The Prosecuting Attorney's office has attempted to obtain a court order to compel the bank to provide bank statements of the prior office holder, however, attempts to do so have remained unsuccessful. The Prosecuting Attorney's office has reviewed the accounting of the prior office holder's summary of funds and attempted to reconcile the accounting to the cash turned over upon assuming the duties of the office. The Prosecuting Attorney has also implemented the necessary procedures to ensure that the bank balance reconciles to the book balance on a monthly basis, and the procedures were implemented in the year ended December 31, 2019. The phone number for the Prosecuting Attorney's office is (660) 397-2658.

**The County of Knox
Edina, 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 Knox 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

1 Budgetary Controls Not in Compliance with State Law

Condition: We noted the following issue with the County's budgeting process during our audit:

The County Commission and other county officials did not exercise adequate budgetary control over two funds during the audit period. Expenditures were approved for payment that exceeded the approved budget for the following funds as shown below:

<u>Fund</u>	<u>Year</u>	<u>Amount</u>
Law Enforcement Training	2015	\$ 335
Law Enforcement Training	2014	423
Prosecuting Attorney Crime	2015	1,263
Prosecuting Attorney Crime	2014	2,060

Criteria: Section 50.540 RSMo. requires that the budget be revised prior to authorizing expenditures in excess of the budget.

Cause: County officials did not prepare amended budgets for the two funds.

Effect: The County Commission and the County Clerk did not follow state law and budgetary guidelines on the preparation of budget documents.

Recommendation:

A. The County Commission and County Clerk should ensure amended budgets are prepared and formally approved and filed with the state as required by state law.

B. The County Commission should not approve expenditures in excess of budgeted amounts. The County Commission should properly amend the budgets in a public meeting when unforeseen circumstances arise that necessitate increased expenditures in any fund.

Management's Response: In the future, we will make a more assertive effort to monitor the balances in all the budget funds. We will be more proactive in amending the budget when necessary.

Status: Management has corrected this issue, and therefore, the finding will not be repeated.