



NICOLE GALLOWAY, CPA
Missouri State Auditor

July 25, 2019

Whom It May Concern
Perry County Health Department
406 N Spring, Ste. #1
Perryville, MO 63775

18-079-0001

Fiscal Period: One Year Ended December 31, 2018

Dear Whom It May Concern:

In accordance with Section 105.145, RSMo, we acknowledge receipt of the financial report postmarked July 22, 2019, of your political subdivision for the above-described fiscal period.

Thank you for your cooperation in sending this information.

Sincerely,

A handwritten signature in cursive script that reads "Jill Wilson".

Jill Wilson, MBA
Local Government/Policy Senior Analyst

RECEIVED

JUL 25 2019

STATE AUDITORS OFFICE

**PERRY COUNTY
HEALTH DEPARTMENT
FINANCIAL STATEMENTS
December 31, 2018**

M·W·R

Maloney, Wright & Robbins

Certified Public Accountants

April 1, 2019

Board of Trustees

Perry County Health Department
406 N Spring Street Suite 1
Perryville, MO 63775

We have audited the financial statements of the governmental activities and each major fund of Perry County Health Department for the year ended December 31, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 14, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Perry County Health Department are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by Perry County Health Department during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 1, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We were engaged to report on the Budgetary Comparison Schedule, Schedule of Changes in Net Pension Liability and Related Ratios, and Schedule of Contribution, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Trustees and management of Perry County Health Department and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maloney, Wright & Robbins

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Trustees
Perry County Health Department

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Perry County Health Department, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the Perry County Health Department, as of December 31, 2018, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Perry County Health Department's basic financial statements. The Budgetary Comparison Schedule, Schedule of Changes in Net Pension Liability and Related Ratios, and Schedule of Contributions, on pages 18-20, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2019, on our consideration of the Perry County Health Department'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 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 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 Perry County Health Department's internal control over financial reporting and compliance.

Maloney, Wright & Robbins

Farmington, MO
April 1, 2019



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

To the Honorable Board of Trustees
Perry County Health Department

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Perry County Health Department, as of and for the years ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Perry County Health Department's basic financial statements and have issued our report thereon dated April 1, 2019.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Perry County Health Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Perry County Health Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Perry County Health Department'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 that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies (2018-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Perry County Health Department'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*.

Perry County Health Department's Response to Findings

Perry County Health Department's response to the findings identified in our audits are described in the accompanying Schedule of Findings and Responses. Perry County Health Department's response was not subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Maloney, Wright & Robbins

Farmington, MO
April 1, 2019

PERRY COUNTY HEALTH DEPARTMENT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET - MODIFIED
CASH BASIS

DECEMBER 31, 2018

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 467,986	\$ -	\$ 467,986
Investments	557,844	-	557,844
Land	-	-	-
Capital Assets, Net of Depreciation	-	-	-
Total Assets	<u>1,025,830</u>	<u>-</u>	<u>1,025,830</u>
<u>LIABILITIES</u>			
Payroll Withholdings Payable	-	-	-
Line of Credit	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES / NET POSITION</u>			
Fund balances:			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	300,000	-	300,000
Assigned	-	-	-
Unassigned	725,830	(1,025,830)	(300,000)
Total Fund Balances	<u>1,025,830</u>	<u>(1,025,830)</u>	<u>-</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,025,830</u>		
Net Position:			
Net Investment in Capital Assets		-	-
Unrestricted		1,025,830	1,025,830
Restricted		-	-
Total Net Position		<u>\$ 1,025,830</u>	<u>\$ 1,025,830</u>

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

PERRY COUNTY HEALTH DEPARTMENT

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**

DECEMBER 31, 2018

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/Expenses:			
Operations	\$ 889,703	\$ -	\$ 889,703
Interest	-	-	-
Depreciation	-	-	-
Capital Outlay	31,999	-	31,999
Total Expenditures/Expenses	<u>921,702</u>	<u>-</u>	<u>921,702</u>
Program revenues:			
Charges for Services	284,138	-	284,138
Operating Grants	13,222	-	13,222
Capital Grants	-	-	-
Total Program Revenues	<u>297,360</u>	<u>-</u>	<u>297,360</u>
Net Program Expense	-	-	(624,342)
General Revenues:			
Property Tax Revenue	599,813	-	599,813
Investment Income	13,584	-	13,584
Other Income	25,187	-	25,187
Total General Revenues	<u>638,584</u>	<u>-</u>	<u>638,584</u>
Excess of Revenues Over (Under) Expenditures	14,242	(14,242)	-
Change in Net Position	-	14,242	14,242
Fund Balance/Net Position			
Beginning of the Year	1,011,588	-	1,011,588
End of the Year	<u>\$ 1,025,830</u>	<u>\$ -</u>	<u>\$ 1,025,830</u>

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

PERRY COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

Perry County Health Department is a political subdivision of the State of Missouri formed pursuant to Sections 205.010 to 205.150 RSMo. As such, it levies taxes on property owners of Perry County to establish and maintain a health department within the corporate limits. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, and the ability to significantly influence operations and primary accountability for fiscal matters. Using this criteria, the Perry County Health Foundation is considered a component unit of the Department. However, there was no activity of the Foundation during 2018. There are neither fiduciary funds nor component units that are fiduciary in nature included.

B. Organization Activities

The organization's program revenues include the following: providing health and sanitation inspection services; health services including nursing services, immunization service, nutrition education, women, infant, and children's care (WIC). The primary target group of the services include all Perry County residents. Funding is provided by county taxes, and federal and state health grants.

C. Basis of Presentation

The Perry County Health Department is a single program government with only one fund engaged only in governmental activities. These financial statements present a format which combines the government-wide financial statements and the fund financial statements. There are no fiduciary funds or component units included. The government-wide financial statements display information about the reporting government as a whole. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

D. Basis of Accounting

The financial statements of the health department are prepared on the modified cash basis of accounting. Under this method, revenues are recognized when received and expenditures are recognized when paid. This basis of accounting involves the measurement of cash and cash equivalents and changes in cash resulting from cash receipt

PERRY COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

and disbursement transactions. Therefore, revenues are "available" for purposes of revenue recognition when the transaction occurs and revenue is received. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable), and fixed assets and long term debt obligations are not recorded in these financial statements.

E. Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts with maturities of less than three months. Cash and cash equivalents are stated at their fair value.

F. Fixed Assets

The health department's modified cash basis of accounting recognizes purchases of capital assets as an expenditure (Capital Outlay) in the period incurred. Therefore, no assets are "capitalized" or "depreciated" in these financial statements.

G. Compensated Absences

The health department permits employees to accumulate a limited amount of earned but unused vacation and sick leave. Vacation time and sick leave are considered as expenditures in the year paid. Compensation will not be paid in lieu of actually taking a vacation. Accumulated vacation time is paid if employment is terminated. The accrued vacation time payable is not recorded in the financial statements since the modified cash basis of accounting is applied. Although the possibility that all employees will terminate in the upcoming year is remote, management estimates the potential liability at December 31, 2018 would have been \$88,268.

PERRY COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are collected by Perry County, Missouri and remitted to the health department on a monthly basis. Taxes are levied on November 1 and payable by December 31. All unpaid taxes levied November 1, become delinquent January 1, of the following year. Property tax revenues are recognized in the fiscal year in which they are received. The department received the majority of the property tax in January and February of each year.

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Perry County Health Department is included in the Perry County LAGERS Retirement System.

J. Use of Estimates

The preparation of financial statements in conformity with other comprehensive basis of accounting requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

K. Net Position

It is the department's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

L. Budgetary and Budgetary Accounting

In accordance with Missouri Statutes, the health department follows these procedures in establishing the budgetary data reflected in the financial statements:

PERRY COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Budgetary and Budgetary Accounting (Continued)

a) Prior to December the Administrator, who serves as the budget officer, submits to the Board of Trustees a proposed budget for the year beginning on the following January 1. The proposed budget includes estimated revenues and proposed expenditures. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. The budget is prepared on the modified cash basis of accounting which is the same basis of accounting that is used for financial statement purposes.

b) The budget was legally enacted by a vote of the Board of Trustees.

c) Subsequent to its formal approval of the budget, the Board of Trustees has the authority to make necessary adjustments to the budget by formal vote of the Board.

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements.

M. Fund Equity – Governmental Funds

The following classifications of fund balance describe the relative strength of the spending constraints and provide more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

- Nonspendable fund balance – amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the department itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the department takes the same highest level action to remove or change the constraint.

PERRY COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Equity – Governmental Funds

- Assigned fund balance – amounts the department intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Trustees is the highest level of decision-making authority that establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established by Board of Trustees through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

As discussed in Note 1, restricted funds are used first as appropriate when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the department considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the department has provided otherwise in its commitment or assignment actions.

The health department has not adopted a formal minimum fund balance policy.

NOTE 2 CASH DEPOSITS

At December 31, 2018, the health department's deposits are composed of those allowed by State Statutes and are as follows:

Checking Account	\$163,005
Money Market	300,079
Savings Account	4,702
Petty Cash	200
Total	<u>\$467,986</u>

PERRY COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 2 CASH DEPOSITS (Continued)

Missouri Statutes authorize the health department to invest in certificates of deposits and other available bank investments provided the amounts are insured or approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds. In addition, the health department can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. All deposits were fully insured by depository insurance or secured by collateral held by the financial institution's agent in the County of Perry's name. The department does not have a deposit and investment policy that limits their allowable deposits of investments and addresses the specific types of risk to which the health department is exposed.

NOTE 3 INVESTMENTS

Investments were categorized as follows at December 31, 2018:

<u>Investment</u>	<u>CD#</u>	<u>Maturity Date</u>	<u>Total</u>
Certificate of Deposit	110728	04/19/19	\$ 151,628
Certificate of Deposit	2000022124	03/18/19	406,216
Total			<u>\$ 557,844</u>

NOTE 4 RETIREMENT PLAN

Plan Description

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

PERRY COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 RETIREMENT PLAN (Continued)

Benefits provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<u>2018 Valuation</u>
Benefit Multiplier:	1.75%
Final Average Salary:	3 Years
Member Contributions:	0%

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

Employees covered by benefit terms

At December 31, 2018, the following employees were covered by the benefit terms:

	<u>2018</u>
Inactive employees or beneficiaries currently receiving benefits	56
Inactive employees entitled to but not yet receiving benefits	44
Active Employees	85
	<u>185</u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 0% of their gross pay to the pension plan. Employer contribution rates for 2018 (General) of annual covered payroll were 13.3% and 9.9%, (Police) of annual covered payroll respectively.

Net Pension Liability

The employer's net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2018.

PERRY COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 RETIREMENT PLAN (Continued)

Actuarial assumptions

The total pension liability in the February 28, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

Actuarial assumptions (Continued)

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

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2018 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

<u>2018</u>		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.00%	5.16%
Fixed Income	26.00%	2.86%
Real Assets	21.00%	3.23%
Strategic Assets	10.00%	5.59%

PERRY COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 RETIREMENT PLAN (Continued)

Discount rate

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

Changes in the Net Pension Liability 2018

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 6/30/2017	\$13,168,786	\$12,925,919	\$ 242,867
Changes for the year:			
Service Cost	310,188	-	310,188
Interest	943,351	-	943,351
Difference between expected and actual experience	191,238	-	191,238
Contributions – employer	-	375,793	(375,793)
Contributions – employee	-	-	-
Net Investment income	-	1,640,090	(1,640,090)
Benefit payments, including refunds	(629,892)	(629,892)	-
Administrative expense	-	(13,488)	13,488
Other changes	-	147,823	(147,823)
Net Changes	814,885	1,520,326	(705,441)
Balances at 6/30/2018	\$13,983,671	\$14,446,245	\$ (462,574)

Sensitivity of the net pension liability to changes in the discount rate

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

2018

1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
\$ 1,551,869	\$ (462,574)	\$ (2,123,599)

PERRY COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 RETIREMENT PLAN (Continued)

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

For the years ended December 31, 2018, the employer recognized pension expense of \$ 289,256. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences in experience	\$ 204,751	\$ (168,224)
Differences in assumptions	184,440	-0-
Excess (deficit) investment returns	-	(421,882)
Employer contributions subsequent to the measurement date*	-0-	-0-
Total	<u>\$ 389,191</u>	<u>\$ (590,106)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending 06/30/19, which was \$177,472.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Year ended:	<u>2018</u>
2019	106,256
2020	259
2021	(198,602)
2022	(108,828)
2023	-0-
Thereafter	-0-
Total	<u>\$(200,915)</u>

Payable to the Pension Plan

At December 31, 2018, the health department reported a payable of \$4,790 for the outstanding amount of contributions to the pension plan required for the years ended December 31, 2018.

PERRY COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 5 FUND BALANCE

Fund Balance at December 31, 2018 reflected \$300,000 as Committed funds for a building fund, with the remaining balance of \$725,830 as Unassigned fund balance. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The health department has not adopted a formal minimum fund balance policy, or established a stabilization amount.

NOTE 6 COMMITMENTS & CONTINGENCIES

The health department participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the department has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the department, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 7 NON-MONETARY TRANSACTIONS

For fiscal year ended December 31, 2018, the department received vaccines valued at \$92,711 from the Missouri Vaccines for Children Program. The vaccines were used for children under the age of 18 in Perry County.

NOTE 8 RISK MANAGEMENT

The health department is exposed to risk of loss of their building or property due to fire, vandalism, or natural disasters; of liability arising from injuries to others or their employees; or theft. The health department purchases insurance from commercial companies to cover these risks. There has been no reduction in coverage from the previous year, and no settlement amounts that have exceeded insurance coverage.

SUPPLEMENTARY INFORMATION

PERRY COUNTY HEALTH DEPARTMENT

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

DECEMBER 31, 2018

	General Fund		
	Original Budget	Final Budget	Actual Amounts
Revenues:			
Federal/State Grants	\$ 220,000	\$ 220,000	\$ 175,608
Medicaid Reimbursement	30,000	30,000	20,887
Medicare Reimbursement	-	-	17,037
Vital Records	25,000	25,000	26,549
Fees Collected	14,000	14,000	44,057
Miscellaneous	28,500	28,500	25,187
Interest Income	6,000	6,000	13,584
Grants	18,000	18,000	13,222
Tax Collections	641,000	641,000	599,813
Total Revenues	982,500	982,500	935,944
Expenditures:			
Salary Expenditures	626,000	626,000	559,071
Fringe Benefits	236,100	236,100	195,108
Office Expenditures	10,500	10,500	8,535
Equipment Expenditures	7,000	7,000	2,825
Mileage & Training	21,000	21,000	17,992
Utilities	20,400	20,400	21,506
Insurance	17,000	17,000	19,264
Medical Supplies	8,000	8,000	11,285
Building Expenses	10,000	10,000	754
Contracted Services	6,500	6,500	25,273
Grant Expenditures	1,000	1,000	1,200
Audit	10,000	10,000	14,455
Election Costs	-	-	-
Capital Outlay	-	-	31,999
Miscellaneous Expenditures	9,000	9,000	12,435
Total Expenditures	982,500	982,500	921,702
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	14,242
FUND BALANCE - Beginning of Year	1,011,588	1,011,588	1,011,588
FUND BALANCE - End of Year	\$ 1,011,588	\$ 1,011,588	\$ 1,025,830

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

**PERRY COUNTY HEALTH DEPARTMENT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS**

<i>Fiscal year ending June 30,</i>	2018	2017	2016	2015
Total Pension Liability				
Service Cost	\$ 310,188	\$ 302,452	\$ 238,904	\$ 237,173
Interest on the Total Pension Liability	943,351	908,981	739,204	709,007
Benefit Changes	-	-	1,194,429	-
Difference between expected and actual experience	191,238	(207,892)	80,157	(176,407)
Assumption Changes	-	-	439,464	-
Benefit Payments	(629,892)	(439,975)	(325,312)	(381,903)
Refunds	-	-	-	-
Net Change in Total Pension Liability	\$ 814,885	\$ 563,566	\$ 2,366,846	\$ 387,870
Total Pension Liability beginning	13,168,786	12,605,220	10,238,374	9,850,504
Total Pension Liability ending	\$ 13,983,671	\$ 13,168,786	\$ 12,605,220	\$ 10,238,374
Plan Fiduciary Net Position				
Contributions - employer	\$ 375,793	\$ 364,230	\$ 257,643	\$ 242,471
Contributions - employee	-	-	-	-
Pension Plan Net Investment Income	1,640,090	1,388,708	(34,808)	235,641
Benefit Payments	(629,892)	(439,975)	(325,312)	(381,903)
Refunds	-	-	-	-
Pension Plan Administrative Expense	(13,488)	(13,317)	(12,536)	(13,515)
Other (Net Transfer)	147,823	(12,908)	59,502	(9,488)
Net Change in Plan Fiduciary Net Position	\$ 1,520,326	\$ 1,286,738	\$ (55,511)	\$ 73,206
Plan Fiduciary Net Position beginning	12,925,919	11,639,181	11,694,692	11,621,486
Plan Fiduciary Net Position ending	\$ 14,446,245	\$ 12,925,919	\$ 11,639,181	\$ 11,694,692
Employer Net Pension Liability/(Asset)	\$ (462,574)	\$ 242,867	\$ 966,039	\$ (1,456,318)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	103.31%	98.16%	92.34%	114.22%
Covered Employee Payroll	\$ 2,945,003	\$ 3,044,138	\$ 2,905,956	\$ 2,675,646
Employer's Net Pension Liability as a percentage of covered employee payroll	-15.71%	7.98%	33.24%	-54.43%
Notes to schedule:	None	None	None	None

**PERRY COUNTY HEALTH DEPARTMENT
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS**

<u>June 30,</u>	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 365,119	\$ 377,373	\$ 317,117	\$ 219,805	\$ 266,157	\$ 307,345	\$ 359,408	\$ 329,883	\$ 312,828	\$ 212,565
Contributions in relation to the actuarially determined contribution	365,120	377,373	317,117	219,805	266,157	305,761	325,273	274,101	238,131	212,564
Contribution deficiency (excess)	\$ (1)	\$ (0)	\$ 1	\$ 0	\$ (0)	\$ 1,584	\$ 34,135	\$ 55,782	\$ 74,697	\$ 1
Covered-employee payroll	\$ 2,967,623	\$ 3,076,043	\$ 2,969,776	\$ 2,782,338	\$ 2,815,918	\$ 2,836,550	\$ 2,778,107	\$ 2,559,962	\$ 2,439,321	\$ 2,428,881
Contributions as a percentage of covered-employee payroll	12.30%	12.27%	10.68%	7.90%	9.45%	10.78%	11.71%	10.71%	9.76%	8.75%

Notes to Schedule

Valuation date: February 28, 2018

Notes:

The roll-forward of total pension liability from February 28, 2018 to June 30, 2018 reflects expected service cost and interest reduced by actual benefit payments.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry Age Normal and Modified Terminal Funding

Amortization method

A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining amortization period

Multiple bases from 15 to 17 years

Asset valuation method

5-year smoothed market; 20% corridor

Inflation

3.25% wage inflation; 2.50% price inflation

Salary increases

3.25% to 6.55% including wage inflation

Investment rate of return

7.25%, net of investment expenses

Retirement age

Experienced-based table of rates that are specific to the type of eligibility condition.

Mortality

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

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:

None

PERRY COUNTY HEALTH DEPARTMENT
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2018

FINANCIAL STATEMENT FINDINGS

Finding: 2018-001

Type: Internal Control

Criteria: Management is responsible for the basic financial statements, and is required to designate an individual with suitable skill, knowledge, or experience to oversee this information.

Condition: Several correcting journal entries were made that were material to the financial statements.

Cause of Condition: Staff turnover resulted in bookkeeping entries not being made and/or recorded incorrectly.

Effect of Condition: The financial statements were adjusted for material differences, and the Federal 941 forms filed underreported wages.

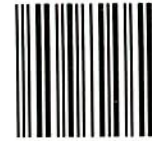
Recommendation: The department should train staff responsible for the bookkeeping.

Management Response: The Perry County Health Department took into account the advisement and suggestions of MWR to address this finding. A second license to the accounting system will be purchased and installed on the Assistant Director's computer. This will allow the Assistant Director to create journal entries and add electronic funds transfer revenues, and the Biller to record bank deposits. The Director will reconcile the banking accounts monthly. The Director will use the accounting system's reporting tools to generate State and Federal reports to ensure accuracy. The Director will continue to seek assistance from professionals regarding accounting needs.

Perry County Health Depart.
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Perryville, MO 63775



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