



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

To the County Commission  
and  
Officeholders of Henry County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Henry County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2014, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by McBride, Lock & Associates, LLC, Certified Public Accountants, is attached.

Nicole R. Galloway, CPA  
State Auditor

August 2015  
Report No. 2015-055

ANNUAL FINANCIAL REPORT

**HENRY COUNTY, MISSOURI**

For the Years Ended  
December 31, 2014 and 2013

# HENRY COUNTY, MISSOURI

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## **INTRODUCTORY SECTION**

HENRY COUNTY, MISSOURI  
List of Elected Officials

*County Commission*

Presiding Commissioner – Jim Stone

North District Commissioner – Daniel Doll

South District Commissioner – Jim Talley

*Other Elected Officials*

Assessor – Scott Largent

Circuit Clerk – Marsha Abbott

Collector/Treasurer – Maggie Stoddard

Coroner – Dain Sisk

County Clerk – Rick Watson

Prosecuting Attorney – Richard Shields

Public Administrator – Kay Holt

Recorder of Deeds – Ronda Ake

Sheriff – J. Kent Oberkrom

Surveyor – Jacob Hann

McBRIDE, LOCK & ASSOCIATES, LLC

INDEPENDENT AUDITORS' REPORT

To the County Commission and  
Officeholders of Henry County, Missouri

We have audited the accompanying financial statements of Henry County, Missouri as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as identified 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 principles prescribed or permitted by Missouri law. 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 the 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 of 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, the financial statements are prepared by Henry County, Missouri on the basis of the financial reporting provisions prescribed or permitted by Missouri Law, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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 in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Henry County, Missouri, as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

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

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of each fund of Henry County, Missouri, as of December 31, 2014 and 2013, and their respective cash receipts and disbursements, and budgetary results for the years then ended, in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note 1.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Henry County, Missouri’s basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we also have issued our report dated June 30, 2015, on our consideration of Henry 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 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 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 the County's internal control over financial reporting and compliance.

*(Original signed by McBride, Lock & Associates, LLC)*

McBride, Lock & Associates, LLC  
Kansas City, Missouri  
June 30, 2015

## **FINANCIAL SECTION**

HENRY COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2013 AND 2014

Fund	Cash and Investments	Receipts	Disbursements	Cash and Investments	Receipts	Disbursements	Cash and Investments
	January 1, 2013	2013	2013	December 31, 2013	2014	2014	December 31, 2014
General Revenue	\$ 417,505	\$ 2,785,869	\$ 2,209,251	\$ 994,123	\$ 2,768,562	\$ 2,274,094	\$ 1,488,591
Special Road and Bridge	645,751	1,110,310	885,694	870,367	1,640,542	1,547,092	963,817
Assessment	43,882	324,384	337,962	30,304	348,539	347,876	30,967
Central Emergency Communications	584,561	472,537	532,374	524,724	497,928	567,182	455,470
Law Enforcement Training	11,203	7,077	17,787	493	5,246	5,410	329
Prosecuting Attorney Training	1,460	1,108	1,472	1,096	1,279	1,515	860
P. A. Bad Check/Administrative Handling Cost	4,706	20,110	20,213	4,603	19,305	17,021	6,887
Prosecuting Attorney Delinquent Tax	32	-	32	-	-	-	-
Victims of Domestic Violence	287	898	912	273	953	887	339
Local Use Tax	232,338	206,584	65,000	373,922	139,586	50,000	463,508
Local Emergency Planning Commission	11,894	3,797	6,335	9,356	3,441	6	12,791
Recorder's Records Storage Preservation	26,224	13,637	8,687	31,174	11,902	19,799	23,277
Sheriff's Civil	1,662	33,558	28,620	6,600	23,589	27,126	3,063
Election Service	3,370	4,348	780	6,938	15,567	14,246	8,259
CDBG/Log Jam	34,347	4,037	4,037	34,347	16,615	16,615	34,347
Law Enforcement Contract	25,710	324,306	350,016	-	-	-	-
Tax Maintenance	113,068	31,175	38,923	105,320	30,791	51,588	84,523
County Grant	13,279	-	13,279	-	-	-	-
County Sheriff's Revolving	9,254	32,291	40,300	1,245	22,629	17,311	6,563
Inmate Security	1,856	26,352	12,932	15,276	113,710	69,735	59,251
Senior Citizens Service Tax	79,044	144,295	123,914	99,425	153,302	151,661	101,066
Henry County Law Enforcement	150,885	2,471,380	2,295,265	327,000	2,535,801	2,640,144	222,657
Total	<u>\$ 2,412,318</u>	<u>\$ 8,018,053</u>	<u>\$ 6,993,785</u>	<u>\$ 3,436,586</u>	<u>\$ 8,349,287</u>	<u>\$ 7,819,308</u>	<u>\$ 3,966,565</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

HENRY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	GENERAL REVENUE FUND			
	Year Ended December 31,			
	2013		2014	
	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>				
Property taxes	\$ 172,000	\$ 184,068	\$ 175,000	\$ 219,626
Sales taxes	1,130,000	1,150,919	1,135,000	1,211,536
Intergovernmental	809,468	742,627	652,601	619,443
Charges for services	584,500	588,693	534,500	599,372
Interest	1,300	781	1,000	770
Other	54,890	52,218	60,851	67,815
Transfers in	110,000	66,563	100,000	50,000
Total Receipts	<u>\$ 2,862,158</u>	<u>\$ 2,785,869</u>	<u>\$ 2,658,952</u>	<u>\$ 2,768,562</u>
<b>DISBURSEMENTS</b>				
County Commission	\$ 132,152	\$ 130,080	\$ 133,956	\$ 133,078
County Clerk	103,723	100,727	96,790	92,176
Elections	51,729	49,474	128,700	100,463
Buildings and grounds	168,050	128,458	223,020	158,318
Employee fringe benefits	181,722	172,456	231,516	212,777
Treasurer	95,000	92,000	92,605	92,180
Collector	29,043	27,580	24,200	23,227
Recorder of Deeds	93,320	88,285	100,270	96,499
Circuit Clerk	29,000	28,361	26,000	23,566
Court Administration	135,321	87,229	136,766	95,692
Public Administrator	16,500	9,596	23,000	18,037
Prosecuting Attorney	284,450	284,027	298,672	298,523
Juvenile Officer	296,969	240,394	323,574	285,623
Coroner	39,474	32,219	37,079	33,238
Other County Government	462,626	354,865	416,295	312,197
Health / Welfare	3,500	3,500	3,500	3,500
Debt Service	-	-	-	-
Transfers out	500,000	380,000	400,000	295,000
Emergency fund	85,000	-	85,000	-
Total Disbursements	<u>\$ 2,707,579</u>	<u>\$ 2,209,251</u>	<u>\$ 2,780,943</u>	<u>\$ 2,274,094</u>
<b>RECEIPTS OVER (UNDER)</b>				
DISBURSEMENTS	\$ 154,579	\$ 576,618	\$ (121,991)	\$ 494,468
CASH and INVESTMENTS, JANUARY 1	<u>417,505</u>	<u>417,505</u>	<u>994,123</u>	<u>994,123</u>
CASH and INVESTMENTS, DECEMBER 31	<u>\$ 572,084</u>	<u>\$ 994,123</u>	<u>\$ 872,132</u>	<u>\$ 1,488,591</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HENRY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SPECIAL ROAD AND BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,							
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ 108,000	\$ 115,534	\$ 114,000	\$ 117,401	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,025,200	852,845	1,379,000	1,365,109	326,707	317,778	338,217	343,308
Charges for services	25,000	21,431	25,000	40,837	-	-	-	-
Interest	2,500	1,606	2,000	1,387	120	56	120	47
Other	53,500	118,894	68,500	115,808	2,500	6,550	5,912	5,184
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,214,200</u>	<u>\$ 1,110,310</u>	<u>\$ 1,588,500</u>	<u>\$ 1,640,542</u>	<u>\$ 329,327</u>	<u>\$ 324,384</u>	<u>\$ 344,249</u>	<u>\$ 348,539</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ 136,531	\$ 136,886	\$ 139,547	\$ 137,690	\$ 259,105	\$ 248,497	\$ 257,284	\$ 247,619
Employee fringe benefits	45,197	38,913	43,795	36,834	46,990	44,769	45,731	41,609
Materials and supplies	169,550	112,574	160,650	114,454	22,400	18,944	22,379	20,041
Services and Other	46,750	36,622	49,200	45,858	27,100	24,664	40,900	34,974
Capital outlay	122,000	44,557	142,000	194,967	6,132	1,088	8,000	3,633
Construction	775,045	516,142	1,119,045	1,017,289	-	-	-	-
Transfers out	-	-	-	-	8,947	-	-	-
Total Disbursements	<u>\$ 1,295,073</u>	<u>\$ 885,694</u>	<u>\$ 1,654,237</u>	<u>\$ 1,547,092</u>	<u>\$ 370,674</u>	<u>\$ 337,962</u>	<u>\$ 374,294</u>	<u>\$ 347,876</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (80,873)	\$ 224,616	\$ (65,737)	\$ 93,450	\$ (41,347)	\$ (13,578)	\$ (30,045)	\$ 663
CASH and INVESTMENTS, JANUARY 1	645,751	645,751	870,367	870,367	43,882	43,882	30,304	30,304
CASH and INVESTMENTS, DECEMBER 31	<u>\$ 564,878</u>	<u>\$ 870,367</u>	<u>\$ 804,630</u>	<u>\$ 963,817</u>	<u>\$ 2,535</u>	<u>\$ 30,304</u>	<u>\$ 259</u>	<u>\$ 30,967</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HENRY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	CENTRAL EMERGENCY COMMUNICATIONS FUND				LAW ENFORCEMENT TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	300,000	257,736	275,000	258,100	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	143,960	120,210	143,960	143,665	5,000	7,077	6,500	5,246
Interest	2,000	1,636	1,600	1,163	-	-	-	-
Other	-	2,955	-	-	3,000	-	-	-
Transfers in	90,000	90,000	95,000	95,000	-	-	-	-
Total Receipts	<u>\$ 535,960</u>	<u>\$ 472,537</u>	<u>\$ 515,560</u>	<u>\$ 497,928</u>	<u>\$ 8,000</u>	<u>\$ 7,077</u>	<u>\$ 6,500</u>	<u>\$ 5,246</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ 321,521	\$ 315,693	\$ 330,350	\$ 336,688	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	70,909	62,596	74,476	63,818	-	-	-	-
Materials and supplies	92,603	84,112	93,156	89,223	-	-	-	-
Services and other	48,853	63,493	83,250	71,123	17,800	17,787	6,500	5,410
Capital outlay	4,500	6,480	6,500	6,330	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 538,386</u>	<u>\$ 532,374</u>	<u>\$ 587,732</u>	<u>\$ 567,182</u>	<u>\$ 17,800</u>	<u>\$ 17,787</u>	<u>\$ 6,500</u>	<u>\$ 5,410</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (2,426)</u>	<u>\$ (59,837)</u>	<u>\$ (72,172)</u>	<u>\$ (69,254)</u>	<u>\$ (9,800)</u>	<u>\$ (10,710)</u>	<u>\$ -</u>	<u>\$ (164)</u>
CASH and INVESTMENTS, JANUARY 1	<u>584,561</u>	<u>584,561</u>	<u>524,724</u>	<u>524,724</u>	<u>11,203</u>	<u>11,203</u>	<u>493</u>	<u>493</u>
CASH and INVESTMENTS, DECEMBER 31	<u><u>\$ 582,135</u></u>	<u><u>\$ 524,724</u></u>	<u><u>\$ 452,552</u></u>	<u><u>\$ 455,470</u></u>	<u><u>\$ 1,403</u></u>	<u><u>\$ 493</u></u>	<u><u>\$ 493</u></u>	<u><u>\$ 329</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HENRY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	PROSECUTING ATTORNEY TRAINING FUND				P.A. BAD CHECK/ADMIN. HANDLING COST FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	750	1,108	750	1,279	6,000	6,653	6,000	6,590
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	10,000	13,457	10,000	12,715
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 750</u>	<u>\$ 1,108</u>	<u>\$ 750</u>	<u>\$ 1,279</u>	<u>\$ 16,000</u>	<u>\$ 20,110</u>	<u>\$ 16,000</u>	<u>\$ 19,305</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	2,169	1,472	1,771	1,515	20,355	20,213	20,603	17,021
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 2,169</u>	<u>\$ 1,472</u>	<u>\$ 1,771</u>	<u>\$ 1,515</u>	<u>\$ 20,355</u>	<u>\$ 20,213</u>	<u>\$ 20,603</u>	<u>\$ 17,021</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	\$ (1,419)	\$ (364)	\$ (1,021)	\$ (236)	\$ (4,355)	\$ (103)	\$ (4,603)	\$ 2,284
<b>CASH and INVESTMENTS, JANUARY 1</b>	<u>1,460</u>	<u>1,460</u>	<u>1,096</u>	<u>1,096</u>	<u>4,706</u>	<u>4,706</u>	<u>4,603</u>	<u>4,603</u>
<b>CASH and INVESTMENTS, DECEMBER 31</b>	<u>\$ 41</u>	<u>\$ 1,096</u>	<u>\$ 75</u>	<u>\$ 860</u>	<u>\$ 351</u>	<u>\$ 4,603</u>	<u>\$ -</u>	<u>\$ 6,887</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HENRY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	PROSECUTING ATTORNEY DELINQUENT TAX FUND				VICTIMS OF DOMESTIC VIOLENCE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,150	898	1,150	953
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ 898</u>	<u>\$ 1,150</u>	<u>\$ 953</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	-	32	-	-	1,150	912	1,150	887
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ 912</u>	<u>\$ 1,150</u>	<u>\$ 887</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>								
	\$ -	\$ (32)	\$ -	\$ -	\$ -	\$ (14)	\$ -	\$ 66
<b>CASH and INVESTMENTS, JANUARY 1</b>	<u>32</u>	<u>32</u>	<u>-</u>	<u>-</u>	<u>287</u>	<u>287</u>	<u>273</u>	<u>273</u>
<b>CASH and INVESTMENTS, DECEMBER 31</b>	<u><u>\$ 32</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 287</u></u>	<u><u>\$ 273</u></u>	<u><u>\$ 273</u></u>	<u><u>\$ 339</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HENRY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	LOCAL USE TAX FUND				LOCAL EMERGENCY PLANNING COMMISSION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	130,000	206,290	205,000	139,349	-	-	-	-
Intergovernmental	-	-	-	-	1,200	3,797	3,700	3,441
Charges for services	-	-	-	-	-	-	-	-
Interest	250	294	250	237	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 130,250</u>	<u>\$ 206,584</u>	<u>\$ 205,250</u>	<u>\$ 139,586</u>	<u>\$ 1,200</u>	<u>\$ 3,797</u>	<u>\$ 3,700</u>	<u>\$ 3,441</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	4,200	41	4,100	6
Services and other	-	-	-	-	7,300	6,294	4,045	-
Capital outlay	60,000	-	100,000	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	50,000	65,000	-	50,000	-	-	-	-
Total Disbursements	<u>\$ 110,000</u>	<u>\$ 65,000</u>	<u>\$ 100,000</u>	<u>\$ 50,000</u>	<u>\$ 11,500</u>	<u>\$ 6,335</u>	<u>\$ 8,145</u>	<u>\$ 6</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	\$ 20,250	\$ 141,584	\$ 105,250	\$ 89,586	\$ (10,300)	\$ (2,538)	\$ (4,445)	\$ 3,435
CASH and INVESTMENTS, JANUARY 1	<u>232,338</u>	<u>232,338</u>	<u>373,922</u>	<u>373,922</u>	<u>11,894</u>	<u>11,894</u>	<u>9,356</u>	<u>9,356</u>
CASH and INVESTMENTS, DECEMBER 31	<u><u>\$ 252,588</u></u>	<u><u>\$ 373,922</u></u>	<u><u>\$ 479,172</u></u>	<u><u>\$ 463,508</u></u>	<u><u>\$ 1,594</u></u>	<u><u>\$ 9,356</u></u>	<u><u>\$ 4,911</u></u>	<u><u>\$ 12,791</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HENRY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	RECORDER'S RECORDS STORAGE PRESERVATION FUND				SHERIFF'S CIVIL FUND			
	Year Ended December 31,							
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	12,000	13,597	10,000	11,849	30,000	28,758	30,000	23,589
Interest	20	40	20	53	-	-	-	-
Other	-	-	-	-	-	4,800	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 12,020</u>	<u>\$ 13,637</u>	<u>\$ 10,020</u>	<u>\$ 11,902</u>	<u>\$ 30,000</u>	<u>\$ 33,558</u>	<u>\$ 30,000</u>	<u>\$ 23,589</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	2,500	-	2,000	-	10,000	3,847	4,000	23,588
Services and other	500	-	500	-	5,000	5,671	-	2,743
Capital outlay	20,000	8,687	38,000	19,799	14,000	19,102	28,027	795
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 23,000</u>	<u>\$ 8,687</u>	<u>\$ 40,500</u>	<u>\$ 19,799</u>	<u>\$ 29,000</u>	<u>\$ 28,620</u>	<u>\$ 32,027</u>	<u>\$ 27,126</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (10,980)	\$ 4,950	\$ (30,480)	\$ (7,897)	\$ 1,000	\$ 4,938	\$ (2,027)	\$ (3,537)
CASH and INVESTMENTS, JANUARY 1	<u>26,224</u>	<u>26,224</u>	<u>31,174</u>	<u>31,174</u>	<u>1,662</u>	<u>1,662</u>	<u>6,600</u>	<u>6,600</u>
CASH and INVESTMENTS, DECEMBER 31	<u>\$ 15,244</u>	<u>\$ 31,174</u>	<u>\$ 694</u>	<u>\$ 23,277</u>	<u>\$ 2,662</u>	<u>\$ 6,600</u>	<u>\$ 4,573</u>	<u>\$ 3,063</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HENRY COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	ELECTION SERVICE FUND				CDBG/LOG JAM FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,200	4,348	14,086	15,567	-	4,037	16,615	16,615
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,200</u>	<u>\$ 4,348</u>	<u>\$ 14,086</u>	<u>\$ 15,567</u>	<u>\$ -</u>	<u>\$ 4,037</u>	<u>\$ 16,615</u>	<u>\$ 16,615</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	2,000	32	14,408	5,996	-	4,037	16,615	16,615
Capital outlay	2,500	748	2,000	8,250	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 4,500</u>	<u>\$ 780</u>	<u>\$ 16,408</u>	<u>\$ 14,246</u>	<u>\$ -</u>	<u>\$ 4,037</u>	<u>\$ 16,615</u>	<u>\$ 16,615</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	\$ (3,300)	\$ 3,568	\$ (2,322)	\$ 1,321	\$ -	\$ -	\$ -	\$ -
<b>CASH and INVESTMENTS, JANUARY 1</b>								
	3,370	3,370	6,938	6,938	34,347	34,347	34,347	34,347
<b>CASH and INVESTMENTS, DECEMBER 31</b>								
	<u>\$ 70</u>	<u>\$ 6,938</u>	<u>\$ 4,616</u>	<u>\$ 8,259</u>	<u>\$ 34,347</u>	<u>\$ 34,347</u>	<u>\$ 34,347</u>	<u>\$ 34,347</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HENRY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	LAW ENFORCEMENT CONTRACT FUND				TAX MAINTENANCE FUND			
	Year Ended December 31,							
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	307,288	307,288	-	-	-	-	-	-
Charges for services	-	-	-	-	32,000	31,161	30,000	30,776
Interest	-	-	-	-	15	14	12	15
Other	4,518	4,518	-	-	-	-	-	-
Transfers in	12,500	12,500	-	-	-	-	-	-
Total Receipts	<u>\$ 324,306</u>	<u>\$ 324,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,015</u>	<u>\$ 31,175</u>	<u>\$ 30,012</u>	<u>\$ 30,791</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ 199,979	\$ 204,212	\$ -	\$ -	\$ 16,000	\$ 10,175	\$ 21,900	\$ 16,900
Employee fringe benefits	50,304	51,583	-	-	842	765	1,300	1,300
Materials and supplies	25,489	22,177	-	-	5,500	5,828	13,000	17,976
Services and other	30,639	31,825	-	-	12,200	3,802	13,200	2,920
Capital outlay	8,213	4,827	-	-	18,000	18,353	21,000	12,492
Construction	-	-	-	-	-	-	-	-
Transfers out	35,392	35,392	-	-	-	-	-	-
Total Disbursements	<u>\$ 350,016</u>	<u>\$ 350,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,542</u>	<u>\$ 38,923</u>	<u>\$ 70,400</u>	<u>\$ 51,588</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (25,710)	\$ (25,710)	\$ -	\$ -	\$ (20,527)	\$ (7,748)	\$ (40,388)	\$ (20,797)
CASH and INVESTMENTS, JANUARY 1	25,710	25,710	-	-	113,068	113,068	105,320	105,320
CASH and INVESTMENTS, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,541</u>	<u>\$ 105,320</u>	<u>\$ 64,932</u>	<u>\$ 84,523</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HENRY COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	COUNTY GRANT FUND				COUNTY SHERIFF'S REVOLVING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	35,300	32,291	28,000	22,463
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	166
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,300</u>	<u>\$ 32,291</u>	<u>\$ 28,000</u>	<u>\$ 22,629</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	500	2,939	7,500	6,317
Services and other	10,000	11,716	-	-	6,300	6,604	9,500	3,720
Capital outlay	-	-	-	-	31,000	28,257	7,500	7,274
Construction	-	-	-	-	-	-	-	-
Transfers out	3,279	1,563	-	-	2,500	2,500	-	-
Total Disbursements	<u>\$ 13,279</u>	<u>\$ 13,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,300</u>	<u>\$ 40,300</u>	<u>\$ 24,500</u>	<u>\$ 17,311</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	\$ (13,279)	\$ (13,279)	\$ -	\$ -	\$ (5,000)	\$ (8,009)	\$ 3,500	\$ 5,318
<b>CASH and INVESTMENTS, JANUARY 1</b>								
	13,279	13,279	-	-	9,254	9,254	1,245	1,245
<b>CASH and INVESTMENTS, DECEMBER 31</b>								
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,254</u>	<u>\$ 1,245</u>	<u>\$ 4,745</u>	<u>\$ 6,563</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HENRY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	INMATE SECURITY FUND				SENIOR CITIZENS SERVICE TAX FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 144,235	\$ 140,918	\$ 141,264	\$ 151,234
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	3,500	3,512	10,200	32,570	-	-	-	-
Interest	-	-	-	-	90	62	-	58
Other	14,500	22,840	65,000	81,140	-	3,315	-	2,010
Transfers in	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>\$ 18,000</b>	<b>\$ 26,352</b>	<b>\$ 75,200</b>	<b>\$ 113,710</b>	<b>\$ 144,325</b>	<b>\$ 144,295</b>	<b>\$ 141,264</b>	<b>\$ 153,302</b>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	7,000	5,766	50,000	44,005	1,306	1,652	2,080	1,126
Services and other	6,000	7,166	7,400	6,590	214,059	122,262	196,028	150,535
Capital outlay	-	-	18,500	19,140	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total Disbursements</b>	<b>\$ 13,000</b>	<b>\$ 12,932</b>	<b>\$ 75,900</b>	<b>\$ 69,735</b>	<b>\$ 215,365</b>	<b>\$ 123,914</b>	<b>\$ 198,108</b>	<b>\$ 151,661</b>
<b>RECEIPTS OVER (UNDER)</b>								
<b>DISBURSEMENTS</b>	<b>\$ 5,000</b>	<b>\$ 13,420</b>	<b>\$ (700)</b>	<b>\$ 43,975</b>	<b>\$ (71,040)</b>	<b>\$ 20,381</b>	<b>\$ (56,844)</b>	<b>\$ 1,641</b>
<b>CASH and INVESTMENTS, JANUARY 1</b>	<b>1,856</b>	<b>1,856</b>	<b>15,276</b>	<b>15,276</b>	<b>79,044</b>	<b>79,044</b>	<b>99,425</b>	<b>99,425</b>
<b>CASH and INVESTMENTS, DECEMBER 31</b>	<b>\$ 6,856</b>	<b>\$ 15,276</b>	<b>\$ 14,576</b>	<b>\$ 59,251</b>	<b>\$ 8,004</b>	<b>\$ 99,425</b>	<b>\$ 42,581</b>	<b>\$ 101,066</b>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HENRY COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

HENRY COUNTY LAW ENFORCEMENT FUND				
Year Ended December 31,				
2013		2014		
	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	1,210,000	1,246,664	1,200,000	1,320,612
Intergovernmental	2,160	2,644	-	-
Charges for services	691,498	775,645	1,172,856	915,002
Interest	100	130	100	127
Other	146,685	120,905	59,771	100,060
Transfers in	535,392	325,392	200,000	200,000
Total Receipts	\$ 2,585,835	\$ 2,471,380	\$ 2,632,727	\$ 2,535,801
<b>DISBURSEMENTS</b>				
Salaries	\$ 865,041	\$ 847,808	\$ 1,055,171	\$ 1,045,770
Employee fringe benefits	218,931	228,608	322,852	304,173
Materials and supplies	291,152	337,155	322,350	376,568
Services and other	918,304	106,808	932,637	134,434
Capital outlay	-	764,886	-	779,199
Construction	-	-	-	-
Transfers out	2,838	10,000	8,425	-
Total Disbursements	\$ 2,296,266	\$ 2,295,265	\$ 2,641,435	\$ 2,640,144
<b>RECEIPTS OVER (UNDER)</b>				
DISBURSEMENTS	\$ 289,569	\$ 176,115	\$ (8,708)	\$ (104,343)
<b>CASH and INVESTMENTS, JANUARY 1</b>				
	150,885	150,885	327,000	327,000
<b>CASH and INVESTMENTS, DECEMBER 31</b>				
	\$ 440,454	\$ 327,000	\$ 318,292	\$ 222,657

The accompanying Notes to the Financial Statements are an integral part of these statements.

HENRY COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Henry County, Missouri (“County”) is governed by a three-member board of commissioners. In addition to the three board members, there are ten elected Constitutional Officers: Assessor, Circuit Clerk, Collector/Treasurer, Coroner, County Clerk, Prosecuting Attorney, Public Administrator, Recorder of Deeds, Sheriff, and Surveyor.

As discussed further in Note 1, these financial statements are presented using accounting practices prescribed or permitted by Missouri Law, which differ from accounting principles generally accepted in the United States of America, which would include all relevant Government Accounting Standards Board (GASB) pronouncements. The differences include use of a prescribed definition of the reporting entity and the cash basis of accounting.

A. Reporting Entity

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

The financial statements referred to above include the primary government of Henry County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, offices that are considered to comprise the County’s legal entity.

Certain elected County officials, particularly the County Collector/Treasurer, Circuit Clerk and Sheriff, collect and hold monies in a trustee capacity as an agent of individuals, taxing units, or other governments. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements.

B. Basis of Presentation

Governmental Funds - Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, net assets, revenues/receipts and expenditures/disbursements. The County’s funds are governmental funds. Governmental funds are those through which most governmental functions are financed. The County’s expendable financial resources are accounted for through governmental funds.

C. Basis of Accounting

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

#### D. Budgets and Budgetary Accounting

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

1. In accordance with Chapter 50 RSMo, the County's policy is to adopt a budget for each governmental fund.
2. On or before the second Monday in January, each elected officer and department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the cash basis of accounting, for all budgeted funds. Budgeting of appropriations is based upon an estimated fund balance at the beginning of the year as well as estimated revenues to be received.
4. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. All funds had budgeted expenditures which did not exceed budgeted revenues plus anticipated beginning fund balance.
5. A public hearing is conducted to obtain public comment on the budget. Prior to its approval by the County Commission, the budget document is available for public inspection, which usually takes place the third and fourth weeks of January.
6. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by a formal vote of the Commission. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.
8. Budgets are prepared and adopted on the cash basis of accounting.
9. Section 50.740 RSMo. prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds in 2013:

Prosecuting Attorney Delinquent Tax  
CDBG/Log Jam

- E. Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and tax bills are mailed to taxpayers in October and November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuations of the tangible taxable property, included within the County's boundaries for calendar years 2014 and 2013 were:

	<u>2014</u>	<u>2013</u>
Real Estate	\$ 209,411,080	\$209,533,690
Personal Property	81,084,436	78,219,798
Railroad and Utilities	31,201,923	28,698,759

For calendar years 2014 and 2013, the County Commission approved tax levies per \$100 of assessed valuation of tangible taxable property as follows:

	<u>2014</u>	<u>2013</u>
General Revenue	\$0.0687	\$0.0694
Senior Citizens Service Tax	\$0.0489	\$0.0488

In addition, the Special Road and Bridge fund receives 5% of property tax amounts collected on behalf of township road districts within the County.

F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents may 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, purchased at a price at or below par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. The cash and investment balances are detailed in Note 2.

G. Interfund Activity

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.

## 2. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements within the "Cash and Investments" caption. Cash includes both deposits and short-term investments with maturities of ninety days or less. Investments consist of investments with maturities greater than 90 days.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2014 and 2013, the carrying amounts of the County's deposits were \$3,966,565 and \$3,436,586, respectively, and the bank balances were \$4,119,989 and \$3,542,368, respectively. Of the bank balances, \$831,449 and \$845,603 for December 31, 2014 and December 31, 2013, respectively, were covered by federal depository insurance. The remainder of the balances at December 31, 2014 and December 31, 2013 were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name.

At December 31, 2014 and 2013, the County Collector held, in addition to the cash and investments listed above, cash representing collections of property taxes on behalf of various taxing districts in the County, including the Schools, Library, Health Center, and Fire District. Tax collections on deposit amounted to \$10,250,630 and \$10,422,892 at December 31, 2014 and 2013, respectively. The County Collector's deposits were covered by federal depository insurance of \$250,000 as of December 31, 2014 and 2013. The remainder of the balances at December 31, 2014 and December 31, 2013 were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name.

## 3. COUNTY EMPLOYEES' RETIREMENT PLANS

### A. County Employees' Retirement Fund (CERF)

The County Employee's Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees.

#### 1) Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than 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 the legislature and was effective August 28, 1994.

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

## 2) Pension Benefits

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

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, MO 65101, or by calling 573-632-9203.

## 3) Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. Further, a contribution to CERF of 2% of annual salary is required for eligible employees hired before February 2002, while a contribution of 6% of annual salary is required of employees hired after February 2002, in order to participate in CERF. During 2014 and 2013, the County collected and remitted to CERF employee contributions of approximately \$119,285 and \$115,665, respectively, for the years then ended.

### B. Prosecuting Attorney's Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County contributed \$7,752 for both the years ended December 31, 2014 and 2013.

### C. Other Retirement Plan

Contributions to a voluntary retirement plan are paid by a deduction from employees' salaries. These contributions qualify under the Internal Revenue Code and are tax exempt. These contributions are then remitted to PEBSCO who administers the 414 Plan. Employee contributions were \$1,560 and \$1,560, respectively, for the years 2014 and 2013.

#### 4. 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.

#### 5. CLAIMS, COMMITMENT AND CONTINGENCIES

##### A. Compensated Absences

The County provides full time employees with up to three weeks of paid vacation based upon the number of years of continuous service. Employees can defer one week of vacation to the following year upon approval of the department head, or the employee shall be compensated if not allowed to take vacation before the end of the year. Upon termination from county employment, an employee is reimbursed for any unused vacation days. Employees accrue one sick day per month. Upon termination from county employment, an employee is reimbursed for half of unused sick leave, except if the employee has not worked in the County for ten years. Employees may carry forward any and all unused sick leave accumulated during the year to a maximum of 90 days. Any days accrued in excess of these are to be forfeited at the end of the year.

##### B. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly, such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

#### 6. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

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

## 7. LONG TERM DEBT

### A. CERTIFICATES OF PARTICIPATION:

The County issued Certificates of Participation to finance construction of a detention center. The Certificates of Participation are solely payable from rents paid by the County to the trustee under the lease purchase agreement. The County's obligations under the lease purchase agreements do not extend beyond the amount budgeted for any respective fiscal year. The County has the option to purchase the trustee's interest in the leased property on any date at an amount necessary to provide for the rent payments on each rent payment date through the end of the leases. The Certificates of Participation are secured by an interest in the leased property. Certificates of Participation payable at December 31, 2014 are as follows:

Year Ending December 31,	Principal Due	Interest Rate	Interest Due	Total Due
2015	\$ 400,000	3.1-3.3%	\$ 357,713	\$ 757,713
2016	425,000	3.3-3.6%	344,513	769,513
2017	425,000	3.6-3.75%	329,213	754,213
2018	450,000	3.75-4.0%	313,275	763,275
2019	475,000	4.00%	295,275	770,275
2020-2024	2,800,000	4.0-5.0%	1,148,975	3,948,975
2025-2028	2,875,000	5.0-5.2%	380,975	3,255,975
Totals	<u>\$7,850,000</u>		<u>\$3,169,939</u>	<u>\$ 11,019,939</u>

### B. CAPITAL LEASES:

The County entered into a 48 month, \$138,846 capital lease for six 2013 Ford Taurus Squad Cars for the Sheriff's Department in April 2013. The lease is scheduled to be paid in quarterly payments of \$9,138 including interest. The schedule of remaining payments and interest is listed below:

Payment Date	Principal Due	Interest Due	Total Due
January 10, 2015	\$ 8,595	\$ 543	\$ 9,138
April 10, 2015	8,648	490	9,138
July 10, 2015	8,701	437	9,138
October 10, 2015	8,755	383	9,138
January 10, 2016	8,808	330	9,138
April 10, 2016	8,862	276	9,138
July 10, 2016	8,917	221	9,138
October 10, 2016	8,972	166	9,138
January 10, 2017	9,027	111	9,138
April 10, 2017	9,082	56	9,138
Totals	<u>\$ 88,367</u>	<u>\$ 3,013</u>	<u>\$ 91,380</u>

## 8. CHANGE IN REPORTING ENTITY

The County has changed its reporting entity to include certain funds which were previously excluded. The funds previously excluded are the Sheriff's Civil Fund, Law Enforcement Contract Fund and the Sheriff's Revolving Fund. The effect of this change is to increase the beginning cash balances at January 1, 2013 by the amount of the beginning balances of these three funds.

## 9. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2014 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through June 30, 2015, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

## **COMPLIANCE SECTION**

McBRIDE, LOCK & ASSOCIATES, LLC

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 County Commission and  
Officeholders of Henry County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Henry County, Missouri as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Henry County, Missouri's basic financial statements and have issued our report thereon dated June 30, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Henry 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 Henry County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Henry County, Missouri's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the County'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. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and

recommendations as items 1 and 2, that we consider to be significant deficiencies in internal control over financial reporting.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Henry County, Missouri's financial statements are free of 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as items 3 and 4.

We also noted one other matter that we reported to management of Henry County, Missouri in the accompanying schedule of findings and recommendations section as item 5.

### **Henry County, Missouri's Response to Findings**

Henry County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. Henry County, Missouri's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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.

*(Original signed by McBride, Lock & Associates, LLC)*

McBride, Lock & Associates, LLC  
Kansas City, Missouri  
June 30, 2015

McBRIDE, LOCK & ASSOCIATES, LLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the County Commission and  
Officeholders of Henry County, Missouri

**Report on Compliance for Each Major Federal Program**

We have audited Henry County, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Henry County, Missouri's major federal programs for the years ended December 31, 2014 and 2013. Henry County, Missouri's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Henry County, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Henry County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, Henry County, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2014 and 2013.

### **Report on Internal Control over Compliance**

Management of Henry County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Henry County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Henry County, Missouri's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes.

*(Original signed by McBride, Lock & Associates, LLC)*

McBride, Lock & Associates, LLC  
Kansas City, Missouri  
June 30, 2015

HENRY COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31, 2013	2014
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	2010-PF-43	\$ 4,037	\$ 16,615
U.S. DEPARTMENT OF INTERIOR				
Direct programs:				
15.226	Payments in Lieu of Taxes	n/a	145,685	155,937
Fish and Wildlife Service				
15.659	National Wildlife Refuge Fund	n/a	-	249
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.922	Equitable Sharing of Seized and Forfeited Property	n/a	50,000	-
Passed through:				
State Department of Public Safety -				
16.575	Crime Victim Assistance	2010-VOCA-019-SW 2011-VOCA-063-SW	15,569 4,443	- 20,588
N/A	CORPS OF ENGINEERS	W912DA-11-C-1017	66,610	67,943
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO - BO42(25) BRO - BO42(26) BRO - BO42(27)	65,338 5,448 30,417	307,906 8,753 267,301
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.011	Election Reform Payments	n/a	1,408	1,408
ELECTION ASSISTANCE COMMISSION				
Passed through the Office of Secretary of State -				
90.401	Help America Vote Act Requirements Payments	n/a	3,346	3,346
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Social Services -				
93.563	Child Support Enforcement	ER10212SA06	94,793	-
93.569	Community Services Block Grant	2014-IV-D	-	100,491
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through State Department of Public Safety:				
97.042	Emergency Management Performance Grants	EMW-2013-EP-00 2014-EP-00005-04	9,977 -	- 9,282
Total Expenditures of Federal Awards			<u>\$ 497,071</u>	<u>\$ 959,819</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

**HENRY COUNTY, MISSOURI**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**NOTE C – SUBRECIPIENTS**

The County passed through \$16,615 in Community Development Block Grant funding to sub-recipients during the year ended December 31, 2014.

HENRY COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEARS ENDED DECEMBER 31, 2014 AND 2013

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements:**

Type of Auditors’ Report Issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified?      Yes   X   No
- Significant deficiencies identified that are not considered to be material weaknesses?   X   Yes      None Reported
- Noncompliance material to financial statements noted?   X   Yes      No

**Federal Awards:**

Internal Control Over Major Programs:

- Material weakness(es) identified?      Yes   X   No
- Significant deficiencies identified that are not considered to be material weaknesses?      Yes   X   None Reported

Type of Auditor’s Report Issued on Compliance For Major Programs: Unmodified

Any audit findings disclosed that are required to be Reported in accordance with section 510(A) of Circular A-133?      Yes   X   No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Department of Transportation – Highway Planning and Construction
15.226	Department of Interior – Payments in Lieu of Taxes

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk:      Yes   X   No

## **SECTION II – FINANCIAL STATEMENTS FINDINGS**

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

1. Internal Controls and Risk Assessment
2. Accounting for Transfers
3. Budgetary Compliance
4. Bid Process
5. Absence of Investment Policy

Summary Schedule of Prior Audit Findings:

1. Budgetary Compliance
2. Documentation of Internal Controls
3. Formal Fraud Risk Assessment

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

## **SECTION IV – FOLLOW-UP ON PRIOR YEAR'S FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

### **2012/11-01: Incorrect Schedule of Expenditures of Federal Awards (SEFA)**

Federal Grantor: U.S. Department of Interior  
Pass-through Grantor: N/A  
Federal CFDA Number: 15.226  
Program Title: PILT – Payment in Lieu of Taxes  
Pass-through Entity Identifying Number: N/A  
Award Years: 2012 and 2011  
Questioned Costs: None

Federal Grantor: U.S. Department of Health and Human Services  
Pass-through Grantor: Missouri Department of Social Services  
Federal CFDA Number: 93.563  
Program Title: Child Support Enforcement  
Pass-through Entity Identifying Number: ER102125A06  
Award Years: 2012 and 2011  
Questioned Costs: None

Condition: The Schedule of Expenditures of Federal Awards was prepared with incorrect financial information.

Status: Resolved.

## **FINDINGS AND RECOMMENDATIONS**

HENRY COUNTY, MISSOURI  
FINDINGS AND RECOMMENDATIONS

**MATERIAL WEAKNESSES IN INTERNAL CONTROL**

None

**SIGNIFICANT INTERNAL CONTROL DEFICIENCIES**

**1. Internal Controls and Risk Assessment**

Condition: The County's internal control processes have not been documented, except for the County Clerk's office. AU-C Section 325, *Communicating Internal Control Related Matters Identified in an Audit*, considers inadequate documentation of the components of internal control to be indicative of an internal control deficiency. Without documented internal controls the County may not be able to ensure that controls are in place, communicated and operating consistently and effectively.

In addition, the County has no formal fraud risk assessment in place. 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.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the Committee of Sponsoring Organizations (COSO) internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively. We also recommend that the County address various risks in the environment, including risk of fraud occurring by performance assessments to identify, analyze and manage these risks.

County Response: The commission will request each elected office holder to formally adopt an internal control policy. The Commission will also adopt a policy that assesses various risks in the environment to aid in managing these risks.

Auditor's Evaluation: The response is appropriate to correct the concern.

**2. Accounting for Transfers**

Condition: The financial statements of the County as presented in the annual budget document present transfers between funds. However, the transfers reported in both 2013 and 2014 did not balance, in that transfers to other funds were not in agreement with transfers from other funds. In 2013, the County recorded as transfers the cost associated with administration of the Henry County Law Enforcement fund. In 2014, a transfer into the General Revenue fund from the Henry County Law Enforcement fund was incorrectly labeled as a "Capital Expense". Also, in both 2014 and 2013, a payment from the General Revenue fund to the Central Emergency Communications fund was not recorded as a transfer out by the General Revenue fund. Transfers

should only be recorded for transactions between County funds and balance at all times during the year.

Recommendation: In order to ensure that transfers are properly reported on the budgets and are in balance (transfers to other funds equal transfers from other funds), we recommend the transfers be clearly identified as transfers and presented in the budget within the Transfer category. Other types of transactions should not be presented in the Transfers category.

County Response: Future budget documents will no longer report Capital Expenditures as operating transfers. However, the County's support of 911 is an expenditure to the county. The 911/Central Emergency Communication fund is operated by an independent Board of Directors. Agreements, between the Board and County Commission, were made that included the County to administer the funds of the 911 center. The 911/CECF fund is supported by a 15% land line tariff as well as support from various cities of the county, the hospital, and the county itself. The \$90,000 paid in 2013, and the \$95,000 paid in 2014 were the County's payments to support 911 service.

Auditor's Evaluation: The response is appropriate to correct the concern.

## **ITEMS OF NONCOMPLIANCE**

### **3. Budgetary Compliance**

Condition: The County's actual expenditures exceeded budgeted expenditures for the Prosecuting Attorney's Delinquent Tax Fund and the CDBG/Log Jam Fund for 2013. State statutes prohibit the County from approving expenditures in excess of budgeted amounts for any County fund. This requirement ensures that expenditures are subject to public scrutiny as provided by their inclusion in a budget adopted or amended at a public meeting.

Recommendation: We recommend that when the originally adopted budget is inadequate to finance current year unforeseen expenditures, budgetary amendments should be discussed in a public meeting and formally adopted by the County Commission.

County Response: Both of these transactions occurred in 2013. Overspending appropriations will no longer happen without the adoption of an amended budget.

Auditor's Evaluation: The response is appropriate to correct the concern.

### **4. Bid Process**

Condition: The County did not procure bids for the 2014 purchase of a server for the Central Communications Center. The old server crashed and the IT Specialist said the server needed to be replaced as soon as possible. There was no evidence per the County Commission minutes as to why the purchase was made without bids being collected. RSMo 50.780.2 allows the County to waive bidding in emergency situations provided that the County documents the reasoning for not performing competitive procurement procedures in the Commission minutes. RSMo 50.783 allows the County to waive the requirements for bidding in the case of a sole source purchase if the reasoning is documented in the minutes.

Recommendation: We recommend that the County prepare alternative procedures for emergency situations in which a large purchase must be made in a short timeframe. We also recommend the documentation of reasoning for bypassing bid procedures in the Commission's minutes in accordance with RSMO 50.782.2 or RSMO 50.783.

County Response: The 911/Central Emergency Communications Fund has an independent Board of Directors responsible for the operations of the center. However, the County will adopt procedures for emergency situations in which large purchases must be made in a short time frame and document the reasoning for bypassing the bid procedures in the Commission's minutes.

Auditor's Evaluation: The response is appropriate to correct the concern.

## **OTHER MATTERS**

### **5. Absence of Investment Policy**

Condition: The County has not adopted an investment policy as required by State Statutes. An investment policy addresses topics such as collateralization of deposits, strategy with respect to investment of public funds, and other areas, and thus such a policy would be beneficial and also required for the County. Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation.

Recommendation: We recommend the County adopt an investment policy and review compliance with this policy at least annually.

County Response: The County will adopt an investment policy and review it on an annual basis.

Auditor's Evaluation: The response is appropriate to correct the concern.

HENRY COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with Government Auditing Standards, this section reports the auditors' follow-up on action taken by Henry County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2012 and 2011.

1. The County approved expenditures in excess of budgeted amounts for several funds during both 2011 and 2012. For the year ended December 31, 2012, the Prosecuting Attorney's Delinquent Tax Fund was deficit budgeted.

*Status – Not resolved. See finding No. 3.*

2. The County did not document their internal controls.

*Status – Not resolved. See finding No. 1.*

3. The County did not perform a formal fraud risk assessment.

*Status – Not resolved. See finding No. 1.*