



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

To the County Commission  
and  
Officeholders of Harrison County, Missouri

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

Nicole R. Galloway, CPA  
State Auditor

September 2019  
Report No. 2019-092



**Nicole Galloway, CPA**  
Missouri State Auditor

## RECOMMENDATION SUMMARY

### Recommendations in the contracted audit of Harrison County

2018-001 Budgetary Controls	The County strictly adhere to the authorized spending limits as documented in the adopted County budget or follow the appropriate procedures to amend the budget.
2018-002 Absence of Investment Policy	The County adopt an investment policy and review compliance with this policy at least annually as required by state statute.
Sheriff Account Negative Book Balance	The Sheriff Department resolve the deficiency of \$27 to return the book balance after the monthly turnover to \$0.
Procurement Procedures	The Sheriff's office ensure that all fuel logs supporting fuel card charges are obtained and reconciled to the statements.

ANNUAL FINANCIAL REPORT

**HARRISON COUNTY, MISSOURI**

For the Year Ended  
December 31, 2018

**McBRIDE, LOCK & ASSOCIATES, LLC**

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CERTIFIED PUBLIC ACCOUNTANTS

KANSAS CITY

# HARRISON COUNTY, MISSOURI

## TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
List of Elected Officials 2018	i
FINANCIAL SECTION	
Independent Auditor's Report	ii
BASIC FINANCIAL STATEMENTS:	
Statement of Receipts, Disbursements and Changes in Cash – All Governmental Funds – Regulatory Basis	1
Statements of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis – All Governmental Funds	2
Statement of Fiduciary Receipts, Disbursements and Changes in Cash – Regulatory Basis	13
Notes to the Financial Statements	14
COMPLIANCE SECTION	
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 <i>Government Auditing Standards</i>	22
Findings and Recommendations	24
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27

## **INTRODUCTORY SECTION**

HARRISON COUNTY, MISSOURI  
List of Elected Officials 2018

*County Commission*

Presiding Commissioner – Jack W. Hodge

Northern District Commissioner – Rick J. Smith

Southern District Commissioner – Jim Holcomb

*Other Elected Officials*

Assessor – Lila Mae Craig

Circuit Clerk/Ex-Officio Recorder – C. Sherece Eivins

Collector/Treasurer – Cheryl Coleman

County Clerk – Jackie Deskins

Coroner – Zach Wilson

Prosecuting Attorney – Johnathan Meyer\*

Public Administrator – Kimberly King

Sheriff – Josh Eckerson

\*Appointed in July 2018

## **FINANCIAL SECTION**

## **McBRIDE, LOCK & ASSOCIATES, LLC**

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**CERTIFIED PUBLIC ACCOUNTANTS**

### **INDEPENDENT AUDITOR'S REPORT**

To the County Commission and  
Officeholders of Harrison County, Missouri

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Harrison County, Missouri, which comprise the Statement of Receipts, Disbursements and Changes in Cash – All Governmental Funds – Regulatory Basis and the Statement of Fiduciary Receipts, Disbursements and Changes in Cash – Regulatory Basis as of December 31, 2018, and the related Statements of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 from material misstatement.

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



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

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

As described in Note 1, the financial statements are prepared by Harrison 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 above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Harrison County, Missouri, as of December 31, 2018, or the changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of each fund of Harrison County, Missouri, as of December 31, 2018, 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 as described in Note 1.

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

In accordance with *Government Auditing Standards*, we also have issued our report dated August 9, 2019, on our consideration of Harrison County, Missouri’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harrison County, Missouri’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.

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

McBride, Lock & Associates, LLC  
Kansas City, Missouri  
August 9, 2019

HARRISON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH  
- ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018

Fund	Cash and Investments January 1	Receipts	Disbursements	Cash and Investments December 31
General Revenue	\$ 1,247,282	\$ 1,331,513	\$ 1,182,797	\$ 1,395,998
Special Road & Bridge	979,322	1,529,063	1,399,396	1,108,989
Assessment	93,068	171,044	166,919	97,193
Sheriff Training	16,498	6,241	8,271	14,468
Prosecuting Attorney Training	4,876	1,462	456	5,882
Special Poor	35,823	340	7,084	29,079
Lottie Wilson Trust	28,658	303	-	28,961
Recorders Preservation	8,669	4,211	1,298	11,582
Prosecuting Attorney Bad Check	25,249	1,854	6,283	20,820
Domestic Violence	-	524	524	-
Harrison County Lake	263,086	22,546	22,502	263,130
911	78,433	347,094	314,954	110,573
Harrison County CAFO	7,401	77	-	7,478
Local Emergency Planning Committee	8,906	2,952	6,069	5,789
POST Commission Training	4,949	2,858	3,385	4,422
County Election Services	10,876	432	3,181	8,127
Recorders Technology	1,399	1,939	2,542	796
Prosecuting Attorney Retirement	3,369	3,369	3,366	3,372
Tax Maintenance	67,774	17,336	7,529	77,581
1/2 Cent Sales Tax Law Enforcement	33,349	822,186	766,683	88,852
Eagleville Cemetery	42,832	440	2,086	41,186
Juvenile Restitution	1,980	197	-	2,177
FEMA/SEMA	54,051	473	54,000	524
Prosecuting Attorney Delinquent Tax	-	-	-	-
Senior Citizens' Tax Board	13,687	58,341	51,875	20,153
Leah Trullinger Endowment	295,818	7,925	5,261	298,482
County Sheriff's Revolving	16,827	1,442	135	18,134
Inmate Prisoner Detainee	86,879	38,294	45,476	79,697
Law Enforcement Restitution	42,610	16,282	22,406	36,486
Administrative Handling Fee	1,647	419	-	2,066
Total	<u>\$ 3,475,318</u>	<u>\$ 4,391,157</u>	<u>\$ 4,084,478</u>	<u>\$ 3,781,997</u>

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

HARRISON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH  
- BUDGET AND ACTUAL - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018

	GENERAL REVENUE FUND	
	<u>Budget</u>	<u>Actual</u>
RECEIPTS		
Property taxes	\$ 430,050	\$ 411,334
Sales taxes	450,000	414,892
Intergovernmental	22,400	14,655
Charges for services	419,000	447,336
Interest	12,000	17,091
Other	22,940	21,205
Transfers in	10,000	5,000
Total Receipts	<u>\$ 1,366,390</u>	<u>\$ 1,331,513</u>
DISBURSEMENTS		
County Commission	\$ 87,881	\$ 88,202
County Clerk	67,400	58,354
Elections	112,314	107,670
Buildings and grounds	221,120	222,366
Collector/Treasurer	119,718	112,386
Recorder of Deeds	36,631	35,654
Court Administration	24,908	18,083
Public Administrator	54,954	50,944
Prosecuting Attorney	118,843	118,101
Juvenile Officer	45,850	20,258
Coroner	27,242	14,693
Other County government	278,415	196,761
Transfers Out	228,738	133,878
Emergency fund	100,000	5,447
Total Disbursements	<u>\$ 1,524,014</u>	<u>\$ 1,182,797</u>
RECEIPTS OVER (UNDER)		
DISBURSEMENTS	\$ (157,624)	\$ 148,716
CASH AND INVESTMENTS, JANUARY 1	<u>1,247,282</u>	<u>1,247,282</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 1,089,658</u></u>	<u><u>\$ 1,395,998</u></u>

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

HARRISON COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH  
 - BUDGET AND ACTUAL - REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2018

	SPECIAL ROAD & BRIDGE FUND		ASSESSMENT FUND		SHERIFF TRAINING FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	610,000	602,887	-	-	-	-
Intergovernmental	1,918,330	790,239	190,860	164,908	-	450
Charges for services	117,700	67,473	3,000	4,760	6,400	5,616
Interest	7,800	12,364	600	1,376	74	175
Other	-	100	1,000	-	-	-
Transfers in	57,051	56,000	-	-	-	-
Total Receipts	<u>\$ 2,710,881</u>	<u>\$ 1,529,063</u>	<u>\$ 195,460</u>	<u>\$ 171,044</u>	<u>\$ 6,474</u>	<u>\$ 6,241</u>
DISBURSEMENTS						
Salaries	\$ 153,400	\$ 137,310	\$ 108,960	\$ 100,822	\$ -	\$ -
Employee fringe benefits	44,744	49,316	23,925	28,028	-	-
Materials and supplies	334,000	170,852	9,500	7,713	-	-
Services and other	144,000	74,695	38,440	24,579	4,000	3,271
Capital outlay	135,000	97,708	6,000	3,777	-	-
Construction	1,879,420	869,515	-	-	-	-
Transfers out	-	-	2,000	2,000	5,000	5,000
Total Disbursements	<u>\$ 2,690,564</u>	<u>\$ 1,399,396</u>	<u>\$ 188,825</u>	<u>\$ 166,919</u>	<u>\$ 9,000</u>	<u>\$ 8,271</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 20,317	\$ 129,667	\$ 6,635	\$ 4,125	\$ (2,526)	\$ (2,030)
CASH AND INVESTMENTS, JANUARY 1	<u>979,322</u>	<u>979,322</u>	<u>93,068</u>	<u>93,068</u>	<u>16,498</u>	<u>16,498</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 999,639</u>	<u>\$ 1,108,989</u>	<u>\$ 99,703</u>	<u>\$ 97,193</u>	<u>\$ 13,972</u>	<u>\$ 14,468</u>

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

HARRISON COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH  
 - BUDGET AND ACTUAL - REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2018

	PROSECUTING ATTORNEY TRAINING FUND		SPECIAL POOR FUND		LOTTIE WILSON TRUST FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	10,000	-	-	-
Charges for services	1,700	1,407	-	-	-	-
Interest	20	55	140	340	135	303
Other	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 1,720</u>	<u>\$ 1,462</u>	<u>\$ 10,140</u>	<u>\$ 340</u>	<u>\$ 135</u>	<u>\$ 303</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Services and other	1,720	456	19,700	7,084	-	-
Capital outlay	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 1,720</u>	<u>\$ 456</u>	<u>\$ 19,700</u>	<u>\$ 7,084</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ 1,006	\$ (9,560)	\$ (6,744)	\$ 135	\$ 303
CASH AND INVESTMENTS, JANUARY 1	<u>4,876</u>	<u>4,876</u>	<u>35,823</u>	<u>35,823</u>	<u>28,658</u>	<u>28,658</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 4,876</u></u>	<u><u>\$ 5,882</u></u>	<u><u>\$ 26,263</u></u>	<u><u>\$ 29,079</u></u>	<u><u>\$ 28,793</u></u>	<u><u>\$ 28,961</u></u>

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

HARRISON COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH  
 - BUDGET AND ACTUAL - REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2018

	RECORDERS PRESERVATION FUND		PROSECUTING ATTORNEY BAD CHECK FUND		DOMESTIC VIOLENCE FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	3,000	4,104	4,630	1,615	450	523
Interest	6	107	200	239	1	1
Other	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 3,006</u>	<u>\$ 4,211</u>	<u>\$ 4,830</u>	<u>\$ 1,854</u>	<u>\$ 451</u>	<u>\$ 524</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ 5,560	\$ 5,520	\$ -	\$ -
Employee fringe benefits	-	-	426	422	-	-
Materials and supplies	500	1,086	150	100	-	-
Services and other	2,500	212	600	241	451	524
Capital outlay	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 3,000</u>	<u>\$ 1,298</u>	<u>\$ 6,736</u>	<u>\$ 6,283</u>	<u>\$ 451</u>	<u>\$ 524</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 6	\$ 2,913	\$ (1,906)	\$ (4,429)	\$ -	\$ -
CASH AND INVESTMENTS, JANUARY 1	<u>8,669</u>	<u>8,669</u>	<u>25,249</u>	<u>25,249</u>	<u>-</u>	<u>-</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 8,675</u></u>	<u><u>\$ 11,582</u></u>	<u><u>\$ 23,343</u></u>	<u><u>\$ 20,820</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

HARRISON COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH  
 - BUDGET AND ACTUAL - REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2018

	HARRISON COUNTY LAKE				HARRISON COUNTY CAFO			
	FUND		911 FUND		FUND			
	Budget	Actual	Budget	Actual	Budget	Actual		
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Sales taxes	-	-	-	-	-	-		
Intergovernmental	-	-	135,500	143,309	-	-		
Charges for services	16,000	16,756	66,250	66,250	-	-		
Interest	1,700	2,764	185	650	-	77		
Other	2,500	3,026	10	4,385	-	-		
Transfers in	-	-	185,000	132,500	-	-		
Total Receipts	<u>\$ 20,200</u>	<u>\$ 22,546</u>	<u>\$ 386,945</u>	<u>\$ 347,094</u>	<u>\$ -</u>	<u>\$ 77</u>		
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ 164,000	\$ 139,254	\$ -	\$ -		
Employee fringe benefits	-	-	59,780	42,592	-	-		
Materials and supplies	-	-	4,200	4,162	-	-		
Services and other	32,000	22,502	48,000	50,172	-	-		
Capital outlay	5,000	-	106,000	78,774	-	-		
Construction	-	-	-	-	-	-		
Transfers out	-	-	200	-	-	-		
Total Disbursements	<u>\$ 37,000</u>	<u>\$ 22,502</u>	<u>\$ 382,180</u>	<u>\$ 314,954</u>	<u>\$ -</u>	<u>\$ -</u>		
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (16,800)	\$ 44	\$ 4,765	\$ 32,140	\$ -	\$ 77		
CASH AND INVESTMENTS, JANUARY 1	<u>263,086</u>	<u>263,086</u>	<u>78,433</u>	<u>78,433</u>	<u>7,401</u>	<u>7,401</u>		
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 246,286</u>	<u>\$ 263,130</u>	<u>\$ 83,198</u>	<u>\$ 110,573</u>	<u>\$ 7,401</u>	<u>\$ 7,478</u>		

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

HARRISON COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH  
 - BUDGET AND ACTUAL - REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2018

	LOCAL EMERGENCY PLANNING COMMITTEE FUND		POST COMMISSION TRAINING FUND		COUNTY ELECTION SERVICES FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	2,800	2,878	3,055	2,823	-	-
Charges for services	-	-	-	-	1,000	341
Interest	25	74	15	35	50	91
Other	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 2,825</u>	<u>\$ 2,952</u>	<u>\$ 3,070</u>	<u>\$ 2,858</u>	<u>\$ 1,050</u>	<u>\$ 432</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	100	52	-	-	-	-
Services and other	6,700	6,017	3,000	3,385	-	-
Capital outlay	-	-	-	-	3,500	3,181
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 6,800</u>	<u>\$ 6,069</u>	<u>\$ 3,000</u>	<u>\$ 3,385</u>	<u>\$ 3,500</u>	<u>\$ 3,181</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (3,975)	\$ (3,117)	\$ 70	\$ (527)	\$ (2,450)	\$ (2,749)
CASH AND INVESTMENTS, JANUARY 1	<u>8,906</u>	<u>8,906</u>	<u>4,949</u>	<u>4,949</u>	<u>10,876</u>	<u>10,876</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 4,931</u>	<u>\$ 5,789</u>	<u>\$ 5,019</u>	<u>\$ 4,422</u>	<u>\$ 8,426</u>	<u>\$ 8,127</u>

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



HARRISON COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH  
 - BUDGET AND ACTUAL - REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2018

	RECORDERS TECHNOLOGY FUND		PROSECUTING ATTORNEY RETIREMENT FUND		TAX MAINTENANCE FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	1,500	1,919	-	-	15,000	16,381
Interest	3	20	7	22	700	795
Other	-	-	-	-	-	160
Transfers in	-	-	3,366	3,347	-	-
Total Receipts	<u>\$ 1,503</u>	<u>\$ 1,939</u>	<u>\$ 3,373</u>	<u>\$ 3,369</u>	<u>\$ 15,700</u>	<u>\$ 17,336</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	3,366	3,366	-	-
Materials and supplies	-	-	-	-	3,000	2,542
Services and other	2,500	2,542	-	-	11,600	3,842
Capital outlay	-	-	-	-	9,000	1,145
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 2,500</u>	<u>\$ 2,542</u>	<u>\$ 3,366</u>	<u>\$ 3,366</u>	<u>\$ 23,600</u>	<u>\$ 7,529</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (997)	\$ (603)	\$ 7	\$ 3	\$ (7,900)	\$ 9,807
CASH AND INVESTMENTS, JANUARY 1	<u>1,399</u>	<u>1,399</u>	<u>3,369</u>	<u>3,369</u>	<u>67,774</u>	<u>67,774</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 402</u>	<u>\$ 796</u>	<u>\$ 3,376</u>	<u>\$ 3,372</u>	<u>\$ 59,874</u>	<u>\$ 77,581</u>

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

HARRISON COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH  
 - BUDGET AND ACTUAL - REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2018

	1/2 CENT SALES TAX LAW ENFORCEMENT FUND		EAGLEVILLE CEMETERY FUND		JUVENILE RESTITUTION FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	600,000	602,868	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	157,600	183,618	-	-	1,917	175
Interest	200	700	300	440	-	22
Other	-	-	10	-	-	-
Transfers in	70,000	35,000	-	-	-	-
Total Receipts	<u>\$ 827,800</u>	<u>\$ 822,186</u>	<u>\$ 310</u>	<u>\$ 440</u>	<u>\$ 1,917</u>	<u>\$ 197</u>
DISBURSEMENTS						
Salaries	\$ 364,156	\$ 356,686	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	116,381	102,756	-	-	-	-
Materials and supplies	9,000	7,048	-	-	-	-
Services and other	177,655	132,570	2,500	2,086	1,917	-
Capital outlay	122,690	130,123	-	-	-	-
Construction	-	-	-	-	-	-
Transfers out	37,500	37,500	-	-	-	-
Total Disbursements	<u>\$ 827,382</u>	<u>\$ 766,683</u>	<u>\$ 2,500</u>	<u>\$ 2,086</u>	<u>\$ 1,917</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 418	\$ 55,503	\$ (2,190)	\$ (1,646)	\$ -	\$ 197
CASH AND INVESTMENTS, JANUARY 1	<u>33,349</u>	<u>33,349</u>	<u>42,832</u>	<u>42,832</u>	<u>1,980</u>	<u>1,980</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 33,767</u>	<u>\$ 88,852</u>	<u>\$ 40,642</u>	<u>\$ 41,186</u>	<u>\$ 1,980</u>	<u>\$ 2,177</u>

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

HARRISON COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH  
 - BUDGET AND ACTUAL - REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2018

	FEMA/SEMA FUND		PROSECUTING ATTORNEY DELINQUENT TAX FUND		SENIOR CITIZENS' TAX BOARD FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 58,090
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest	25	473	-	-	-	251
Other	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 25</u>	<u>\$ 473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 58,341</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Services and other	-	-	-	-	55,000	51,875
Capital outlay	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transfers out	54,051	54,000	-	-	-	-
Total Disbursements	<u>\$ 54,051</u>	<u>\$ 54,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 51,875</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (54,026)	\$ (53,527)	\$ -	\$ -	\$ -	\$ 6,466
CASH AND INVESTMENTS, JANUARY 1	<u>54,051</u>	<u>54,051</u>	<u>-</u>	<u>-</u>	<u>13,687</u>	<u>13,687</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 25</u>	<u>\$ 524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,687</u>	<u>\$ 20,153</u>

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

HARRISON COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH  
 - BUDGET AND ACTUAL - REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2018

	LEAH TRULLINGER ENDOWMENT FUND		COUNTY SHERIFF'S REVOLVING FUND		INMATE PRISONER DETAINEE FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	600	1,260	32,000	37,463
Interest	3	5	79	182	361	831
Other	4,000	7,389	-	-	-	-
Transfers in	-	531	-	-	-	-
Total Receipts	<u>\$ 4,003</u>	<u>\$ 7,925</u>	<u>\$ 679</u>	<u>\$ 1,442</u>	<u>\$ 32,361</u>	<u>\$ 38,294</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Services and other	3,500	5,261	400	135	-	-
Capital outlay	-	-	-	-	58,928	45,476
Construction	-	-	-	-	-	-
Transfers out	-	-	5,000	-	-	-
Total Disbursements	<u>\$ 3,500</u>	<u>\$ 5,261</u>	<u>\$ 5,400</u>	<u>\$ 135</u>	<u>\$ 58,928</u>	<u>\$ 45,476</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 503	\$ 2,664	\$ (4,721)	\$ 1,307	\$ (26,567)	\$ (7,182)
CASH AND INVESTMENTS, JANUARY 1	<u>295,818</u>	<u>295,818</u>	<u>16,827</u>	<u>16,827</u>	<u>86,879</u>	<u>86,879</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 296,321</u>	<u>\$ 298,482</u>	<u>\$ 12,106</u>	<u>\$ 18,134</u>	<u>\$ 60,312</u>	<u>\$ 79,697</u>

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

HARRISON COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH  
 - BUDGET AND ACTUAL - REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2018

	LAW ENFORCEMENT RESTITUTION FUND		ADMINISTRATIVE HANDLING FEE FUND	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	35,000	15,875	-	399
Interest	300	407	-	20
Other	-	-	-	-
Transfers in	-	-	-	-
Total Receipts	<u>\$ 35,300</u>	<u>\$ 16,282</u>	<u>\$ -</u>	<u>\$ 419</u>
DISBURSEMENTS				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-
Materials and supplies	-	-	-	-
Services and other	24,000	15,208	-	-
Capital outlay	10,000	7,198	-	-
Construction	-	-	-	-
Transfers out	-	-	-	-
Total Disbursements	<u>\$ 34,000</u>	<u>\$ 22,406</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 1,300	\$ (6,124)	\$ -	\$ 419
CASH AND INVESTMENTS, JANUARY 1	<u>42,610</u>	<u>42,610</u>	<u>1,647</u>	<u>1,647</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 43,910</u></u>	<u><u>\$ 36,486</u></u>	<u><u>\$ 1,647</u></u>	<u><u>\$ 2,066</u></u>

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

HARRISON COUNTY, MISSOURI  
STATEMENT OF FIDUCIARY RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018

Fund/Account	Cash and Investments December 31, 2017	Receipts 2018	Disbursements 2018	Cash and Investments December 31, 2018
Treasurer Certificate of Deposit (Walnut Pork)	\$ 31,422	\$ 242	\$ -	\$ 31,664
Treasurer Intangible Tax	203	3	206	-
Treasurer Over Surplus Property	2,663	28	-	2,691
Treasurer Fines	-	313,013	313,013	-
Treasurer CERF	-	132,157	132,157	-
Treasurer Unclaimed Property	-	2,350	2,350	-
Treasurer Senior Citizens	-	58,117	58,117	-
Collector Main	5,597,052	9,917,589	9,250,758	6,263,883
Collector Tax Installment	9,200	301,929	299,231	11,898
Collector Taxes Paid Under Protest	34,478	190	-	34,668
County Clerk Federal Tax Payment	-	207,140	205,062	2,078
Recorder	4,833	64,859	64,366	5,326
Sheriff Commisary	22,568	67,329	69,916	19,981
Sheriff Department	17,986	270,967	288,980	(27)
Prosecuting Attorney	2,350	24,106	26,456	-
Prosecuting Attorney LERF	-	2,750	2,750	-
Public Administrator	676,419	1,445,805	1,337,864	784,360
Total	<u>\$ 6,399,174</u>	<u>\$ 12,808,574</u>	<u>\$ 12,051,226</u>	<u>\$ 7,156,522</u>

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

HARRISON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 Harrison County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise the County’s legal entity.

In accordance with the regulatory basis of accounting, the financial statements of the County do not include the activity of the Circuit Court, which is part of the Missouri court system and is considered to be a state function, including the operations of the Circuit Clerk and all funds under their control.

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.

Fiduciary Funds – Fiduciary funds consist of custodial funds. Custodial funds account for assets held by the County, particularly the Collector/Treasurer, as an agent of individuals, private organizations, taxing units, other governments and/or funds. Budgets are not adopted for the County’s custodial 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.
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. Adoption of a formal budget is required by law.



10. Section 50.740, RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds:

	<u>2018</u>
Domestic Violence	✓
POST Commission Training	✓
Recorders Technology	✓
Leah Trullinger Endowment	✓

- 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 November 1. 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 the calendar year 2018, for purposes of taxation were:

	<u>2018</u>
Real Estate	\$ 77,996,438
Personal Property	35,293,687
Railroad and Utilities	<u>8,081,321</u>
Total	<u><u>\$ 121,371,446</u></u>

For calendar years 2018, the County Commission approved a tax levy per \$100 of assessed valuation of tangible taxable property as follows:

	<u>2018</u>
General Revenue	\$ 0.3714
Senior Citizens' Tax Board	0.0491

#### 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 these balances 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. Details of these cash and investment balances are presented 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 deposits and short-term investments with maturities that are less than ninety days. Investments consist of certificates of deposit with original maturities that are greater than ninety days.

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2018, the carrying amount of the County's deposits was \$3,781,997, and the bank balance was \$3,978,621. Of the bank balance, \$520,153 was covered by federal depository insurance at December 31, 2018. The remainder of the balance at December 31, 2018 was 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, 2018, County officeholders held, in addition to the cash and investments listed above, cash held in a fiduciary capacity on behalf of individuals, private organizations, taxing units, other governments and/or funds. At December 31, 2018, the carrying amount of the County's custodial funds was \$7,156,522 and the bank balance was \$5,628,274. Of the bank balance, \$874,238 was covered by federal depository insurance at December 31, 2018. The remainder of the balance at December 31, 2018 was 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 Employees' 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, by calling 1-877-632-2373, or by the following website, [www.mocerf.org](http://www.mocerf.org).

## 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. During 2018, the County collected and remitted to CERF employee withholdings and fees collected of \$132,157 for the year then ended.

## B. Prosecuting Attorney Retirement Fund

In accordance with state statute Section 56.807, RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County contributed \$3,366 for the year ended December 31, 2018.

## 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 3.33 hours per calendar month worked of compensated sick leave, or 40 hours in a one year period, up to a maximum of 30 days. Vacation time is accrued for every full-time employee, beginning with the first year of employment at a rate of ten days per year. Employees with two to eight years of employment earn 12 days per year of vacation leave; nine to 13 years of employment earn 15 days per year of vacation leave; 14 to 18 years of employment earn 18 days of vacation leave; and 19 or more years of employment earns 21 days per year. Any days not used by the end of the year (anniversary date of hire) will be lost. Upon separation (resignation, death or termination), an employee may receive compensation for unused accrued vacation leave to the date of termination.

### 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 a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

## 7. LONG TERM DEBT

The County had the following long-term debt outstanding as of December 31, 2018:

- A. The County entered into an agreement with BNY Mellon for Certificates of Participation as of June 1, 2012. The agreement was entered to improve buildings and facilities of the County to reduce energy consumption or operating costs, including heating and air conditioning and energy efficient lighting. Principal payments are made annually in May and interest is paid semi-annually at 3%. The final payment is scheduled for May 2022. The schedule of remaining payments and interest is listed below:

Fiscal Year Ending December 31,	Principal	Interest	Total
2019	\$ 144,000	\$ 15,900	\$ 159,900
2020	148,000	13,710	161,710
2021	153,000	7,005	160,005
2022	157,000	2,355	159,355
Totals	<u>\$ 602,000</u>	<u>\$ 38,970</u>	<u>\$ 640,970</u>

- B. The County entered into a two year, \$99,500 capital lease for a John Deere 41 OL Loader Backhoe for the Road & Bridge Department on January 15, 2017. The lease is scheduled to be paid in annual payments of \$26,418, which includes interest of 3.5%, with the final payment scheduled on March 15, 2019. The schedule of remaining payments and interest is listed below:

Fiscal Year Ending December 31,	Principal	Interest	Total
2019	25,511	907	26,418
Totals	<u>\$ 25,511</u>	<u>\$ 907</u>	<u>\$ 26,418</u>

- C. The County entered into a 60 month, \$149,962 capital lease for an Airbus Vesta 911 telephone system on February 23, 2018. The lease is scheduled to be paid in monthly payments of \$2,932, which includes interest of 6.6%, and a purchase option of \$1. The first payment was made in August 2018 and the final payment is scheduled to be made in July 2023. The schedule of remaining payments is listed below:

Fiscal Year Ending December 31,	Principal	Interest	Total
2019	26,722	8,459	35,181
2020	28,546	6,635	35,181
2021	30,536	4,645	35,181
2022	32,644	2,537	35,181
2023	20,073	449	20,522
Totals	<u>\$ 138,521</u>	<u>\$ 22,725</u>	<u>\$ 161,246</u>

The following schedule shows changes in long-term debt during the year ended December 31, 2018:

Description	Balance 12/31/2017	Additions	Payments	Balance 12/31/2018	Interest Paid
Certificates of Participation	\$ 741,000	\$ -	\$(139,000)	\$ 602,000	\$ 20,415
John Deere Backhoe	50,000	-	(24,489)	25,511	1,929
Airbus Vesta 911 System	-	149,962	11,441	138,521	3,218

## 8. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2018 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through August 9, 2019, 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

CERTIFIED PUBLIC ACCOUNTANTS

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### 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 Harrison 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 Harrison County, Missouri which comprise the Statement of Receipts, Disbursements and Changes in Cash – All Governmental Funds – Regulatory Basis and the Statement of Fiduciary Receipts, Disbursements and Changes in Cash – Regulatory Basis as of December 31, 2018, and the related Statements of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis for the year then ended, and the related notes to the financial statements, which collectively comprise Harrison County, Missouri's basic financial statements and have issued our report thereon dated August 9, 2019.

#### **Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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. 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.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Harrison County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and recommendations as items 2018-001 and 2018-002.

## **Harrison County, Missouri's Responses to Findings**

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

## **Purpose of this Report**

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

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

McBride, Lock & Associates, LLC  
Kansas City, Missouri  
August 9, 2019

## **FINDINGS AND RECOMMENDATIONS**

HARRISON COUNTY, MISSOURI  
FINDINGS AND RECOMMENDATIONS

**MATERIAL WEAKNESSES IN INTERNAL CONTROL**

None

**SIGNIFICANT INTERNAL CONTROL DEFICIENCIES**

None

**ITEMS OF NONCOMPLIANCE**

**2018-001: Budgetary Controls**

Criteria: Missouri statutes prohibit approving expenditures in excess of budgeted amounts.

Condition: Actual expenditures exceeded budgeted expenditures for four funds in 2018. The detailed list of funds can be found in Note 1.D.10 to the financial statements.

Cause: Expenditures were approved in excess of budgeted amounts and the budgets were not amended.

Effect: Budgetary controls are significant to the proper management and custodianship of County funds. Compliance with statutory requirements related to budgets will improve controls over County funds and help maintain the integrity of the budget process.

Recommendation: We recommend the County strictly adhere to the authorized spending limits as documented in the adopted County budget or follow the appropriate procedures to amend the budget.

County's Response: The Harrison County Clerk, in office in 2018, retired at the end of that year. It was not brought to the attention of the County Commissioners that there was a necessity to amend the budget to actual expenditures; and, therefore, it was not done.

It is the intent of the current County Clerk to carefully watch each fund for comparison of budget to expenditures, and monitor the budget for areas that might be reaching the point of over-expenditure, thus avoiding this issue in the future.

This is going to be accomplished by running an expenditure report monthly, and presenting it to the Commissioners for review to ensure that no expenditures are in excess of the approved budget. Funds such as Domestic Violence and Leah Trullinger Endowment are funds that expenditures simply match the amount of revenue received, and the budget should be amended at the end of the year so the revenue and expenditures match instead of showing over-spent.

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

## **2018-002: Absence of Investment Policy**

Criteria: 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.

Condition: The County has not adopted an investment policy as required by state statute.

Cause: The County Commission reached out to counsel to review and adopt a formal written policy, but had not followed through by the end of the fiscal year.

Effect: Adoption of a written investment policy commits 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 as required by state statute.

County's Response: The County Commissioners have again contacted counsel to prepare an investment policy. The attorney has assured us he intends to have a policy ready for approval by the Commissioners by Monday, August 26, 2019.

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

## **OTHER MATTERS**

In planning and performing our audit of the Statement of Receipts, Disbursements and Changes in Cash – All Governmental Funds – Regulatory Basis, the Statement of Fiduciary Receipts, Disbursements and Changes in Cash – Regulatory Basis, and the related Statements of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis – All Governmental Funds as of and for the years ended December 31, 2018, we considered Harrison County's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. We issued our report on our consideration of internal control over financial reporting dated August 9, 2019. However, during our audit we became aware of matters that are opportunities for strengthening internal controls.

### **Sheriff Account Negative Book Balance**

The Sheriff Department account is being reconciled to a negative book balance of \$27 each month. The Sheriff Department turns over the entire balance of funds collected each month to the Treasurer. When turning over the prior month's funds, the account is reconciled to negative book balance of \$27. If the Sheriff Department did not receive at least \$27 of receipts prior to the turnover, the account would be overdrawn. However, review of the 2018 bank statements did not show that the account had been overdrawn. We recommend that the Sheriff Department resolve the deficiency of \$27 to return the book balance after the monthly turnover to \$0.

### **Procurement Procedures**

The Sheriff's office credit card procedures require a fuel log to be filled out when a purchase is made, including the mileage of the vehicle at the time of the purchase and the number of gallons purchased. The fuel logs are to be returned, along with the receipt, to the Sheriff's office and reconciled to the statements prior to submitting the bill to the County Clerk's office for payment. One of two MFA Oil Company fuel credit card payments that was tested during the audit did not include all accompanying fuel logs as required by the Sheriff's credit card policy. The total for transactions that did not include supporting documentation was \$190. We recommend the Sheriff's office ensure that all fuel logs supporting fuel card charges are obtained and reconciled to the statements.

HARRISON 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 auditor's follow-up on action taken by Harrison County, Missouri, on the applicable findings in the prior audit report issued for the years ended December 31, 2017 and 2016.

2017-001: There is a lack of segregation of duties over the cash receipt and cash disbursement processes in the Sheriff's office.

*Status*: Resolved. As a result of our prior audit recommendations, the Sheriff's office implemented additional oversight in December 2018.

2017-002: The County does not maintain records of each employee's current approved rate of pay.

*Status*: Resolved.

2017-003: The Sheriff's office did not maintain all accompanying fuel log reports as required by the Sheriff's credit card policy.

*Status*: Resolved. The condition of the finding in the current audit period did not rise to the level of a significant deficiency.

2017-004: Actual expenditures exceeded budgeted expenditures for three funds in 2016 and five funds in 2017. Additionally, the Senior Citizens' Tax Board budgeted a negative fund balance in 2017.

*Status*: Partially resolved. See finding 2018-001.

2017-005: The County has not adopted an investment policy as required by state statute.

*Status*: Repeated. See finding 2018-002.