



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Putnam County, Missouri

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

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA
State Auditor

November 2020
Report No. 2020-094



Nicole Galloway, CPA
Missouri State Auditor

RECOMMENDATION SUMMARY

Recommendations in the contracted audit of Putnam County

2019-001	The county periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.
2019-002	The county develop the required internal control documentation. In addition, we recommend studying the 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.
2019-003	The county address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.
2019-004	The Sheriff implement the necessary procedures to ensure that the bank balance reconciles to the book balance on a monthly basis.

**The County of Putnam
Unionville, Missouri
Independent Auditor's Reports and Financial Statements
December 31, 2019**



**The County of Putnam
Unionville, Missouri
Table of Contents**

	<u>Page</u>
<u>Financial Section</u>	
Independent Auditor's Report.....	1
Financial Statements:	
Statement of Receipts, Disbursements, and Changes in Cash All Governmental Funds: Regulatory Basis For the year ended December 31, 2019.....	3
Statement of Receipts, Disbursements, and Changes in Cash Budget and Actual, All Governmental Funds: Regulatory Basis For the year ended December 31, 2019.....	4
Statements of Assets and Liabilities Arising from Cash Transactions - Agency Funds - Regulatory Basis.....	17
Notes to the Financial Statements.....	18
<u>Compliance Section</u>	
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>	28
Schedule of Findings and Responses.....	30
Summary Schedule of Prior Year Findings and Responses.....	32

Independent Auditor's Report

To the County Commission and
Officeholders of Putnam County, Missouri

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law to demonstrate compliance with the State of Missouri's regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by Putnam County, Missouri on the basis of accounting practices prescribed or permitted by Missouri law to demonstrate compliance with the State of Missouri's regulatory basis of accounting and budget laws,

which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles


In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of Putnam County, Missouri as of December 31, 2019, or changes in financial position or cash flows thereof for the year 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 Putnam County, Missouri as of December 31, 2019, and their respective cash receipts and disbursements, and budgetary results for the year then ended in accordance with the basis of accounting practices prescribed or permitted by Missouri law as described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2020 on our consideration of Putnam County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Putnam County, Missouri's internal control over financial reporting and compliance.



Creve Coeur, Missouri

August 7, 2020

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

<u>Fund</u>	Cash and Equivalents January 1, 2019	Receipts 2019	Disbursements 2019	Cash and Equivalents December 31, 2019
General Revenue	\$ 927,290	\$ 1,267,909	\$ 1,184,809	\$ 1,010,390
Special Road and Bridge	326,732	1,470,217	1,512,646	284,303
Assessment	52,984	152,512	132,758	72,738
Law Enforcement	93,362	339,549	286,174	146,737
K-9	968	24	-	992
Local Law Enforcement Block Grant	-	4,802	4,756	46
Juvenile Restitution	2,667	64	-	2,731
Local Emergency Planning Commission	9,720	219	2,059	7,880
Election Services	4,026	632	221	4,437
Tax Maintenance	15,523	9,766	14,555	10,734
Senior Citizens Service Board	15,360	43,262	43,841	14,781
Sheriff Revolving	10,769	3,616	1,982	12,403
Law Enforcement Restitution	7,511	5,613	-	13,124
Police Training	1,726	750	-	2,476
Prosecuting Attorney Training	4,001	476	-	4,477
Victims of Domestic Violence	91	146	201	36
Record Preservation	5,620	2,753	1,958	6,415
Technology	18,597	2,016	7,207	13,406
Prosecuting Attorney Bad Check	21,868	2,688	1,694	22,862
Sheriff Civil Fees	17,269	1,236	3,006	15,499
Inmate Security	20,849	6,782	6,065	21,566
Emergency Management Director	35	1	-	36
Hospital Lease	17,770	-	3,992	13,778
Total	<u>\$ 1,574,738</u>	<u>\$ 3,315,033</u>	<u>\$ 3,207,924</u>	<u>\$ 1,681,847</u>

See Notes to the Financial Statements

**The County of Putnam
Unionville, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019**

	General Revenue Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ 300,000	\$ 352,360
Sales Taxes	510,000	529,278
Intergovernmental	116,031	79,761
Charges for Services	202,400	214,574
Interest	15,000	21,171
Other Receipts	36,425	70,765
Transfers In	-	-
Total Receipts	1,179,856	1,267,909
<u>Disbursements</u>		
County Commission	81,961	80,692
County Clerk	116,911	109,848
Elections	35,250	22,406
Building and Grounds	476,810	193,588
Employee Fringe Benefits	24,796	23,505
Collector-Treasurer	104,026	86,278
Recorder of Deeds	63,766	59,007
Circuit Clerk	21,836	11,169
Court Administration	15,211	10,817
Public Administrator	22,298	20,059
Prosecuting Attorney	139,566	129,699
Juvenile Officer	29,074	10,050
Coroner	11,415	11,015
Other Disbursements	390,263	403,410
Transfers Out	13,266	13,266
Emergency Fund	35,396	-
Total Disbursements	1,581,845	1,184,809
Receipts Over (Under) Disbursements	\$ (401,989)	\$ 83,100
Cash and Equivalents, Jan 1	927,290	927,290
Cash and Equivalents, Dec 31	\$ 525,301	\$ 1,010,390

See Notes to the Financial Statements

**The County of Putnam
Unionville, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019**

	Special Road and Bridge Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ 51,000	\$ 56,681
Sales Taxes	-	-
Intergovernmental	1,211,276	1,388,973
Charges for Services	-	-
Interest	3,400	7,807
Other Receipts	68,500	16,756
Transfers In	-	-
Total Receipts	<u>1,334,176</u>	<u>1,470,217</u>
<u>Disbursements</u>		
Salaries	99,270	97,851
Employee Fringe Benefits	7,595	7,486
Supplies	18,425	18,164
Insurance	4,500	3,466
Road and Bridge Materials	582,500	546,324
Equipment Repairs	27,000	15,347
Equipment Purchases	75,000	53,960
Road and Bridge Construction	742,362	770,048
Other Disbursements	-	-
Transfers Out	-	-
Total Disbursements	<u>1,556,652</u>	<u>1,512,646</u>
Receipts Over (Under) Disbursements	\$ (222,476)	\$ (42,429)
Cash and Equivalents, Jan 1	<u>326,732</u>	<u>326,732</u>
Cash and Equivalents, Dec 31	<u>\$ 104,256</u>	<u>\$ 284,303</u>

See Notes to the Financial Statements

**The County of Putnam
Unionville, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019**

	Assessment Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ -	\$ -
Sales Taxes	-	-
Intergovernmental	116,615	126,816
Charges for Services	5,300	7,540
Interest	-	2,059
Other Receipts	-	2,831
Transfers In	13,266	13,266
Total Receipts	<u>135,181</u>	<u>152,512</u>
<u>Disbursements</u>		
Salaries	84,011	83,652
Employee Fringe Benefits	6,428	6,427
Materials and Supplies	7,500	3,273
Services	20,160	13,702
Other Disbursements	1,000	1,042
Capital Outlay	27,000	24,662
Transfers Out	-	-
Total Disbursements	<u>146,099</u>	<u>132,758</u>
Receipts Over (Under) Disbursements	\$ (10,918)	\$ 19,754
Cash and Equivalents, Jan 1	<u>52,984</u>	<u>52,984</u>
Cash and Equivalents, Dec 31	<u>\$ 42,066</u>	<u>\$ 72,738</u>

See Notes to the Financial Statements

**The County of Putnam
Unionville, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019**

	Law Enforcement Fund		K-9 Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	235,000	251,735	-	-
Intergovernmental	-	-	-	-
Charges for Services	52,000	66,242	-	-
Interest	1,600	2,590	20	24
Other Receipts	8,000	18,982	-	-
Transfers In	-	-	-	-
Total Receipts	296,600	339,549	20	24
<u>Disbursements</u>				
Salaries	134,330	145,952	-	-
Employee Fringe Benefits	10,277	11,165	-	-
Materials and Supplies	10,000	7,896	60	-
Services	123,663	90,027	-	-
Other Disbursements	200	18	-	-
Capital Outlay	35,142	31,116	-	-
Transfers Out	-	-	-	-
Total Disbursements	313,612	286,174	60	-
Receipts Over (Under) Disbursements	\$ (17,012)	\$ 53,375	\$ (40)	\$ 24
Cash and Equivalents, Jan 1	93,362	93,362	968	968
Cash and Equivalents, Dec 31	\$ 76,350	\$ 146,737	\$ 928	\$ 992

See Notes to the Financial Statements

**The County of Putnam
Unionville, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019**

	Local Law Enforcement Block Grant Fund		Juvenile Restitution Fund	
	Budget	Actual	Budget	Actual
	<u>Receipts</u>			
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	4,756	4,802	-	-
Charges for Services	-	-	2,600	-
Interest	-	-	-	64
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	4,756	4,802	2,600	64
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	-	-	-	-
Other Disbursements	-	-	2,600	-
Capital Outlay	4,756	4,756	-	-
Transfers Out	-	-	-	-
Total Disbursements	4,756	4,756	2,600	-
Receipts Over (Under) Disbursements	\$ -	\$ 46	\$ -	\$ 64
Cash and Equivalents, Jan 1	-	-	2,667	2,667
Cash and Equivalents, Dec 31	\$ -	\$ 46	\$ 2,667	\$ 2,731

See Notes to the Financial Statements

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

	Local Emergency Planning Commission Fund		Election Services Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	2,100	-	-	-
Charges for Services	-	-	600	530
Interest	-	219	40	102
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	2,100	219	640	632
<u>Disbursements</u>				
Salaries	-	-	100	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	100	23	-	-
Services	1,350	397	150	80
Other Disbursements	1,200	790	-	-
Capital Outlay	1,000	849	200	141
Transfers Out	-	-	-	-
Total Disbursements	3,650	2,059	450	221
Receipts Over (Under) Disbursements	\$ (1,550)	\$ (1,840)	\$ 190	\$ 411
Cash and Equivalents, Jan 1	9,720	9,720	4,026	4,026
Cash and Equivalents, Dec 31	\$ 8,170	\$ 7,880	\$ 4,216	\$ 4,437

See Notes to the Financial Statements

**The County of Putnam
Unionville, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019**

	Tax Maintenance Fund		Senior Citizens Service Board Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ 42,000	\$ 42,928
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	10,000	9,307	-	-
Interest	100	459	-	334
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>10,100</u>	<u>9,766</u>	<u>42,000</u>	<u>43,262</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	15,000	14,555	-	-
Services	-	-	50,500	43,841
Other Disbursements	-	-	-	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>15,000</u>	<u>14,555</u>	<u>50,500</u>	<u>43,841</u>
Receipts Over (Under) Disbursements	\$ (4,900)	\$ (4,789)	\$ (8,500)	\$ (579)
Cash and Equivalents, Jan 1	<u>15,523</u>	<u>15,523</u>	<u>15,360</u>	<u>15,360</u>
Cash and Equivalents, Dec 31	<u>\$ 10,623</u>	<u>\$ 10,734</u>	<u>\$ 6,860</u>	<u>\$ 14,781</u>

See Notes to the Financial Statements

**The County of Putnam
Unionville, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019**

	Sheriff Revolving Fund		Law Enforcement Restitution Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	1,500	3,600	2,500	5,369
Interest	-	16	-	244
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>1,500</u>	<u>3,616</u>	<u>2,500</u>	<u>5,613</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	1,500	932	-	-
Services	-	-	4,800	-
Other Disbursements	1,000	1,050	-	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>2,500</u>	<u>1,982</u>	<u>4,800</u>	<u>-</u>
Receipts Over (Under) Disbursements	\$ (1,000)	\$ 1,634	\$ (2,300)	\$ 5,613
Cash and Equivalents, Jan 1	<u>10,769</u>	<u>10,769</u>	<u>7,511</u>	<u>7,511</u>
Cash and Equivalents, Dec 31	<u>\$ 9,769</u>	<u>\$ 12,403</u>	<u>\$ 5,211</u>	<u>\$ 13,124</u>

See Notes to the Financial Statements

**The County of Putnam
Unionville, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019**

	Police Training Fund		Prosecuting Attorney Training Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	500	700	250	376
Interest	-	50	-	100
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>500</u>	<u>750</u>	<u>250</u>	<u>476</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	1,000	-	600	-
Other Disbursements	-	-	-	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>1,000</u>	<u>-</u>	<u>600</u>	<u>-</u>
Receipts Over (Under) Disbursements	\$ (500)	\$ 750	\$ (350)	\$ 476
Cash and Equivalents, Jan 1	<u>1,726</u>	<u>1,726</u>	<u>4,001</u>	<u>4,001</u>
Cash and Equivalents, Dec 31	<u>\$ 1,226</u>	<u>\$ 2,476</u>	<u>\$ 3,651</u>	<u>\$ 4,477</u>

See Notes to the Financial Statements

**The County of Putnam
Unionville, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019**

	Victims of Domestic Violence Fund		Record Preservation Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	200	145	2,600	2,614
Interest	-	1	100	139
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>200</u>	<u>146</u>	<u>2,700</u>	<u>2,753</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	3,000	1,958
Services	210	201	-	-
Other Disbursements	-	-	-	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>210</u>	<u>201</u>	<u>3,000</u>	<u>1,958</u>
Receipts Over (Under) Disbursements	\$ (10)	\$ (55)	\$ (300)	\$ 795
Cash and Equivalents, Jan 1	<u>91</u>	<u>91</u>	<u>5,620</u>	<u>5,620</u>
Cash and Equivalents, Dec 31	<u>\$ 81</u>	<u>\$ 36</u>	<u>\$ 5,320</u>	<u>\$ 6,415</u>

See Notes to the Financial Statements

**The County of Putnam
Unionville, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019**

	Technology Fund		Prosecuting Attorney Bad Check Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	1,500	1,598	3,500	2,155
Interest	500	418	-	533
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	2,000	2,016	3,500	2,688
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	-	-	1,565	1,694
Other Disbursements	-	-	-	-
Capital Outlay	10,000	7,207	600	-
Transfers Out	-	-	-	-
Total Disbursements	10,000	7,207	2,165	1,694
Receipts Over (Under) Disbursements	\$ (8,000)	\$ (5,191)	\$ 1,335	\$ 994
Cash and Equivalents, Jan 1	18,597	18,597	21,868	21,868
Cash and Equivalents, Dec 31	\$ 10,597	\$ 13,406	\$ 23,203	\$ 22,862

See Notes to the Financial Statements

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

	Sheriff Civil Fees Fund		Inmate Security Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	600	878	6,000	6,782
Interest	-	358	-	-
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>600</u>	<u>1,236</u>	<u>6,000</u>	<u>6,782</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	6,000	6,065
Services	2,000	1,020	-	-
Other Disbursements	-	-	-	-
Capital Outlay	4,000	1,986	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>6,000</u>	<u>3,006</u>	<u>6,000</u>	<u>6,065</u>
Receipts Over (Under) Disbursements	\$ (5,400)	\$ (1,770)	\$ -	\$ 717
Cash and Equivalents, Jan 1	<u>17,269</u>	<u>17,269</u>	<u>20,849</u>	<u>20,849</u>
Cash and Equivalents, Dec 31	<u>\$ 11,869</u>	<u>\$ 15,499</u>	<u>\$ 20,849</u>	<u>\$ 21,566</u>

See Notes to the Financial Statements

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

	Emergency Management Director Fund		Hospital Lease Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	800	1	-	-
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	800	1	-	-
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	-	-	15,000	3,992
Other Disbursements	-	-	-	-
Capital Outlay	800	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	800	-	15,000	3,992
Receipts Over (Under) Disbursements	\$ -	\$ 1	\$ (15,000)	\$ (3,992)
Cash and Equivalents, Jan 1	35	35	17,770	17,770
Cash and Equivalents, Dec 31	\$ 35	\$ 36	\$ 2,770	\$ 13,778

See Notes to the Financial Statements

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

	<u>Collector</u>	<u>Recorder</u>	<u>Assessor</u>	<u>Prosecuting Attorney</u>	<u>Treasurer</u>	<u>Sheriff</u>	<u>Total</u>
Assets							
Cash and Equivalents	\$ 4,882,042	\$ 3,455	\$ 127	\$ 1	\$ 2,937	\$ -	\$ 4,888,562
Total Assets	<u>4,882,042</u>	<u>3,455</u>	<u>127</u>	<u>1</u>	<u>2,937</u>	<u>-</u>	<u>4,888,562</u>
Liabilities and Fund Balances							
Total Liabilities	<u>4,882,042</u>	<u>3,455</u>	<u>127</u>	<u>1</u>	<u>2,937</u>	<u>-</u>	<u>4,888,562</u>
Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u><u>\$ 4,882,042</u></u>	<u><u>\$ 3,455</u></u>	<u><u>\$ 127</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 2,937</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,888,562</u></u>

See Notes to the Financial Statements

**The County of Putnam
Unionville, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019**

Note 1 - Summary of Significant Accounting Policies

Organized in 1845, the county of Putnam was named after Revolutionary War General Israel Putnam. It is a third-class county, and the county seat is Unionville. Putnam County's government is composed of a three-member county commission and the following separately elected Constitutional Officers: County Clerk, Collector-Treasurer, Sheriff, Assessor, Coroner, Circuit Clerk, Recorder of Deeds, Public Administrator, and Prosecuting Attorney.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

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

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

The financial statements referred to above include only the primary government of Putnam County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise Putnam County's legal entity. The Senior Citizens Service Board is controlled by a separate board and is also included under the control of the County.

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

Basis of Presentation

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

Basis of Accounting

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

**The County of Putnam
Unionville, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019**

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation, bonds, and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

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

Budget and Budgetary Accounting

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

On or before January 15th, each elected official and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

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

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

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

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

During the audit, it was noted the County was not in compliance with Missouri budgetary statute Chapter 50, RSMo. The following funds had actual expenditures which exceeded the budgeted expenditures in 2019: Inmate Security Fund.

**The County of Putnam
Unionville, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019**

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within Putnam County's boundaries for the calendar year 2019 for the purposes of taxation was:

	2019
Real Estate	\$ 70,135,556
Personal Property	22,143,220
Railroad and Utilities	5,056,291
	\$ 97,335,067

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

General Revenue	\$	0.3667
Senior Citizens Service Board		0.0458

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

Cash Deposits and Investments

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

**The County of Putnam
Unionville, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019**

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

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

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

Note 2 - Deposits and Investments

Putnam County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents." Cash held for others is displayed on the statement of assets and liabilities arising from cash transactions as "Cash and Equivalents."

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

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

	<u>Carrying Value</u>	<u>Bank Balances</u>
Deposits	\$ 6,143,757	\$ 5,504,950
Investments	426,652	426,652
Total Deposits and Investments as of December 31, 2019	<u>\$ 6,570,409</u>	<u>\$ 5,931,602</u>
Total Cash and Equivalents - Governmental Funds	\$ 1,681,847	
Total Cash and Equivalents - Agency Funds	4,888,562	
	<u>\$ 6,570,409</u>	

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At December 31, 2019, \$17,483 of the County's deposits were not insured or collateralized.

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to Putnam County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments.

**The County of Putnam
Unionville, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019**

Note 2 - Deposits and Investments (continued)

Custodial Credit Risk - Investments (continued)

All investments, evidenced by individual securities, are registered in the name of Putnam County or of a type that are not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Putnam County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by Putnam County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities.

The following investments represent more than 5%, individually, of total investments:

Issuer	Investment Type	Balance	% of Portfolio
Farmers Bank of Northern MO	Cert. of Deposit	\$ 426,652	100%

Note 3 - Capital Leases

In 2012, the County issued \$7,630,000 in general obligation bonds for the purpose of (1) refinancing the County's Hospital Revenue Bonds, Series 2006; (2) renovating, constructing, furnishing, and equipping a portion of the Putnam County Memorial Hospital for use as a specialized geriatric care ward; (3) funding a debt service reserve account; (4) paying the costs of complying with certain tax and securities law requirements; and (5) paying the costs of issuing the Bonds. Funds from a dedicated property tax and hospital improvement sales tax collected by the County and remitted to the paying agent are used to make principal and interest payments. The general obligation bonds bear interest at 2.00% - 5.00% and mature in September of 2032.

In July 2014, the County entered into a lease-purchase agreement to finance the purchase of an ABI HVR 60 Excavator Mounted Vibratory Hammer at a cost of \$53,530. The agreement requires five annual payments of \$12,090, which includes interest payable annually at 4.909%. The lease was paid in full in 2019.

In August 2016, the County entered into a lease-purchase agreement to finance the purchase of a T770 T4 Bobcat Skidloader at a cost of \$63,813. The agreement requires five annual payments of \$13,941, which includes interest payable at 5.423%.

**The County of Putnam
Unionville, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019**

Note 3 - Capital Leases (continued)

In May 2017, the County entered into a lease-purchase agreement to finance the purchase of a 2017 Ford Explorer Police Interceptor at a cost of \$28,717. The agreement requires one payment of \$8,717, and four annual payments of \$7,142, which includes interest payable at 3.831%.

In April 2018, the County entered into a lease-purchase agreement to finance the purchase of a 2004 Ford F-650 at a cost of \$29,500. The agreement requires five annual payments of \$6,442, which includes interest payable at 4.504%.

In August 2019, the County entered into a lease-purchase agreement to finance the purchase of a 2019 Ram 1500 4x4 SSV at a cost of \$27,361. The agreement requires one payment of \$7,361, and three annual payments of \$7,112, which includes interest payable at 4.083%. This vehicle was considered a total loss by the County's insurance in 2019.

In December 2019, the County entered into a lease-purchase agreement to finance the purchase of a 2019 Ram 1500 Classic Crew Cab at a cost of \$29,222. The agreement requires five annual payments of \$6,185, which includes interest payable at 4.079%.

The following is the changes in long-term debt for the year ended December 31, 2019:

	Balance at 1/1/2019	Amount Borrowed	Amount Repaid	Balance at 12/31/2019	Interest Paid During Year
Hospital GO Bonds	\$ 6,065,000	\$ -	\$ (340,000)	\$ 5,725,000	\$ 248,606
Vibratory Hammer	11,512	-	(11,512)	-	578
Bobcat Skidloader	25,717	-	(12,511)	13,206	1,430
2017 Ford Explorer Interceptor	13,490	-	(6,616)	6,874	526
2004 Ford F-650	23,058	-	(5,382)	17,676	1,060
2019 Ram 1500 4x4	-	27,361	(27,361)	-	-
2019 Ram 1500 Crew Cab	-	29,222	(6,185)	23,037	-
	<u>\$ 6,138,777</u>	<u>\$ 56,583</u>	<u>\$ (409,567)</u>	<u>\$ 5,785,793</u>	<u>\$ 252,200</u>

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

Year Ending December 31,	Principal	Interest	Total
2020	\$ 381,634	\$ 240,482	\$ 622,116
2021	371,361	229,172	600,533
2022	386,860	216,973	603,833
2023	390,938	203,797	594,735
2024	400,000	189,112	589,112
2025-2029	2,245,000	702,113	2,947,113
2030-2032	1,610,000	163,750	1,773,750
Total	<u>\$ 5,785,793</u>	<u>\$ 1,945,399</u>	<u>\$ 7,731,192</u>

**The County of Putnam
Unionville, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019**

Note 4 - Interfund Transfers

Transfers between funds for the year ended December 31, 2019 are as follows:

Fund	Transfers In	Transfers Out
General Revenue Fund	\$ -	\$ 13,266
Assessment Fund	13,266	-
	\$ 13,266	\$ 13,266

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

Plan Description

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

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

Benefits Provided

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

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

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

Contributions

Prior to January 1, 2003, participating county employees were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002 are required to make contributions of 6%. If any employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 6% contribution on behalf of employees. During 2019, the County collected and remitted to CERF, employee contributions of \$34,244 for the year ended.

**The County of Putnam
Unionville, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019**

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

Contributions (continued)

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

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

The County collected and remitted CERF fees and penalties of \$50,196 for the year ended December 31, 2019.

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

Note 6 - Prosecuting Attorney Retirement Fund

In accordance with state statute Section 56.807, RSMo., the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys' and Circuit Attorneys' Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County contributed \$3,366 for the year ended December 31, 2019.

Note 7 - Other Retirement Plans

Putnam County has voluntary 457 and 401(a) plans administered by Empower Retirement (formerly Great-West Retirement Services) which are paid by a deduction from employees' salary. These contributions qualify under the Internal Revenue Code and are tax exempt. Employee contributions collected and remitted by the County for the year ended December 31, 2019 for the 457 plan were \$16,437, and employee contributions collected and remitted by the County for the year ended December 31, 2019 for the 401(a) plan were \$4,325.

Note 8 - Post-Employment Benefits

Putnam 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 Putnam County.

Note 9 - Claims, Commitments, and Contingencies

Litigation

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

**The County of Putnam
Unionville, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019**

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

Compensated Absences

The County provides full-time employees with up to 20 days of sick time to accrue at one day per complete calendar month of employment. Permanent part-time employees accrue sick leave proportional to hours worked. Upon termination of employment, the employee will be compensated at \$10 per day of accrued sick time. Vacation time is accrued for full-time regular employees after a six month probationary period based on years of employment with the County. After one year of employment, one week may be taken. After two years, and each year thereafter, two weeks of eligibility is earned. Upon termination, the employee is compensated for accrued vacation time at the employee's final rate of pay, up to a maximum of four weeks. These have not been subjected to auditing procedures.

Federal and State Assisted Programs

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

Note 10 - Risk Management

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

The County is a member participant in a public entity risk pool, which is a corporate and political body created pursuant to state statute (Section 537.700, RSMo). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make specific assessments. Members are jointly and severally liable for all claims against the risk pool.

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

Note 11 - Subsequent Events

The County has evaluated events subsequent to December 31, 2019 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through August 7, 2020, the date the financial statements were available to be issued.

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

**The County of Putnam
Unionville, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019**

Note 11 - Subsequent Events (continued)

In April of 2020, the County entered into a lease-purchase agreement to finance the purchase of a 2020 Dodge Durango Pursuit at a cost of \$32,065. The agreement requires five annual payments of \$6,945, which includes interest payable at 4.072%.

Note 12 - Prior Period Adjustment

The County has restated beginning fund balance to include certain funds that fell within the scope of the audit and to exclude certain funds that did not fall within the scope of the audit. The adjustment will have no material effect on the operations of the County.

Beginning fund balance, as previously stated on January 1, 2019	\$ 1,554,200
Add: Inmate Security Fund	20,849
Less: Deputy Supplemental Salary Fund	<u>(311)</u>
Ending fund balance, as restated on January 1, 2019	<u><u>\$ 1,574,738</u></u>

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

Independent Auditor's Report

To the County Commission and
Officeholders of Putnam County, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Putnam County, Missouri as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Putnam County, Missouri's basic financial statements, and have issued our report thereon dated August 7, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-002, 2019-003, and 2019-004 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Putnam County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material

effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the schedule of findings and responses as item 2019-001.

Putnam County, Missouri's Responses to Findings

Putnam County, Missouri's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Putnam 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.



Creve Coeur, Missouri
August 7, 2020

**The County of Putnam
Unionville, Missouri
Schedule of Findings and Responses
For the year ended December 31, 2019**

Financial Statement Findings

2019-001 **Criteria:** Missouri statutes requires Counties to prepare an annual budget as applicable to each fund. Expenditures are not to exceed the budget.

Condition: During the audit, it was noted the County was not in compliance with Missouri budgetary statute Chapter 50, RSMo. The following fund had actual expenditures which exceeded the budgeted expenditures in 2019: Inmate Security Fund.

Cause: Oversight

Effect: The County is in violation of Missouri Revised Statutes due to exceeding budgets in a certain fund.

Recommendation: We recommend that the County periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: The County Clerk will perform a detailed review of budgetary schedules and actual expenditures in order to ensure budgetary compliance, and amendments to the budget will be prepared and approved by the County Commission, if necessary. The expected completion date is December 31, 2020. The phone number for the County Clerk's office is (660) 947-2674.

2019-002 **Criteria:** Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Cause: Management has not prepared documentation of internal controls.

Effect: Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the 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.

Management's Response: The County will work to prepare internal control documentation. The expected completion date is December 31, 2020. The phone number for the County Clerk's office is (660) 947-2674.

**The County of Putnam
Unionville, Missouri
Schedule of Findings and Reponses
For the year ended December 31, 2019**

Financial Statement Findings (continued)

2019-003 **Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

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

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

Effect: Lack of an appropriate fraud risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.

Management's Response: The County will work to prepare a risk assessment procedure. The expected completion date is December 31, 2020. The phone number for the County Clerk's office is (660) 947-2674.

2019-004 **Criteria:** The Sheriff is charged with maintaining accountability over funds in a trustee capacity as an agent of an individual, taxing units, or other government. A proper system of internal controls dictates that bank reconciliations be performed on a timely basis to ensure that cash balances per the accounting records agree to the cash balances held in the bank.

Condition: For the year ended December 31, 2019, the Sheriff's office failed to perform timely bank reconciliations.

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

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

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

Management's Response: The County Clerk will work with the Sheriff's department to ensure that the office reconciles their bank statement on a monthly basis. The phone number for the County Clerk's office is (660) 947-2674. The phone number for the Sheriff's office is (660) 947-3200.

**The County of Putnam
Unionville, Missouri
Summary Schedule of Prior Year Findings and Responses
For the year ended December 31, 2019**

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Putnam County, Missouri, on the applicable findings in the prior audit report issued for the years ended December 31, 2018.

Prior Year Financial Statement Findings

None