HARRISON COUNTY HEALTH DEPARTMENT

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE TWO YEARS ENDED DECEMBER 31, 2025 and 2024

Harrison County Health Department

Table of Contents

CONRAD & HIGGINS, LLC

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Harrison County Health Department

Bethany, Missouri 64424

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities of the Harrison County Health Department, as of and for the two years ended December 31, 2025, and 2024, and the related notes to the financial statements, which collectively comprise the Health Departments basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Health Department, as of December 31, 2025, and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with modified cash basis of accounting.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Health Department, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with modified cash basis of accounting, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Health Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Health Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Health Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2026, on our consideration of the Health Center'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 the Health Center'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 Health Center's internal control over financial reporting and compliance.

Conrad & Higgins, LLC

Princeton, Missouri

July 9, 2026

Harrison County Health Department
Management's Discussion and Analysis
For the Two Years Ended December 31, 2025 and 2024

The discussion and analysis of the Harrison County Health Department's financial performance provides an overall review of the Department's financial activities for the years ended December 31, 2025 and 2024. The intent of this discussion and analysis is to look at the Department's financial performance as a whole; readers should also review the basic financial statements, including the notes to the financial statements, to enhance their understanding of the Department's financial performance.

Financial Highlights

Key financial highlights for 2025 and 2024 are as follows:

- The Health Department's total revenues exceeded total expenditures by $351,453 for the year ended December 31, 2025, and the total revenues exceeded expenditures by $418,768 for the year ended December 31, 2024.

- The Health Department's fund balance for the year ended December 31, 2025, had a combined cash balance of $2,029,994, compared with $1,678,541 for the year ended December 31, 2024.

- Health Department revenues for the year ended December 31, 2025 of $2,036,478 decreased by $133,780 over the Health Department revenues for the year ended December 31, 2024 of $2,170,258.

- Health Department expenditures for the year ended December 31, 2025 of $1,685,025 decreased by $66,465 over the Health Department expenditures for the year ended December 31, 2024 of $1,751,490.

Overview of the Financial Statements

The contents of this report comply with the presentation requirements of Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements – and Managements Discussion and Analysis – for State and Local Governments,* as applicable to the modified-cash basis of accounting. The Health Department's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. The notes are an integral part of the government-wide and fund financial statements and provide more detail about the information presented in the statements. This report also contains other financial information in addition to the basic financial statements.

The Health Department has elected to present its financial statements on the modified-cash basis of accounting, a basis of accounting other than accounting principles generally accepted in the United States of America. "Basis of accounting" refers to when financial events are recorded. Under the modified-cash basis of accounting, revenues are recorded when received rather than when earned, and expenditures are recorded when paid rather than when the related liabilities are incurred. Therefore, when reviewing the financial information and discussion in this report, the reader should recall the limitations resulting from use of the modified-cash basis of accounting.

Government-wide Financial Statements

The Government-wide Statement of Net Position – Modified-cash basis and the Government-wide Statement of Activities—Modified-cash basis report information about the Health Department as a whole. These statements present the Health Department's net position and show how it has changed. Over time, increases or decreases in the Health Department's net position is one indicator of whether its financial Health or position is improving or deteriorating. However, to assess the Health Department's overall financial Health, the reader needs to consider additional nonfinancial factors. The government-wide financial statements report only governmental activities – activities such as general government operations that are usually financed through taxes and intergovernmental receipts. The Health Department has no business-type activities financed wholly or partially by fees charged to external parties for goods or services.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the Health Department as a whole. Some funds are required to be established by state law or by bond covenants. However, the Department establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, or other sources or receipts. The fund financial statements include only governmental funds, which focus on the flow of money into and out of those funds and the balances left at year end that are available for spending. The governmental fund statements provide a detailed view of the Health Department's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether more or fewer financial resources can be spent in the near future to finance the Health Department's programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government–wide and fund financial statements. The notes to the financial statements can be found on pages 13-21 of this report.

Other Information

This report also includes as other information this Management's Discussion and Analysis and the Budgetary Comparison Schedules for all the Health Department- cash basis. Such information is intended to supplement the government-wide financial statements, fund financial statements, and notes to the financial statements but is not a part of those statements.

Government-wide Financial Analysis

Below is a chart showing assets, receipts and disbursements for the years ended December 31, 2025 and 2024.

Financial Analysis of the Health Department

	Year Ended December 31, 2025	2024
Net Position	$ 3,024,909	$ 2,713,213
Program Revenues	1,503,660	1,704,793
General Revenues	532,818	466,540
Expenditures	1,724,782	1,546,044
Change in Net Position	311,696	625,289

The focus of the Health Department's fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Health Department's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of December 31, 2025, the Health Department's governmental fund reported fund balances of $3,024,909, an increase of $311,696 over the prior year's fund balance of $2,713,213. The unreserved portion of fund balance was $2,029,994 for 2025 and $1,678,541 for the year ended 2024.

General Revenue Fund Budgeting Highlights

The Health Department's budget is prepared according to Missouri law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The original and final budgeted revenues for the Department was $1,909,273 and $1,985,416 for 2025 and $2,207,086 and $2,269,749 for 2024. The original and final budgeted expenditures were $1,704,505 and $1,964,385 for 2025 and $1,730,674 and $1,751,490 for 2024.

Economic Factors and Next Year's Budgets

The Health Department's Fund Balance has increased $936,985 over the two-year period that was audited. The increased costs for materials, equipment, utilities, and operating expenditures continues to be a source of concern as well as the general state of the economy.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the Health Department's finances and to demonstrate the Health Department's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Health Department Administrator, 1700 Bethany Avenue, Bethany, MO 64424.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Harrison County Health Department
Government-wide Statement of Net Position
Modified-Cash Basis
For the Year Ended December 31, 2025

		Governmental Activities
ASSETS:		
Current Assets:		
Petty cash	$	85
Cash in bank		1,288,883
Total Current Assets		1,288,968
Non-Current Assets:		
Investments		741,026
Capital Assets:		
Land and land improvements		50,766
Building and building improvements		1,106,572
Office furniture/equipment		262,679
Vehicles		83,830
Less Accumulated Depreciation		(508,932)
Net Capital Assets		994,915
Total Non-Current Assets		1,735,941
TOTAL ASSETS	$	3,024,909
NET POSITION		
Investment in capital assets	$	994,915
Restricted		-
Unrestricted		2,029,994
Total Net Position	$	3,024,909

The accompanying notes to the financial statements are an integral part of this financial statement

Harrison County Health Department
Government-wide Statement of Net Position
Modified-Cash Basis
For the Year Ended December 31, 2024

		Governmental Activities
ASSETS		
Current Assets:		
Petty cash	$	85
Cash in bank		1,239,455
Total Current Assets		1,239,540
Non-Current Assets:		
Investments		439,001
Capital Assets:		
Land and land improvements		50,766
Building and building improvements		1,084,180
Office furniture/equipment		262,679
Vehicles		83,830
Less Accumulated Depreciation		(446,783)
Net Capital Assets		1,034,672
Total Non-Current Assets		1,473,673
TOTAL ASSETS	$	2,713,213
NET POSITION		
Investment in capital assets	$	1,034,672
Restricted		-
Unrestricted		1,678,541
Total Net Position	$	2,713,213

The accompanying notes to the financial statements are an integral part
of this financial statement

Harrison County Health Department
Government-wide Statement of Activities
Modified-Cash Basis
For the Year Ended December 31, 2025

		Program Revenues		Net (Disbursements) Receipts and Changes in Cash Balances
	Expenses	Revenues	Intergovernmental	Governmental Activities
Government Activities:				
General expenditures	$ 1,724,782	$ 67,173	$ 1,436,487	$ (221,122)
Total Governmental Activities	1,724,782	67,173	1,436,487	(221,122)
Total Harrison County Health Department	$ 1,724,782	$ 67,173	$ 1,436,487	(221,122)
General Revenues:				
Property taxes				435,056
Donations				54,944
Interest				20,303
Other				22,515
Total General Revenues				532,818
Change in Net Position				311,696
Net Position - Beginning				2,713,213
Net Position - Ending				$ 3,024,909

The accompanying notes to the financial statements are an integral part of this financial statement

Harrison County Health Department
Government-wide Statement of Activities
Modified-Cash Basis
For the Year Ended December 31, 2024

		Program Revenues		Net (Disbursements) Receipts and Changes in Cash Balances
	Expenses	Revenues	Intergovernmental	Governmental Activities
Government Activities:				
General expenditures	$ 1,546,044	$ 96,117	$ 1,608,676	$ 158,749
Total Governmental Activities	1,546,044	96,117	1,608,676	158,749
Total Harrison County Health Department	$ 1,546,044	$ 96,117	$ 1,608,676	158,749
General Revenues:				
Property taxes				434,807
Donations				4,671
Interest				12,781
Other				14,281
Total General Revenues				466,540
Change in Net Position				625,289
Net Position - Beginning				2,087,924
Net Position - Ending				$ 2,713,213

The accompanying notes to the financial statements are an integral part of this financial statement

FUND FINANCIAL STATEMENTS

Harrison County Health Department
Balance Sheet – Modified-Cash Basis – Governmental Funds
For the Two Years Ended December 31, 2025 and 2024

	December 31, 2025	December 31, 2024
Assets:		
Cash (Note 3)	$ 1,288,968	$ 1,239,540
Investments (Note 3)	741,026	439,001
Total Assets	$ 2,029,994	$ 1,678,541
Fund Equity:		
Fund Equity		
Unassigned	$ 2,029,994	$ 1,678,541
Total Fund Equity	2,029,994	1,678,541
Fund Equity	$ 2,029,994	$ 1,678,541

Amounts reported for government activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources, and therefore, are not reported in the funds.	$ 994,915	$ 1,034,672
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	-	-
Net position of governmental activities	$ 3,024,909	$ 2,713,213

The accompanying notes to the financial statements are an integral part of this statement

Harrison County Health Department
Statement of Revenues, Expenditures and Changes in Net Position
Modified-Cash Basis - Governmental Funds
For the Two Years Ended December 31, 2025 and 2024

	December 31, 2025	December 31, 2024
Revenues:		
Property taxes	$ 435,056	$ 434,807
Interest income	20,303	12,781
Charges for consumer services	67,173	96,117
Intergovernmental grants & aid	1,436,487	1,608,676
Contributions & grants	6,944	4,671
Other revenues	70,515	13,206
Total Revenues	2,036,478	2,170,258
Expenditures:		
General Government:		
Salaries	786,314	660,824
Payroll tax expense	60,005	49,732
Employee fringe benefits	14,123	13,699
Office expense/equipment lease	103,115	102,873
Medical & health	49,206	24,814
Utilites & telephone	16,791	13,871
Mileage & education	27,122	33,439
Contractual services	162,768	251,306
Contracts with agencies	315,510	198,445
Insurance	86,331	86,247
Capital outlay	22,392	264,795
Miscellaneous	1,194	1,210
Repairs & maintenance	40,154	50,235
Total Expenditures	1,685,025	1,751,490
Excess (Deficit) of Revenues Over Expenditures	351,453	418,768
Fund Balance - Beginning of Year	1,678,541	1,259,773
Fund Balance - End of Year	$ 2,029,994	$ 1,678,541

Amounts reported for governmental activities in the Statement of Activites are different because:

Excess (Deficit) of Revenues Over Expenditures	$ 351,453	$418,768
Governmental funds report capital outlays as expenditures. However, in the statement of activities, capital costs are allocated over their estimated useful lives through depreciation expense. This is the amount by which capital outlays ($22,392 and $264,795) were exceeded by depreciation ($62,149 and $58,274).	(39,757)	206,521
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITES	$ 311,696	$625,289

The accompanying notes to the financial statements are an integral part of this financial statement

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

The financial statements of the Harrison County Health Department (the Department) have been prepared on the modified-cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Department has adopted the reporting model as required by GASB Statement 34, for the presentation of information in the government-wide financial statements and the major fund statements. The more significant of the Department's accounting policies are described below.

A. Reporting Entity

In evaluating the Department as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Department may be financially accountable and, as such, should be included within the Department's financial statements. The Department (the primary government) is financially accountable if it appoints a voting majority of the organization's government board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the Department. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such at exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the application of the above criteria, the Department has no component units. The Department is, however, a component unit of Harrison County, Missouri.

B. Basis of Presentation

Government-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the Department's governmental activities. These statements include the financial activities of the primary government in its entirety. Eliminations have been made to minimize the double-counting of internal transactions. These statements distinguish between the governmental and business-type activities of the Department. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-like activities are financed wholly or partially by fees charged to external parties for goods or services. For the years ended December 31, 2025 and 2024, the Department had only governmental activities.

Note 1: Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Government-wide Statement of Net Position presents the financial condition of the Department's governmental activities at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Department's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) intergovernmental receipts that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenue. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the Department.

Fund Financial Statements

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Department uses funds to segregate transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Department's primary government at this detailed level. The fund financial statements focus on major funds. Each major fund is presented in a separate column, and nonmajor funds are aggregated and presented in a single column. Major funds include (a) the Department's primary operating fund, (b) any fund for which total cash, receipts or disbursements of an individual fund are at least 10% of the corresponding element total for all funds of that type, and (c) any other fund that Department officials believe is particularly important to financial statement users.

The accompanying financial statements are structured into one category of funds – governmental. Governmental funds are those through which most governmental functions are typically financed. Reporting for such funds focuses on the sources, uses, and balances of current resources. The Department's major governmental funds area as follows:

Operating Fund – The Operating Fund is used to account for all revenues and expenditures applicable to the general operations of the Department's government that are not properly accounted for in another fund. All general operating revenues that are not restricted or designated as to their use by outside sources are recorded in the Operating Fund. Revenues are derived primarily from taxes and intergovernmental revenues.

Note 1: Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. The government-wide and fund financial statements are prepared on the modified-cash basis of accounting which recognizes all long-term capital assets. Accordingly, amounts are recognized when received or disbursed in cash. Consequently, certain assets and their related revenues (such as accounts receivable and revenues billed but not yet collected for goods and services provided) and certain liabilities and their related expenditures (such as accounts payable and expenditures for goods and services received but not yet paid for) are not recorded in these financial statements. Generally accepted accounting principles for state and local governments required revenues to be recognized when they are earned or when they become available and measurable and expenditures or expenses to be recognized when the related liabilities are incurred.

Equity classifications: On the Government-wide Statement of Net Position, equity is classified as net position and displayed in two components: restricted and unrestricted. Net position is reported as restricted when limitations are imposed on their use through either the enabling legislation adopted by the Board of Trustees or external restrictions imposed by creditors, grantors, or the laws and regulations of other governments. All other net position is reported as unrestricted. The Department applies restricted resources first when a disbursement is made for which both restricted and unrestricted net position is available.

In the fund financial statements, equity is classified as fund balance and also may be displayed in two components: restricted and unassigned. Fund balance is reported as restricted to indicate that a portion of the fund balance is not available for appropriation or is legally segregated for a specific future use. When such restriction does not exist, fund balance is reported as unassigned.

D. Vacation, Personal and Sick Leave

Paid days off (PDO) are considered as expenditures in the year paid. PDO is awarded based on hours of in-service and can be accumulated up to a specified maximum. Unpaid PDO, which is not included in the accompanying statement, was not determined at December 31, 2025 and 2024.

Note 1: Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

The Department follows the following procedures in establishing the budgetary data reflected in the financial statements:

1) In accordance with Chapter 50, (Sections 50.525 through 50.745, RSMo 2000), the Department adopts a budget for the Department fund.

2) Prior to December 31, the Department submits to the budget officer its requirements for expenditures and its estimated revenues for the next budget year. These figures are presented with corresponding figures for the last completed year and an estimate of the current year.

3) The budget officer holds public hearings prior to presentation of the budget document to the Board of Trustees no later than January 31st of each year.

4) A public hearing is held not earlier than 10 days after the budget document is made available to the public and with at least 5 days notice.

5) Amendments to the budget are made by the Board of Trustees as required to allow for appropriation of increased revenues and adjustments between line items within the budget. No amendments were made for 2025 and 2024. Please see the budgetary comparison schedule in required supplementary information for further details.

The Department's policy is to prepare the annual operating budget on a modified-cash basis.

F. Inventories

Inventories include office equipment and supplies. Capital assets consist of land, buildings, furniture, and equipment. Both inventories and capital assets are recorded as disbursements when they are purchased or constructed.

G. Capital Assets

The accounting and reporting treatment applied to property and equipment associated with a fund is determined by its measurement focus. All *governmental* funds are accounted for on a current spending "financial flow" resource measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net position) is considered a measure of "available spendable resources". *Governmental* fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Property and equipment purchases are therefore recorded as expenditures in the *governmental* funds.

Note 1: Summary of Significant Accounting Policies (continued)

G. Capital Assets (continued)

All capital assets are valued at historical cost or estimated historical cost based on appraisals or deflated current replacement cost, at fair market value or insurance values when recognized, if the historical cost is not available. Contributed assets are valued at their estimated fair value on the date received. Capital lease assets, if any, are recognized at cost when acquired. Expenditures for property and equipment are charged to expense in the governmental funds. Capitalized asset purchases for the two years included office equipment, building improvements, and vehicles in 2025 ($22,392) and 2024 ($264,795).

Depreciation of all exhaustible capital assets is provided in the Government-wide statements in amounts sufficient to relate the costs of the depreciable assets to operations over their estimated service lives on the straight-line basis. The estimated service lives by asset type are as follows:
Leasehold Improvements – 15 years, Office Furniture – 7 years and Office Equipment – 5 years.

H. Estimates

The preparation of financial statements in conformity with the modified-cash basis of accounting required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Risk of Loss

The Department protects itself from risk of loss by purchasing commercial insurance for property damage and liability risks. The Department does not self insure its risks.

Note 2: Stewardship, Compliance and Accountability

Compliance with Finance Related Legal and Contractual Provisions

The Department incurred no material violations of finance related legal and contractual provisions.

Note 3: Cash and Investments

Deposits – At December 31, 2025 and 2024, the carrying amount of the Department's deposits and investments was $1,288,883 and $741,026 and $1,239,455 and $439,001, respectively. The bank balance for the two years ended December 31, 2025 and 2024 was $1,363,311 and $741,026 and $1,262,026 and $439,001, respectively. Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Department's deposit policy for custodial credit risk requires compliance with the provisions of state law. Department policy further requires that all securities that serve as collateral against the deposits of a depository institution must be held in safekeeping at a no-affiliated custodial facility. Of the bank balance, $939,340 and $687,794 was covered by federal depository insurance and $1,164,997 and $1,013,233 was covered by collateral held by the Department's safekeeping agent in the Department's name at December 31, 2025 and December 31, 2024.

Note 3: Cash and Investments (continued)

State law requires collateralization of all deposits with federal depository insurance: bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Missouri; bonds of any city having a population of not less than two thousand, county, school district, or special road district of the State of Missouri; bonds of any state, tax anticipation notes issued by any first class county, or a surety bond having an aggregate value at least equal to the amount of the deposits.

Investments – The Department may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations of U.S. Government agencies or instrumentalities of any maturity, as provided by law. At the years ended December 31, 2025 and 2024 the Department had $741,026 and $439,001 invested in Certificates of Deposits.

Custodial Credit Risk – Missouri State Statutes authorize the Department, with certain restrictions, to deposit funds in open accounts, time deposits and certificates of deposits. Statutes also require that collateral pledged have a fair market value equal 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the Department or a disinterest third party and must be of the kind prescribed by the State Statutes and approved by the State.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Department has no formal investment policy regarding interest rate risk.

Investment Credit Risk – The Department has no investment policy that limits its investment choices other than the limitation of state law as follows:

a. Direct obligations of the U.S. Government, its agencies, and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.

b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

Concentration of Credit Risk – The Department places no limit on the amount it may invest in any one issuer. For the two years ended December 31, 2025, the Department had no concentration of credit risk.

The Department has the following investments at December 31, 2024:

Investment Type	Maturity	Total
Certificates of Deposit	Various	$439,001

Note 3: Cash and Investments (continued)

Certificates of Deposit
Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. State statutes require that the Department's deposits be collateralized in the name of the Department by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2024, all certificates of deposit are entirely insured or collateralized with securities.

A reconciliation of cash and investments as shown on the Balance Sheet was as follows:

	Carrying Amount
Cash on hand	$ 85
Carrying amount of deposits	1,239,455
Carrying amount of investments	439,001
Total	$ 1,678,541
Cash	$ 1,239,540
Cash - restricted	-
Investments	439,001
Investments - restricted	-
Total	$ 1,678,541

The Department has the following investments at December 31, 2025:

Investment Type	Maturity	Total
Certificates of Deposit	Various	$741,026

Certificates of Deposit
Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. State statutes require that the Department's deposits be collateralized in the name of the Department by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2025, all certificates of deposit are entirely insured or collateralized with securities.

A reconciliation of cash and investments as shown on the Balance Sheet was as follows:

	Carrying Amount
Cash on hand	$ 85
Carrying amount of deposits	1,288,883
Carrying amount of investments	741,026
Total	$ 2,029,994
Cash	$ 1,288,968
Cash - restricted	-
Investments	741,026
Investments - restricted	-
Total	$ 2,029,994

Note 4: Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on November and payable by December 31 of each year. Taxes paid after December 31 are subject to penalties. The county bills and collects the property. The assessed valuation of the tangible taxable property for the calendar years 2025 and 2024 for purposes of Department taxation was as follows:

	2025	2024
Real Estate	$ 105,633,355	$ 99,759,642
Personal Property	51,449,715	49,262,985
Total	$ 157,083,070	$ 149,022,627

The tax levy per $100 of the assessed valuation of tangible taxable property for the calendar years 2025 and 2024 for purposes of Department taxation was:

	2025	2024
Operating Fund	$ 0.2999	$ 0.2999
Total	$ 0.2999	$ 0.2999

Note 5: Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

	January 1, 2024 Balance	Increases	Decreases	December 31, 2024 Balance
Governmental activities:				
Capital assets being depreciated:				
Land and improvements	$ 50,766	$ -	$ -	$ 50,766
Building and improvements	836,449	247,731	-	1,084,180
Office furniture and equipment	251,890	10,789	-	262,679
Vehicles	77,555	6,275	-	83,830
Total other capital assets at historical cost	1,216,660	264,795	-	1,481,455
Less accumulated depreciation for:				
Land and improvements	9,594	2,922	-	12,516
Building and improvements	225,239	19,347	-	244,586
Office furniture and equipment	149,311	20,285	-	169,596
Vehicles	4,365	15,720	-	20,085
Total accumulated depreciation	388,509	58,274	-	446,783
Governmental activites capital assets, net of accumulated depreciation	$ 828,151	$ 206,521	$ -	$ 1,034,672

Depreciation has been recognized in the amount of $58,274 for 2024, for governmental activities in the Statement of Activities.

Note 5: Capital Assets (continued)

Capital asset activity for the year ended December 31, 2025, was as follows:

	January 1, 2025 Balance	Increases	Decreases	December 31, 2025 Balance
Governmental activities:				
Capital assets being depreciated:				
Land and improvements	$ 50,766	$ -	$ -	$ 50,766
Building and improvements	1,084,180	22,392	-	1,106,572
Office furniture and equipment	262,679	-	-	262,679
Vehicles	83,830	-	-	83,830
Total other capital assets at historical cost	1,481,455	22,392	-	1,503,847
Less accumulated depreciation for:				
Land and improvements	12,516	2,922	-	15,438
Building and improvements	244,586	22,658	-	267,244
Office furniture and equipment	169,596	19,803	-	189,399
Vehicles	20,085	16,766	-	36,851
Total accumulated depreciation	446,783	62,149	-	508,932
Governmental activites capital assets, net of accumulated depreciation	$ 1,034,672	$ (39,757)	$ -	$ 994,915

Depreciation has been recognized in the amount of $62,149 for 2025, for governmental activities in the Statement of Activities.

Note 6: Commitments and Contingencies

The Department has several federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. Department management is not aware of any potential losses from such disallowance and believes that reimbursements, if any, would not be material.

Note 7: Post-Employment Benefits

In addition to the pension benefits described in Note 9, the Department makes available post-retirement healthcare benefits to all employees who retire from the Department. Participation by retirees in the Department health plan is subjected to terms and conditions set forth in the Board Policy. The cost of the coverage is charged to the retiree at a blended rate for all employees. The Department has not made a formal evaluation or projection on the future cost of the existing health care benefit plan in relation to retirees.

Note 8: Change in Accounting Principles

Change in Accounting Principles: Beginning with the year ending December 31, 2024, the Health Center implemented Governmental Accounting Standard Board (GASB) Statement No. 101, *Compensated Absences.* GASB 101 outlines the definition of compensation absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the employees pay rate at the financial statement date and that certain salary-related payments, such as Social Security and Medicare, should be included in such a measurement. On December 31, 2025 and 2024, unpaid compensated absences for paid time off, which is more likely than not to be used or paid in the future, totaled $48,153 and $50,753. The compensated absence liability is not recognized in the modified-cash basis financial statements.

Note 9: Date of Management's Review

Subsequent events were evaluated through July 9, 2026, which is the date the financial statements were available to be issued.

OTHER INFORMATION

Harrison County Health Department
Statement of Revenues, Expenditures and Changes in Fund Balance - Cash Basis
For the Two Years Ended December 31, 2025 and 2024

	Original 2025 Budget	Final 2025 Budget	Actual 2025	Variance with Final Budget 2025 Favorable (Unfavorable)	Original 2024 Budget	Final 2024 Budget	Actual 2024	Variance with Final Budget 2024 Favorable (Unfavorable)
Revenues:								
Property taxes	$ 447,468	$ 435,056	$ 435,056	$ -	$ 433,883	$ 434,807	$ 434,807	$ -
Interest income	11,000	16,035	20,303	(4,268)	5,600	12,303	12,781	478
Government	613,882	256,404	245,404	11,000	1,096,864	969,983	855,056	(114,927)
Charges	836,923	1,277,921	1,335,715	(57,794)	670,739	852,656	867,614	14,958
Total Revenues	1,909,273	1,985,416	2,036,478	(51,062)	2,207,086	2,269,749	2,170,258	(99,491)
Expenditures:								
General Government:								
Salaries	740,359	787,289	786,314	975	658,926	658,926	660,824	(1,898)
Payroll tax expense	56,637	60,005	60,005	-	50,408	49,732	49,732	-
Employee fringe benefits	14,117	14,123	14,123	-	15,468	13,669	13,669	-
Office expense/equipment lease	95,978	196,428	104,309	-	234,227	102,873	102,873	-
Medical & health	23,000	49,206	49,206	-	50,920	24,814	24,814	-
Utilities & telephone	28,237	28,237	16,791	11,446	13,840	13,840	13,871	(31)
Mileage & education	24,676	27,122	27,122	-	29,083	33,439	33,439	-
Contractual services	80,918	153,599	162,768	(9,169)	103,639	233,400	251,306	(17,906)
Contracts with agencies	274,700	315,510	315,510	-	122,900	198,445	198,445	-
Insurance	119,348	86,331	86,331	-	99,898	86,247	86,247	-
Repairs & maintenance	246,535	246,535	62,546	183,989	351,365	336,105	316,270	19,835
Total Expenditures	1,704,505	1,964,385	1,685,025	187,241	1,730,674	1,751,490	1,751,490	-
Excess (Deficit) of Revenues Over Expenditures	$ 204,768	$ 21,031	351,453	$ 136,179	$ 476,412	$ 518,259	418,768	$ (99,491)
Fund Balance - Beginning of Year			1,678,541				1,259,773	
Fund Balance - End of Year			$ 2,029,994				$ 1,678,541	

The accompanying notes to the financial statements are an integral part of this financial statement

Note 8: Risk Management

The Department 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. The Department has transferred its risk by obtaining coverage from commercial insurance companies. There has been no significant reduction in insurance coverage from the previous year.

Note 9: Budgeting and Budgetary Practices

The Board of Trustees is responsible for the preparation and approval of the Department's budget in accordance with Sections 50.525 through 50.745, RSMo, the Department budget law.

Note 10: Budgetary Basis of Accounting

The Department budget is adopted on the cash basis of accounting.

Note 11: Expenditures Versus Appropriations

For the two years ended December 31, 2025 and 2024, expenditures did not exceed final budget amount.

FEDERAL COMPLIANCE SECTION

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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 Board of Directors
Harrison County Health Department

Bethany, 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 the governmental activities of the Health Department, as of and for the two years ended December 31, 2025, and 2024 and the related notes to the financial statements, which collectively comprise Health Department's basic financial statements, and have issued our report thereon dated July 9, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Health Department's internal control over financial reporting (internal control) as a basis for designing 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 Health Department's internal control. Accordingly, we do not express an opinion on the effectiveness of Health Department's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Harrison County Health Department's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Health Department's response to the findings identified in our audit and described in the accompanying schedules of findings and responses. The Health Department's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Conrad & Higgins, LLC

Princeton, Missouri

July 9, 2026