



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Sullivan County, Missouri

The Office of the State Auditor contracted for an audit of Sullivan County's financial statements for the 2 years 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. 2020-095



Nicole Galloway, CPA
Missouri State Auditor

RECOMMENDATION SUMMARY

Recommendations in the contracted audit of Sullivan 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 Prosecuting Attorney implement the necessary procedures to ensure that the bank balance reconciles to the book balance on a monthly basis.

**The County of Sullivan
Milan, Missouri
Independent Auditor's Reports and Financial Statements
December 31, 2019 and 2018**



**The County of Sullivan
Milan, Missouri
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Independent Auditor's Report

To the County Commission and
Officeholders of Sullivan County, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Sullivan County, Missouri, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Sullivan 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 Sullivan 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 Sullivan County, Missouri as of December 31, 2019 and 2018, or changes in financial position or cash flows thereof for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of each fund of Sullivan County, Missouri as of December 31, 2019 and 2018, and their respective cash receipts and disbursements, and budgetary results for the years 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 3, 2020 on our consideration of Sullivan 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 Sullivan County, Missouri's internal control over financial reporting and compliance.



Creve Coeur, Missouri
August 3, 2020

The County of Sullivan
Milan, 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	\$ 473,598	\$ 1,686,597	\$ 1,565,755	\$ 594,440
Special Road and Bridge	481,486	657,263	989,125	149,624
Assessment	35,640	131,074	128,546	38,168
Law Enforcement Training	99	1,192	1,084	207
Prosecuting Attorney Training	1,217	686	-	1,903
Local Emergency Planning Commission (CEPF)	9,667	-	1,248	8,419
Local Emergency Planning Commission (EMD)	537	169	604	102
Prosecuting Attorney Delinquent Tax	5	-	-	5
Prosecuting Attorney Bad Check	1,155	2,613	201	3,567
Recorder's Storage and Retention	24,486	3,207	3,572	24,121
Recorder's Technology	2,285	1,380	2,386	1,279
Sheriff's	1,364	13,680	11,762	3,282
Sullivan County Memorial Hospital	197,245	248,510	-	445,755
Election Services	883	1,743	2,560	66
Federal Grant (BRO/CDBG)	-	169,807	169,807	-
Tax Maintenance	8,945	10,175	18,239	881
Victims of Domestic Violence	60	168	-	228
Inmate Security	36,410	10,026	5,928	40,508
North Central Missouri Lake Project	8	240,707	240,708	7
Senior Services	18,193	45,435	39,976	23,652
Law Enforcement Restitution	13,290	5,557	4,620	14,227
Total	<u>\$ 1,306,573</u>	<u>\$ 3,229,989</u>	<u>\$ 3,186,121</u>	<u>\$ 1,350,441</u>

See Notes to the Financial Statements

**The County of Sullivan
Milan, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2018**

<u>Fund</u>	Cash and Equivalents January 1, 2018	Receipts 2018	Disbursements 2018	Cash and Equivalents December 31, 2018
General Revenue	\$ 402,570	\$ 1,635,159	\$ 1,564,131	\$ 473,598
Special Road and Bridge	361,231	579,089	458,834	481,486
Assessment	26,500	129,971	120,831	35,640
Law Enforcement Training	461	1,093	1,455	99
Prosecuting Attorney Training	943	274	-	1,217
Local Emergency Planning Commission (CEPF)	1,208	10,196	1,737	9,667
Local Emergency Planning Commission (EMD)	625	1,479	1,567	537
Prosecuting Attorney Delinquent Tax	5	-	-	5
Prosecuting Attorney Bad Check	393	1,256	494	1,155
Recorder's Storage and Retention	25,396	3,112	4,022	24,486
Recorder's Technology	2,419	1,062	1,196	2,285
Sheriff's	919	12,397	11,952	1,364
Sullivan County Memorial Hospital	118,886	255,925	177,566	197,245
Election Services	70	2,757	1,944	883
Federal Grant (BRO/CDBG)	-	613,647	613,647	-
Tax Maintenance	31,703	11,558	34,316	8,945
Victims of Domestic Violence	1,602	174	1,716	60
Inmate Security	32,646	3,764	-	36,410
North Central Missouri Lake Project	7	251,870	251,869	8
Senior Services	26,392	44,909	53,108	18,193
Law Enforcement Restitution	16,303	5,607	8,620	13,290
Total	<u>\$ 1,050,279</u>	<u>\$ 3,565,299</u>	<u>\$ 3,309,005</u>	<u>\$ 1,306,573</u>

See Notes to the Financial Statements

**The County of Sullivan
Milan, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018**

	General Revenue Fund			
	2019		2018	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	\$ 275,000	\$ 309,468	\$ 279,000	\$ 292,455
Sales Taxes	655,000	728,629	615,000	691,138
Intergovernmental	467,400	344,253	536,400	342,525
Charges for Services	267,200	255,616	262,500	271,985
Interest	5,000	18,869	3,000	14,983
Other Receipts	24,500	29,762	25,700	22,073
Transfers In	-	-	-	-
Total Receipts	1,694,100	1,686,597	1,721,600	1,635,159
Disbursements				
County Commission	117,741	113,429	100,091	96,643
County Clerk	92,954	89,499	86,000	82,827
Elections	27,600	19,385	163,800	51,308
Building and Grounds	272,950	75,851	212,200	157,956
Employee Fringe Benefits	69,000	68,452	69,900	63,967
Collector-Treasurer	108,443	110,139	103,343	102,170
Recorder of Deeds	77,451	77,225	96,154	90,734
Circuit Clerk	15,400	10,574	11,900	10,148
Court Administration	37,321	22,713	42,068	27,268
Public Administrator	47,710	44,710	45,610	43,459
Sheriff	653,116	583,589	577,359	510,044
Jail	145,500	94,630	145,750	106,364
Prosecuting Attorney	205,198	100,573	197,276	91,884
Juvenile Officer	32,750	26,921	30,000	24,627
Coroner	23,704	20,715	22,604	28,775
Other Disbursements	79,229	107,350	75,325	74,204
Transfers Out	-	-	1,000	-
Emergency Fund	60,000	-	60,000	1,753
Total Disbursements	2,066,067	1,565,755	2,040,380	1,564,131
Receipts Over (Under)				
Disbursements	\$ (371,967)	\$ 120,842	\$ (318,780)	\$ 71,028
Cash and Equivalents, Jan 1	473,598	473,598	402,570	402,570
Cash and Equivalents, Dec 31	<u>\$ 101,631</u>	<u>\$ 594,440</u>	<u>\$ 83,790</u>	<u>\$ 473,598</u>

See Notes to the Financial Statements

The County of Sullivan
Milan, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Special Road and Bridge Fund			
	2019		2018	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	585,000	549,803	1,135,000	532,942
Charges for Services	400,000	96,969	100,000	3,660
Interest	2,000	10,491	-	10,444
Other Receipts	1,500	-	1,650	32,043
Transfers In	-	-	-	-
Total Receipts	<u>988,500</u>	<u>657,263</u>	<u>1,236,650</u>	<u>579,089</u>
Disbursements				
Salaries	200,000	207,200	195,000	176,616
Employee Fringe Benefits	77,500	64,681	70,500	58,305
Supplies	107,350	78,866	86,350	61,759
Insurance	15,000	15,311	16,000	12,338
Road and Bridge Materials	44,000	89,149	42,000	9,093
Equipment Repairs	50,000	46,296	40,000	36,853
Equipment Purchases	55,000	14,755	34,500	14,839
Road and Bridge Construction	755,000	462,254	515,000	81,133
Other Disbursements	63,000	10,613	56,170	7,898
Transfers Out	-	-	-	-
Total Disbursements	<u>1,366,850</u>	<u>989,125</u>	<u>1,055,520</u>	<u>458,834</u>
Receipts Over (Under)				
Disbursements	\$ (378,350)	\$ (331,862)	\$ 181,130	\$ 120,255
Cash and Equivalents, Jan 1	<u>481,486</u>	<u>481,486</u>	<u>361,231</u>	<u>361,231</u>
Cash and Equivalents, Dec 31	<u>\$ 103,136</u>	<u>\$ 149,624</u>	<u>\$ 542,361</u>	<u>\$ 481,486</u>

See Notes to the Financial Statements

**The County of Sullivan
Milan, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018**

	Assessment Fund			
	2019		2018	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	122,251	126,123	125,859	124,579
Charges for Services	-	-	-	-
Interest	-	1,987	-	1,418
Other Receipts	4,000	2,964	3,200	3,974
Transfers In	-	-	1,000	-
Total Receipts	<u>126,251</u>	<u>131,074</u>	<u>130,059</u>	<u>129,971</u>
<u>Disbursements</u>				
Salaries	86,793	86,792	85,793	84,563
Employee Fringe Benefits	11,600	10,697	9,950	9,755
Materials and Supplies	7,900	5,442	10,100	3,613
Services	23,604	9,657	8,265	8,789
Other Disbursements	-	-	10,000	-
Capital Outlay	21,300	15,958	20,000	14,111
Transfers Out	-	-	-	-
Total Disbursements	<u>151,197</u>	<u>128,546</u>	<u>144,108</u>	<u>120,831</u>
Receipts Over (Under)				
Disbursements	\$ (24,946)	\$ 2,528	\$ (14,049)	\$ 9,140
Cash and Equivalents, Jan 1	<u>35,640</u>	<u>35,640</u>	<u>26,500</u>	<u>26,500</u>
Cash and Equivalents, Dec 31	<u>\$ 10,694</u>	<u>\$ 38,168</u>	<u>\$ 12,451</u>	<u>\$ 35,640</u>

See Notes to the Financial Statements

The County of Sullivan
Milan, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Law Enforcement Training Fund				Prosecuting Attorney Training Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	1,500	1,192	1,500	1,093	400	686	400	274
Interest	-	-	-	-	-	-	-	-
Other Receipts	-	-	450	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>1,500</u>	<u>1,192</u>	<u>1,950</u>	<u>1,093</u>	<u>400</u>	<u>686</u>	<u>400</u>	<u>274</u>
<u>Disbursements</u>								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	1,550	1,084	2,400	1,455	1,600	-	1,300	-
Other Disbursements	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>1,550</u>	<u>1,084</u>	<u>2,400</u>	<u>1,455</u>	<u>1,600</u>	<u>-</u>	<u>1,300</u>	<u>-</u>
Receipts Over (Under)								
Disbursements	\$ (50)	\$ 108	\$ (450)	\$ (362)	\$ (1,200)	\$ 686	\$ (900)	\$ 274
Cash and Equivalents, Jan 1	<u>99</u>	<u>99</u>	<u>461</u>	<u>461</u>	<u>1,217</u>	<u>1,217</u>	<u>943</u>	<u>943</u>
Cash and Equivalents, Dec 31	<u>\$ 49</u>	<u>\$ 207</u>	<u>\$ 11</u>	<u>\$ 99</u>	<u>\$ 17</u>	<u>\$ 1,903</u>	<u>\$ 43</u>	<u>\$ 1,217</u>

See Notes to the Financial Statements

The County of Sullivan
Milan, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Local Emergency Planning Commission (CEPF) Fund				Local Emergency Planning Commission (EMD) Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	2,500	-	8,100	10,196	1,500	169	3,000	1,424
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	100	-	-	55
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>2,500</u>	<u>-</u>	<u>8,100</u>	<u>10,196</u>	<u>1,600</u>	<u>169</u>	<u>3,000</u>	<u>1,479</u>
<u>Disbursements</u>								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	6,200	1,248	9,200	1,244	1,500	384	3,600	613
Other Disbursements	-	-	-	-	-	-	-	-
Capital Outlay	5,800	-	-	493	500	220	-	954
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>12,000</u>	<u>1,248</u>	<u>9,200</u>	<u>1,737</u>	<u>2,000</u>	<u>604</u>	<u>3,600</u>	<u>1,567</u>
Receipts Over (Under)								
Disbursements	\$ (9,500)	\$ (1,248)	\$ (1,100)	\$ 8,459	\$ (400)	\$ (435)	\$ (600)	\$ (88)
Cash and Equivalents, Jan 1	<u>9,667</u>	<u>9,667</u>	<u>1,208</u>	<u>1,208</u>	<u>537</u>	<u>537</u>	<u>625</u>	<u>625</u>
Cash and Equivalents, Dec 31	<u>\$ 167</u>	<u>\$ 8,419</u>	<u>\$ 108</u>	<u>\$ 9,667</u>	<u>\$ 137</u>	<u>\$ 102</u>	<u>\$ 25</u>	<u>\$ 537</u>

See Notes to the Financial Statements

The County of Sullivan
Milan, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Prosecuting Attorney Delinquent Tax Fund				Prosecuting Attorney Bad Check Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	1,300	2,613	1,300	1,256
Interest	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	1,300	2,613	1,300	1,256
<u>Disbursements</u>								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	-	-	-	-	2,400	201	1,650	494
Other Disbursements	5	-	5	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	5	-	5	-	2,400	201	1,650	494
Receipts Over (Under)								
Disbursements	\$ (5)	\$ -	\$ (5)	\$ -	\$ (1,100)	\$ 2,412	\$ (350)	\$ 762
Cash and Equivalents, Jan 1	5	5	5	5	1,155	1,155	393	393
Cash and Equivalents, Dec 31	\$ -	\$ 5	\$ -	\$ 5	\$ 55	\$ 3,567	\$ 43	\$ 1,155

See Notes to the Financial Statements

The County of Sullivan
Milan, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Recorder's Storage and Retention Fund				Recorder's Technology Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	2,500	2,490	2,000	2,490	1,000	1,380	1,500	1,062
Interest	600	717	60	622	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>3,100</u>	<u>3,207</u>	<u>2,060</u>	<u>3,112</u>	<u>1,000</u>	<u>1,380</u>	<u>1,500</u>	<u>1,062</u>
<u>Disbursements</u>								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Capital Outlay	27,500	3,572	27,400	4,022	3,200	2,386	3,900	1,196
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>27,500</u>	<u>3,572</u>	<u>27,400</u>	<u>4,022</u>	<u>3,200</u>	<u>2,386</u>	<u>3,900</u>	<u>1,196</u>
Receipts Over (Under)								
Disbursements	\$ (24,400)	\$ (365)	\$ (25,340)	\$ (910)	\$ (2,200)	\$ (1,006)	\$ (2,400)	\$ (134)
Cash and Equivalents, Jan 1	<u>24,486</u>	<u>24,486</u>	<u>25,396</u>	<u>25,396</u>	<u>2,285</u>	<u>2,285</u>	<u>2,419</u>	<u>2,419</u>
Cash and Equivalents, Dec 31	<u>\$ 86</u>	<u>\$ 24,121</u>	<u>\$ 56</u>	<u>\$ 24,486</u>	<u>\$ 85</u>	<u>\$ 1,279</u>	<u>\$ 19</u>	<u>\$ 2,285</u>

See Notes to the Financial Statements

The County of Sullivan
Milan, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Sheriff's Fund				Sullivan County Memorial Hospital Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	185,000	240,260	185,000	251,775
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	11,500	13,680	12,600	11,781	-	-	-	-
Interest	-	-	55	-	1,000	8,250	1,000	4,150
Other Receipts	-	-	750	616	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>11,500</u>	<u>13,680</u>	<u>13,405</u>	<u>12,397</u>	<u>186,000</u>	<u>248,510</u>	<u>186,000</u>	<u>255,925</u>
<u>Disbursements</u>								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	2,000	1,361	2,000	4,355	-	-	-	-
Services	10,500	10,401	12,300	7,597	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	383,000	-	304,000	177,566
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>12,500</u>	<u>11,762</u>	<u>14,300</u>	<u>11,952</u>	<u>383,000</u>	<u>-</u>	<u>304,000</u>	<u>177,566</u>
Receipts Over (Under)								
Disbursements	\$ (1,000)	\$ 1,918	\$ (895)	\$ 445	\$ (197,000)	\$ 248,510	\$ (118,000)	\$ 78,359
Cash and Equivalents, Jan 1	<u>1,364</u>	<u>1,364</u>	<u>919</u>	<u>919</u>	<u>197,245</u>	<u>197,245</u>	<u>118,886</u>	<u>118,886</u>
Cash and Equivalents, Dec 31	<u>\$ 364</u>	<u>\$ 3,282</u>	<u>\$ 24</u>	<u>\$ 1,364</u>	<u>\$ 245</u>	<u>\$ 445,755</u>	<u>\$ 886</u>	<u>\$ 197,245</u>

See Notes to the Financial Statements

The County of Sullivan
Milan, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Election Services Fund				Federal Grant (BRO/CDBG) Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	2,500	1,733	5,000	2,357	175,000	169,807	1,100,000	613,647
Charges for Services	-	-	-	398	-	-	-	-
Interest	-	10	5	2	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>2,500</u>	<u>1,743</u>	<u>5,005</u>	<u>2,757</u>	<u>175,000</u>	<u>169,807</u>	<u>1,100,000</u>	<u>613,647</u>
<u>Disbursements</u>								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	3,350	2,560	2,500	744	-	-	-	-
Services	-	-	2,500	675	-	-	-	-
Other Disbursements	-	-	-	525	-	-	-	-
Capital Outlay	-	-	-	-	175,000	169,807	1,100,000	613,647
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>3,350</u>	<u>2,560</u>	<u>5,000</u>	<u>1,944</u>	<u>175,000</u>	<u>169,807</u>	<u>1,100,000</u>	<u>613,647</u>
Receipts Over (Under)								
Disbursements	\$ (850)	\$ (817)	\$ 5	\$ 813	\$ -	\$ -	\$ -	\$ -
Cash and Equivalents, Jan 1	<u>883</u>	<u>883</u>	<u>70</u>	<u>70</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Equivalents, Dec 31	<u>\$ 33</u>	<u>\$ 66</u>	<u>\$ 75</u>	<u>\$ 883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to the Financial Statements

The County of Sullivan
Milan, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Tax Maintenance Fund				Victims of Domestic Violence Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	11,500	10,175	11,000	11,558	150	168	200	174
Interest	-	-	90	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>11,500</u>	<u>10,175</u>	<u>11,090</u>	<u>11,558</u>	<u>150</u>	<u>168</u>	<u>200</u>	<u>174</u>
<u>Disbursements</u>								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	20,400	18,239	42,500	34,316	-	-	-	-
Services	-	-	-	-	210	-	1,800	1,716
Other Disbursements	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>20,400</u>	<u>18,239</u>	<u>42,500</u>	<u>34,316</u>	<u>210</u>	<u>-</u>	<u>1,800</u>	<u>1,716</u>
Receipts Over (Under)								
Disbursements	\$ (8,900)	\$ (8,064)	\$ (31,410)	\$ (22,758)	\$ (60)	\$ 168	\$ (1,600)	\$ (1,542)
Cash and Equivalents, Jan 1	<u>8,945</u>	<u>8,945</u>	<u>31,703</u>	<u>31,703</u>	<u>60</u>	<u>60</u>	<u>1,602</u>	<u>1,602</u>
Cash and Equivalents, Dec 31	<u>\$ 45</u>	<u>\$ 881</u>	<u>\$ 293</u>	<u>\$ 8,945</u>	<u>\$ -</u>	<u>\$ 228</u>	<u>\$ 2</u>	<u>\$ 60</u>

See Notes to the Financial Statements

The County of Sullivan
Milan, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Inmate Security Fund				North Central Missouri Lake Project Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	245,000	240,262	240,000	251,870
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	3,700	10,026	4,950	3,764	-	-	-	-
Interest	-	-	-	-	40	445	40	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>3,700</u>	<u>10,026</u>	<u>4,950</u>	<u>3,764</u>	<u>245,040</u>	<u>240,707</u>	<u>240,040</u>	<u>251,870</u>
<u>Disbursements</u>								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	245,000	240,708	235,000	251,869
Capital Outlay	40,100	5,928	37,500	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>40,100</u>	<u>5,928</u>	<u>37,500</u>	<u>-</u>	<u>245,000</u>	<u>240,708</u>	<u>235,000</u>	<u>251,869</u>
Receipts Over (Under)								
Disbursements	\$ (36,400)	\$ 4,098	\$ (32,550)	\$ 3,764	\$ 40	\$ (1)	\$ 5,040	\$ 1
Cash and Equivalents, Jan 1	<u>36,410</u>	<u>36,410</u>	<u>32,646</u>	<u>32,646</u>	<u>8</u>	<u>8</u>	<u>7</u>	<u>7</u>
Cash and Equivalents, Dec 31	<u>\$ 10</u>	<u>\$ 40,508</u>	<u>\$ 96</u>	<u>\$ 36,410</u>	<u>\$ 48</u>	<u>\$ 7</u>	<u>\$ 5,047</u>	<u>\$ 8</u>

See Notes to the Financial Statements

The County of Sullivan
Milan, Missouri
Comparative Statements of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2019 and 2018

	Senior Services Fund				Law Enforcement Restitution Fund			
	2019		2018		2019		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ 44,000	\$ 44,166	\$ 44,000	\$ 43,912	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	4,250	5,557	4,250	5,607
Interest	-	1,269	500	997	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>44,000</u>	<u>45,435</u>	<u>44,500</u>	<u>44,909</u>	<u>4,250</u>	<u>5,557</u>	<u>4,250</u>	<u>5,607</u>
<u>Disbursements</u>								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	60,000	39,976	70,000	53,000	-	2,984	-	3,700
Other Disbursements	2,000	-	100	108	-	-	-	2,400
Capital Outlay	-	-	-	-	17,500	1,636	20,500	2,520
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>62,000</u>	<u>39,976</u>	<u>70,100</u>	<u>53,108</u>	<u>17,500</u>	<u>4,620</u>	<u>20,500</u>	<u>8,620</u>
Receipts Over (Under)								
Disbursements	\$ (18,000)	\$ 5,459	\$ (25,600)	\$ (8,199)	\$ (13,250)	\$ 937	\$ (16,250)	\$ (3,013)
Cash and Equivalents, Jan 1	<u>18,193</u>	<u>18,193</u>	<u>26,392</u>	<u>26,392</u>	<u>13,290</u>	<u>13,290</u>	<u>16,303</u>	<u>16,303</u>
Cash and Equivalents, Dec 31	<u>\$ 193</u>	<u>\$ 23,652</u>	<u>\$ 792</u>	<u>\$ 18,193</u>	<u>\$ 40</u>	<u>\$ 14,227</u>	<u>\$ 53</u>	<u>\$ 13,290</u>

See Notes to the Financial Statements

**The County of Sullivan
Milan, Missouri
Statements of Assets and Liabilities Arising From Cash Transactions
Agency Funds - Regulatory Basis
December 31, 2019 and 2018**

	2019				
	Collector - Treasurer	Recorder	Sheriff	Prosecuting Attorney	Total
Assets					
Cash and Equivalents	\$ 5,434,436	\$ 4,893	\$ 542	\$ 7,188	\$ 5,447,059
Total Assets	<u>5,434,436</u>	<u>4,893</u>	<u>542</u>	<u>7,188</u>	<u>5,447,059</u>
Liabilities and Fund Balances					
Total Liabilities	<u>5,434,436</u>	<u>4,893</u>	<u>542</u>	<u>7,188</u>	<u>5,447,059</u>
Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 5,434,436</u>	<u>\$ 4,893</u>	<u>\$ 542</u>	<u>\$ 7,188</u>	<u>\$ 5,447,059</u>
	2018				
	Collector - Treasurer	Recorder	Sheriff	Prosecuting Attorney	Total
Assets					
Cash and Equivalents	\$ 4,858,560	\$ 2,940	\$ 71	\$ 11,158	\$ 4,872,729
Total Assets	<u>4,858,560</u>	<u>2,940</u>	<u>71</u>	<u>11,158</u>	<u>4,872,729</u>
Liabilities and Fund Balances					
Total Liabilities	<u>4,858,560</u>	<u>2,940</u>	<u>71</u>	<u>11,158</u>	<u>4,872,729</u>
Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 4,858,560</u>	<u>\$ 2,940</u>	<u>\$ 71</u>	<u>\$ 11,158</u>	<u>\$ 4,872,729</u>

See Notes to the Financial Statements

The County of Sullivan
Milan, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies

Organized in 1845, the county of Sullivan was named after Revolutionary War General James Sullivan. It is a third-class county, and the county seat is Milan. Sullivan 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 Sullivan County, Missouri and the Sullivan County Senior Services Board.

Sullivan 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 Sullivan County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise Sullivan County's legal entity. The Senior Services 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 an individual, taxing units, or other governments. These assets, which are held by these officeholders for the sole benefit of external parties, are included in the Statements 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 Sullivan 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 Sullivan
Milan, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018**

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 Sullivan 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., Sullivan 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 fund had actual expenditures which exceeded the budgeted expenditures in 2018: North Central Missouri Lake Project Fund.

**The County of Sullivan
Milan, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018**

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 Sullivan County's boundaries for the calendar year 2019 and 2018, for the purposes of taxation was:

	<u>2019</u>	<u>2018</u>
Real Estate	\$ 52,590,191	\$ 52,296,227
Personal Property	34,821,699	32,901,192
Railroad and Utilities	9,196,682	7,021,451
	<u>\$ 96,608,572</u>	<u>\$ 92,218,870</u>

The tax levy per \$100 assessed valuation of tangible taxable property for the calendar year 2019 and 2018, respectively, for the purpose of County taxation, was as follows:

	<u>2019</u>	<u>2018</u>
General Revenue Fund	\$ 0.3600	\$ 0.3480
Senior Services Fund	0.0503	0.0503

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 Sullivan County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

**The County of Sullivan
Milan, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018**

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

Sullivan 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 statements 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 Balance</u>
Deposits	\$ 6,773,926	\$ 5,714,099
Investments	23,574	23,574
Total Deposits and Investments as of December 31, 2019	<u>\$ 6,797,500</u>	<u>\$ 5,737,673</u>
Total Cash and Equivalents - Governmental Funds	\$ 1,350,441	
Total Cash and Equivalents - Agency Funds	5,447,059	
	<u>\$ 6,797,500</u>	

The carrying values and bank balances of deposits and investments shown above are included in the financial statements at December 31, 2018, as follows:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits	\$ 6,156,019	\$ 5,679,247
Investments	23,283	23,283
Total Deposits and Investments as of December 31, 2018	<u>\$ 6,179,302</u>	<u>\$ 5,702,530</u>
Total Cash and Equivalents - Governmental Funds	\$ 1,306,573	
Total Cash and Equivalents - Agency Funds	4,872,729	
	<u>\$ 6,179,302</u>	

**The County of Sullivan
Milan, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018**

Note 2 - Deposits and Investments (continued)

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, 100% of the County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized. At December 31, 2018, the County had \$139,464 of uninsured deposits and investments.

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 the County or its agent but not in the government's name. Sullivan County does not have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of the 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. Sullivan 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 Sullivan 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	2019 Balance	% of Portfolio	2018 Balance	% of Portfolio
Putnam County State Bank	Cert. of Deposit	<u>\$ 23,574</u>	100.00%	<u>\$ 23,283</u>	100.00%

Note 3 - Long-Term Debt

In 2017, the County assumed responsibility for a capital lease financing arrangement previously entered into by Polk Township with John Deere financial for a motor grader for \$56,020. The lease expired on February 12, 2019, and was payable in five annual payments of \$12,365 with interest payable at 3.327%.

**The County of Sullivan
Milan, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018**

Note 3 - Long-Term Debt (continued)

	Balance at 1/1/2019	Amount Borrowed	Amount Repaid	Balance at 12/31/2019	Interest Paid During Year
John Deere Motor Grader	\$ 11,960	\$ -	\$ (11,960)	\$ -	\$ 405
	Balance at 1/1/2018	Amount Borrowed	Amount Repaid	Balance at 12/31/2018	Interest Paid During Year
John Deere Motor Grader	\$ 23,530	\$ -	\$ (11,570)	\$ 11,960	\$ 795

Note 4 - 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.

**The County of Sullivan
Milan, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018**

Note 4 - State of Missouri County Employees' Retirement Fund (CERF) (continued)

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 and 2018, the County remitted to CERF, employee contributions of \$35,311 and \$34,684, respectively, for the years ended.

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 \$53,216 and \$51,854 for the years ended December 31, 2019 and 2018, respectively.

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 5 - Prosecuting Attorney Retirement Fund

In accordance with state statute Section 56.807, RSMo., Sullivan 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 \$4,425 and \$3,647, respectively, for the years ended December 31, 2019 and 2018.

Note 6 - Other Retirement Plans

Sullivan County has voluntary 457 and 401(a) plans administered by Empower Retirement (formerly Great-West Retirement Services) which are paid by deductions from employees' salaries. These contributions qualify under the Internal Revenue Code and are tax exempt. Employee contributions collected and remitted by the County for the years ended December 31, 2019 and 2018 for the 457 plan were \$17,090 and \$12,224, respectively. Employee contributions collected and remitted by the County for the years ended December 31, 2019 and 2018 for the 401(a) plan were \$4,659 and \$4,534, respectively.

Note 7 - Post Employment Benefits

Sullivan 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 Sullivan County.

The County of Sullivan
Milan, Missouri
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018

Note 8 - Claims, Commitments, and Contingencies

Litigation

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

Compensated Absences

Vacation time is considered an expenditure in the year paid. Vacation time is awarded based on years of service and must be used in its entirety prior to the employee's next anniversary date. The County does not have personal days, but compensated time can be earned by working overtime.

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 9 - Risk Management

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

The County is also a member of the Missouri 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 10 - 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 3, 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.

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 Sullivan 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 Sullivan County, Missouri as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Sullivan County, Missouri's basic financial statements, and have issued our report thereon dated August 3, 2020.

Internal Control over Financial Reporting

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

Sullivan County, Missouri's Responses to Findings

Sullivan County, Missouri's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Sullivan 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 3, 2020

**The County of Sullivan
Milan, Missouri
Schedule of Findings and Responses
For the years ended December 31, 2019 and 2018**

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 2018: North Central Missouri Lake Project 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) 265-3786.

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) 265-3786.

**The County of Sullivan
Milan, Missouri
Schedule of Findings and Responses
For the years ended December 31, 2019 and 2018**

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) 265-3786.

2019-004 **Criteria:** The Prosecuting Attorney 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 years ended December 31, 2019 and 2018, the Prosecuting Attorney's office failed to perform timely bank reconciliations.

Effect: Without timely, accurate bank reconciliations, the risk of material misstatement of the Prosecuting Attorney'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 Prosecuting Attorney's records.

Recommendation: We recommend that the Prosecuting Attorney 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 Prosecuting Attorney to ensure that the office reconciles their bank statement on a monthly basis. The phone number for the County Clerk's office is (660) 265-3786. The phone number for the Prosecuting Attorney's office is (660) 265-4712.

**The County of Sullivan
Milan, Missouri
Summary Schedule of Prior Year Findings and Questioned Costs
For the years ended December 31, 2019 and 2018**

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Sullivan County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2015 and 2014.

Prior Year Financial Statement Findings

2015-001 **Criteria:** Section 50.740 prohibits expenditures in excess of approved budgets. Additionally, case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), amendments should be made following the same process by which the annual budget is approved including holding public hearings and filing the amended budget with the State Auditor's Office. Furthermore Missouri budgetary state Chapter 50 RSMo requires a County to adopt a budget for each governmental fund.

Condition: During my audit, I noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The Law Enforcement Training Fund, SCMHS Fund, CDBG (Bridge) Fund and the NCMO Lake Project Fund all had expenses exceeding their budget for 2014, as did the NCMO Lake Project Fund for 2015. Furthermore the Law Enforcement Restitution Fund was not budgeted for the years ended December 31, 2015 and December 31, 2014, and the Senior Services Tax Fund was not budgeted for the year ended December 31, 2014.

Effect: Due to exceeding budget in certain funds and not budgeting for the Law Enforcement Restitution Fund and the Senior Services Tax Fund, the County is in violation of Missouri Revised Statutes.

Cause: Oversight.

Recommendation: I recommend that the County ensure compliance with State Statutes by refraining from approving expenditures in excess of budgeted amounts and properly budgeting for each governmental fund. In the event that the originally adopted budget is inadequate to finance current year unforeseen expenditures, budgetary amendments should be discussed in public meeting and formally adopted by the County Commission.

Management's Response: We will continue evaluating the issue.

Status: Management has not corrected this issue and the finding is repeated as finding 2019-001 in the current year.

Prior Year Federal Award Findings

None