



THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Shannon County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Shannon County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2009, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Thomas A. Schweich". The signature is written in a cursive style with a large, stylized "S" at the end.

Thomas A. Schweich
State Auditor

February 2011
Report No. 2011-04

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2009 AND 2008

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
TABLE OF CONTENTS

PAGE

FINANCIAL SECTION

Independent Auditor's Report	1-2
------------------------------------	-----

FINANCIAL STATEMENTS

Statements of Receipts, Disbursements and Changes in Cash and Investment Balances –
All Governmental Funds- Regulatory Basis

Year Ended December 31, 2009	3
Year Ended December 31, 2008	4

Comparative Statements of Receipts, Disbursements and Changes in Cash and Investment Balances –
Budget and Actual – All Governmental Funds – Regulatory Basis

Years Ended December 31, 2009 and 2008	5-20
--	------

Fiduciary Funds:

Statements of Assets and Liabilities Arising From Cash Transactions –
Agency Funds - Regulatory Basis

December 31, 2009	21
December 31, 2008	22

Notes to the Financial Statements	23-36
---	-------

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

Schedule of State Findings	37
----------------------------------	----

FEDERAL COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	38-39
---	-------

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	40-41
---	-------

Schedule of Expenditures of Federal Awards	42
--	----

Notes to Expenditures of Federal Awards	43
---	----

Schedule of Findings and Questioned Costs Years Ended December 31, 2009 and 2008	44-52
---	-------

Summary Schedule of Prior Year Findings and Questioned Costs Years Ended December 31, 2009 and 2008	53-54
--	-------

FINANCIAL SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Shannon, Missouri

We have audited the accompanying financial statements of the County of Shannon ("County"), Missouri, as of and for the years ended December 31, 2009 and 2008, which collectively comprise the County's financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note I, the financial statements were prepared using accounting practices prescribed or permitted by the Missouri State Auditor's office, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements 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.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County of Shannon, Missouri, at December 31, 2009 and 2008, or the changes in financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and investment balances of the governmental and agency funds of the County of Shannon, Missouri, as of and for the years ended December 31, 2009 and 2008, and the receipts, disbursements and budgetary results of the governmental funds for the years then ended, on the basis of accounting described in Note I.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2010, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profits Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and , in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, that were prepared on the basis of accounting described in Note I.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 20, 2010

FINANCIAL STATEMENTS

THE COUNTY OF SHANNON
 EMINENCE, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES-
 ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2009

FUND	CASH AND INVESTMENT BALANCES JANUARY 1, 2009	RECEIPTS 2009	DISBURSEMENTS 2009	CASH AND INVESTMENT BALANCES DECEMBER 31, 2009
General Revenue	\$ 46,485.23	\$ 1,032,930.75	\$ 1,038,970.66	\$ 40,445.32
Special Road & Bridge	656,191.24	1,054,073.68	1,117,632.87	592,632.05
Assessment	15,377.25	80,626.68	100,444.99	(4,441.06)
Sheriff Revolving Fund	-	2,669.50	-	2,669.50
Sheriff Civil Fee	19,423.30	29,544.07	3,820.53	45,146.84
LEPC	1,863.63	1,107.84	2,772.20	199.27
PATF	3,505.84	536.74	-	4,042.58
SFAV	370.00	612.00	842.00	140.00
PASTC	13,837.82	5,094.08	2,464.11	16,467.79
LEF	2,867.97	2,419.50	2,085.20	3,202.27
Sheriff Building	1,730.00	-	-	1,730.00
Crime Victim Advocate	16,425.04	24,313.50	34,795.53	5,943.01
County Clerk	3,547.50	2,987.79	1,248.95	5,286.34
2% Collector	17,498.33	7,168.38	3,991.66	20,675.05
Title III	4,236.56	28,977.00	33,213.56	-
LERF	108,316.20	67,355.50	37,680.54	137,991.16
Recorder	10,219.02	1,712.00	6,630.62	5,300.40
Family Services	4,449.00	3,600.00	4,205.05	3,843.95
HAVA	190.84	-	-	190.84
Sheriff Special	1,264.91	-	1,260.00	4.91
Land Sale	50,258.21	3,306.29	-	53,564.50
FIT	26.45	14,109.60	14,136.05	0.00
MoSmart	(11,561.90)	7,876.64	-	(3,685.26)
Bad Check	75.00	50.00	-	125.00
Unclaimed Fees	1,657.81	-	-	1,657.81
MOPS	40.00	1,115.90	1,155.90	-
Special Election	4,638.72	-	4,638.72	-
Deputy Support	-	805.96	692.76	113.20
Senior Services Board	1,310.25	26,847.99	26,900.00	1,258.24
SB 40	52,025.10	55,570.29	44,788.76	62,806.63
TOTAL	\$ 1,026,269.32	\$ 2,455,411.68	\$ 2,484,370.66	\$ 997,310.34

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

THE COUNTY OF SHANNON
 EMINENCE, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES-
 ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2008

FUND	CASH AND INVESTMENT BALANCES JANUARY 1, 2008	RECEIPTS 2008	DISBURSEMENTS 2008	CASH AND INVESTMENT BALANCES DECEMBER 31, 2008
General Revenue	\$ 89,823.69	\$ 1,013,838.99	\$ 1,057,177.45	\$ 46,485.23
Special Road & Bridge	659,514.18	1,410,210.73	1,413,533.67	656,191.24
Assessment	15,527.04	115,220.37	115,370.16	15,377.25
Sheriff Revolving Fund	-	-	-	-
Sheriff Civil Fee	27,149.60	34,646.52	42,372.82	19,423.30
LEPC	330.72	3,271.80	1,738.89	1,863.63
PATF	2,580.25	1,055.59	130.00	3,505.84
SFAV	1,120.00	520.00	1,270.00	370.00
PASTC	15,949.71	5,310.00	7,421.89	13,837.82
LEF	3,886.89	2,680.66	3,699.58	2,867.97
Sheriff Building	1,730.00	-	-	1,730.00
Crime Victim Advocate	1,223.71	45,781.34	30,580.01	16,425.04
County Clerk	2,846.63	782.30	81.43	3,547.50
2% Collector	13,504.80	9,992.22	5,998.69	17,498.33
Title III	-	31,236.56	27,000.00	4,236.56
LERF	39,850.00	83,090.00	14,623.80	108,316.20
Recorder	7,985.27	2,233.75	-	10,219.02
Family Services	3,842.00	1,530.00	923.00	4,449.00
HAVA	190.84	-	-	190.84
Sheriff Special	79.91	2,805.00	1,620.00	1,264.91
Land Sale	30,347.66	19,910.55	-	50,258.21
FIT	-	426.56	400.11	26.45
MoSmart	(7,778.47)	27,579.07	31,362.50	(11,561.90)
Bad Check	-	75.00	-	75.00
Unclaimed Fees	1,657.81	-	-	1,657.81
MOPS	-	1,109.00	1,069.00	40.00
Special Election	4,638.72	-	-	4,638.72
Deputy Support	-	-	-	-
Senior Services Board	5,974.96	30,398.94	35,063.65	1,310.25
SB 40	58,040.10	63,171.00	69,186.00	52,025.10
TOTAL	\$ 980,016.02	\$ 2,906,875.95	\$ 2,860,622.65	\$ 1,026,269.32

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

THE COUNTY OF SHANNON
 EMINENCE, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	GENERAL REVENUE FUND			
	2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 128,288.03	\$ 173,743.04	\$ 125,000.00	\$ 128,288.03
Sales Taxes	475,860.06	443,560.51	470,000.00	475,860.06
Intergovernmental	214,899.12	248,981.61	176,000.00	217,399.12
Charges for Services	121,285.23	115,013.02	87,100.00	121,285.23
Interest	10,477.79	-	8,000.00	10,477.79
Other	29,588.26	35,836.50	43,300.00	29,378.76
Transfers In	31,150.00	15,796.07	31,150.00	31,150.00
TOTAL RECEIPTS	1,011,548.49	1,032,930.75	940,550.00	1,013,838.99
DISBURSEMENTS				
County Commission	92,626.77	85,744.00	92,626.77	83,926.27
County Clerk	83,534.00	82,267.32	80,334.00	80,945.53
Elections	10,000.00	55,226.59	30,000.00	60,215.96
Buildings and Grounds	84,528.06	87,787.45	84,528.06	91,902.87
Employee Fringe Benefits	18,893.00	18,683.86	18,893.00	11,050.39
County Treasurer	42,050.00	39,301.84	42,050.00	40,151.43
Collector	89,467.00	85,195.35	89,467.00	83,101.56
Recorder of Deeds	31,810.40	29,632.23	31,234.40	27,308.37
Circuit Clerk	32,400.00	19,131.65	30,150.00	22,066.58
Associate Circuit Court	-	-	-	-
Court Administration	1,386.38	-	1,386.38	-
Public Administrator	22,781.00	21,177.67	22,681.00	21,308.20
Sheriff	216,886.00	237,358.76	211,886.00	237,131.27
Jail	55,800.00	51,052.04	55,800.00	38,279.24
Prosecuting Attorney	78,750.00	70,442.39	78,750.00	70,026.91
Juvenile Officer	48,530.15	48,984.31	48,530.15	48,804.19
Coroner	18,133.00	17,991.96	16,373.00	24,467.76
Planning and Zoning	-	-	-	-
Other	86,430.77	88,524.65	65,219.85	100,796.92
Surveyor	-	-	-	-
Health and Welfare	-	-	-	-
Debt Service	-	-	-	-
Transfers Out	316.75	468.59	30,250.00	15,694.00
Emergency Fund	43,710.44	-	-	-
TOTAL DISBURSEMENTS	1,058,033.72	1,038,970.66	1,030,159.61	1,057,177.45
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(46,485.23)	(6,039.91)	(89,609.61)	(43,338.46)
CASH AND INVESTMENT				
BALANCE, JANUARY 1	46,485.23	46,485.23	89,823.69	89,823.69
CASH AND INVESTMENT				
BALANCE, DECEMBER 31	\$ -	\$ 40,445.32	\$ 214.08	\$ 46,485.23

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

THE COUNTY OF SHANNON
 EMINENCE, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	SPECIAL ROAD & BRIDGE FUND			
	2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 152,714.90	\$ 155,550.34	\$ 170,000.00	\$ 152,714.90
Sales Taxes	-	-	-	-
Intergovernmental	766,224.04	854,738.57	703,005.00	1,247,907.83
Charges for Services	-	-	-	-
Interest	-	-	25,000.00	-
Other	-	43,784.77	-	9,588.00
Transfers In	-	-	-	-
TOTAL RECEIPTS	918,938.94	1,054,073.68	898,005.00	1,410,210.73
DISBURSEMENTS				
Salaries	345,000.00	346,519.34	353,504.00	329,740.98
Employee Fringe Benefits	114,454.00	115,614.08	105,950.00	103,525.20
Supplies	267,746.00	276,113.07	257,925.00	409,331.92
Insurance	23,000.00	21,214.00	23,000.00	22,842.00
Road & Bridge Materials	85,000.00	61,245.49	85,000.00	200,946.49
Equipment Repairs	43,000.00	10,934.10	42,430.20	218.73
Equipment Purchases	89,950.00	213,316.87	90,540.80	247,894.65
R&B Construction	-	-	-	-
Other Expenditures	31,850.00	72,675.92	41,650.00	67,883.70
Transfers Out	167,150.00	-	167,150.00	31,150.00
TOTAL DISBURSEMENTS	1,167,150.00	1,117,632.87	1,167,150.00	1,413,533.67
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(248,211.06)	(63,559.19)	(269,145.00)	(3,322.94)
CASH AND INVESTMENT				
BALANCE, JANUARY 1	656,191.24	656,191.24	659,514.18	659,514.18
CASH AND INVESTMENT				
BALANCE, DECEMBER 31	\$ 407,980.18	\$ 592,632.05	\$ 390,369.18	\$ 656,191.24

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

THE COUNTY OF SHANNON
 EMINENCE, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	ASSESSMENT FUND				SHERIFF REVOLVING FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 86,380.00	\$ 80,626.68	\$ 86,380.00	\$ 84,870.87	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	95.50	-	2,669.50	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	14,556.00	14,560.00	-	-	-	-
Transfers In	15,694.00	-	15,694.00	15,694.00	-	-	-	-
TOTAL RECEIPTS	102,074.00	80,626.68	116,630.00	115,220.37	-	2,669.50	-	-
DISBURSEMENTS								
Assesor	102,074.00	100,444.99	11,630.00	115,370.16	-	-	-	-
Training	-	-	-	-	-	-	-	-
Salaries	-	-	-	-	-	-	-	-
Sheriff	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	102,074.00	100,444.99	11,630.00	115,370.16	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(19,818.31)	105,000.00	(149.79)	-	2,669.50	-	-
CASH AND INVESTMENT BALANCE, JANUARY 1	15,377.25	15,377.25	15,527.04	15,527.04	-	-	-	-
CASH AND INVESTMENT BALANCE, DECEMBER 31	<u>\$ 15,377.25</u>	<u>\$ (4,441.06)</u>	<u>\$ 120,527.04</u>	<u>\$ 15,377.25</u>	<u>\$ -</u>	<u>\$ 2,669.50</u>	<u>\$ -</u>	<u>\$ -</u>

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

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	SHERIFF CIVIL FEE FUND				LEPC FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 12,000.00	\$ 11,000.00	\$ -	\$ 7,000.00	\$ 3,000.00	\$ 519.25	\$ 3,254.10	\$ 3,271.80
Charges For Services	22,000.00	18,544.07	15,000.00	27,646.52	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	588.59	-	-
TOTAL RECEIPTS	34,000.00	29,544.07	15,000.00	34,646.52	3,000.00	1,107.84	3,254.10	3,271.80
DISBURSEMENTS								
DARE Shirts	-	-	-	-	-	-	-	-
Office Expense/Equip Repair	50,000.00	3,820.53	42,000.00	23,315.16	3,000.00	2,772.20	3,000.00	1,738.89
Forwarded to Schools	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	19,057.66	-	-	-	-
TOTAL DISBURSEMENTS	50,000.00	3,820.53	42,000.00	42,372.82	3,000.00	2,772.20	3,000.00	1,738.89
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,000.00)	25,723.54	(27,000.00)	(7,726.30)	-	(1,664.36)	254.10	1,532.91
CASH AND INVESTMENT BALANCE, JANUARY 1	19,423.30	19,423.30	27,149.60	27,149.60	1,863.63	1,863.63	330.72	330.72
CASH AND INVESTMENT BALANCE, DECEMBER 31	\$ 3,423.30	\$ 45,146.84	\$ 149.60	\$ 19,423.30	\$ 1,863.63	\$ 199.27	\$ 584.82	\$ 1,863.63

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

THE COUNTY OF SHANNON
 EMINENCE, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	PA TRAINING FUND				SFAV FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	1,000.00	536.74	500.00	1,055.59	520.00	612.00	500.00	520.00
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	1,000.00	536.74	500.00	1,055.59	520.00	612.00	500.00	520.00
DISBURSEMENTS								
Abuse Shelters	-	-	-	-	890.00	842.00	800.00	1,270.00
Mileage/Training	2,000.00	-	2,000.00	130.00	-	-	-	-
Office	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	2,000.00	-	2,000.00	130.00	890.00	842.00	800.00	1,270.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000.00)	536.74	(1,500.00)	925.59	(370.00)	(230.00)	(300.00)	(750.00)
CASH AND INVESTMENT BALANCE, JANUARY 1	3,505.84	3,505.84	2,580.25	2,580.25	370.00	370.00	1,120.00	1,120.00
CASH AND INVESTMENT BALANCE, DECEMBER 31	\$ 2,505.84	\$ 4,042.58	\$ 1,080.25	\$ 3,505.84	\$ -	\$ 140.00	\$ 820.00	\$ 370.00

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

THE COUNTY OF SHANNON
 EMINENCE, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	PASTC FUND				LEF FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	\$ 6,000.00	\$ 5,094.08	\$ 6,500.00	\$ 5,310.00	\$ 3,500.00	\$ 2,419.50	\$ 1,500.00	\$ 2,680.66
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	6,000.00	5,094.08	6,500.00	5,310.00	3,500.00	2,419.50	1,500.00	2,680.66
DISBURSEMENTS								
Lia House	-	-	-	-	-	-	-	-
Clerk	-	-	-	-	-	-	-	-
Prosecuting Attorney	-	-	-	-	-	-	-	-
Equipment & Supplies	-	-	-	-	-	-	-	-
Victims Advocate	-	-	-	-	-	-	-	-
Salaries/Fringe	15,000.00	2,464.11	15,000.00	7,421.89	-	-	-	-
Auto Expense/Training	-	-	-	-	3,500.00	-	2,000.00	3,699.58
Other	-	-	-	-	-	-	-	-
Office	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	2,085.20	-	-
TOTAL DISBURSEMENTS	15,000.00	2,464.11	15,000.00	7,421.89	3,500.00	2,085.20	2,000.00	3,699.58
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,000.00)	2,629.97	(8,500.00)	(2,111.89)	-	334.30	(500.00)	(1,018.92)
CASH AND INVESTMENT BALANCE, JANUARY 1	13,837.82	13,837.82	15,949.71	15,949.71	2,867.97	2,867.97	3,886.89	3,886.89
CASH AND INVESTMENT BALANCE, DECEMBER 31	\$ 4,837.82	\$ 16,467.79	\$ 7,449.71	\$ 13,837.82	\$ 2,867.97	\$ 3,202.27	\$ 3,386.89	\$ 2,867.97

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

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	SHERIFF BUILDING FUND				CRIME VICTIM ADVOCATE FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	24,313.49	24,313.50	31,730.00	30,781.34
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	5,302.29	15,000.00
TOTAL RECEIPTS	-	-	-	-	24,313.49	24,313.50	37,032.29	45,781.34
DISBURSEMENTS								
Office	-	-	-	-	31,813.49	34,795.53	31,730.00	30,580.01
Public Safety	-	-	-	-	-	-	-	-
Lest Expenses	-	-	-	-	-	-	-	-
Jail	-	-	-	-	-	-	-	-
Prosecuting Attorney	-	-	-	-	-	-	-	-
Circuit Judge & Juvenile	-	-	-	-	-	-	-	-
Coroner	-	-	-	-	-	-	-	-
Task Force	-	-	-	-	-	-	-	-
COPS Grant	-	-	-	-	-	-	-	-
Lake Patrol	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
FEMA	-	-	-	-	-	-	-	-
Misc	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	-	-	-	31,813.49	34,795.53	31,730.00	30,580.01
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	(7,500.00)	(10,482.03)	5,302.29	15,201.33
CASH AND INVESTMENT BALANCE, JANUARY 1	1,730.00	1,730.00	1,730.00	1,730.00	16,425.04	16,425.04	1,223.71	1,223.71
CASH AND INVESTMENT BALANCE, DECEMBER 31	<u>\$ 1,730.00</u>	<u>\$ 1,730.00</u>	<u>\$ 1,730.00</u>	<u>\$ 1,730.00</u>	<u>\$ 8,925.04</u>	<u>\$ 5,943.01</u>	<u>\$ 6,526.00</u>	<u>\$ 16,425.04</u>

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

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	COUNTY CLERK FUND				2% COLLECTOR FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ 2,519.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	1,000.00	-	1,000.00	782.30	8,000.00	7,168.38	8,000.00	9,992.22
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	468.59	-	-	-	-	-	-
TOTAL RECEIPTS	1,000.00	2,987.79	1,000.00	782.30	8,000.00	7,168.38	8,000.00	9,992.22
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Expenses	-	-	-	-	-	-	-	-
Office Expense	3,500.00	1,248.95	2,500.00	81.43	-	-	-	-
Office Supplies	-	-	-	-	8,000.00	3,991.66	8,000.00	5,998.69
Equipment	-	-	-	-	-	-	-	-
Capital Improvement	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	3,500.00	1,248.95	2,500.00	81.43	8,000.00	3,991.66	8,000.00	5,998.69
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,500.00)	1,738.84	(1,500.00)	700.87	-	3,176.72	-	3,993.53
CASH AND INVESTMENT BALANCE, JANUARY 1	3,547.50	3,547.50	2,846.63	2,846.63	17,498.33	17,498.33	13,504.80	13,504.80
CASH AND INVESTMENT BALANCE, DECEMBER 31	\$ 1,047.50	\$ 5,286.34	\$ 1,346.63	\$ 3,547.50	\$ 17,498.33	\$ 20,675.05	\$ 13,504.80	\$ 17,498.33

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

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	TITLE III FUND				LERF FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	30,000.00	28,977.00	31,000.00	31,236.56	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	80,000.00	67,355.50	35,000.00	83,090.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	30,000.00	28,977.00	31,000.00	31,236.56	80,000.00	67,355.50	35,000.00	83,090.00
DISBURSEMENTS								
Office Expense	34,236.56	27,000.00	31,000.00	27,000.00	-	-	-	-
Deputy Salary & Fringe	-	-	-	-	80,000.00	32,233.36	35,000.00	14,623.80
Other	-	-	-	-	-	-	-	-
Transfers Out	-	6,213.56	-	-	-	5,447.18	-	-
TOTAL DISBURSEMENTS	34,236.56	33,213.56	31,000.00	27,000.00	80,000.00	37,680.54	35,000.00	14,623.80
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,236.56)	(4,236.56)	-	4,236.56	-	29,674.96	-	68,466.20
CASH AND INVESTMENT BALANCE, JANUARY 1	4,236.56	4,236.56	-	-	108,316.20	108,316.20	39,850.00	39,850.00
CASH AND INVESTMENT BALANCE, DECEMBER 31	\$ -	\$ -	\$ -	\$ 4,236.56	\$ 108,316.20	\$ 137,991.16	\$ 39,850.00	\$ 108,316.20

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

THE COUNTY OF SHANNON
 EMINENCE, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	RECORDER FUND				FAMILY SERVICE FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	2,233.75	1,712.00	-	2,233.75	1,620.00	1,600.00	1,500.00	1,530.00
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	2,000.00	-	-
TOTAL RECEIPTS	2,233.75	1,712.00	-	2,233.75	1,620.00	3,600.00	1,500.00	1,530.00
DISBURSEMENTS								
Circuit Court	12,452.77	6,630.62	-	-	6,069.00	4,205.05	5,000.00	923.00
Election Grants	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	12,452.77	6,630.62	-	-	6,069.00	4,205.05	5,000.00	923.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,219.02)	(4,918.62)	-	2,233.75	(4,449.00)	(605.05)	(3,500.00)	607.00
CASH AND INVESTMENT BALANCE, JANUARY 1	10,219.02	10,219.02	7,985.27	7,985.27	4,449.00	4,449.00	3,842.00	3,842.00
CASH AND INVESTMENT BALANCE, DECEMBER 31	\$ -	\$ 5,300.40	\$ 7,985.27	\$ 10,219.02	\$ -	\$ 3,843.95	\$ 342.00	\$ 4,449.00

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

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	HAVA				SHERIFF SPECIAL FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	8,000.00	-	-	-	2,800.00	-	3,000.00	2,805.00
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	8,000.00	-	-	-	2,800.00	-	3,000.00	2,805.00
DISBURSEMENTS								
Office Expense	-	-	-	-	4,064.91	1,260.00	4,064.91	1,620.00
Equipment	8,000.00	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	8,000.00	-	-	-	4,064.91	1,260.00	4,064.91	1,620.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	(1,264.91)	(1,260.00)	(1,064.91)	1,185.00
CASH AND INVESTMENT BALANCE, JANUARY 1	190.84	190.84	190.84	190.84	1,264.91	1,264.91	79.91	79.91
CASH AND INVESTMENT BALANCE, DECEMBER 31	\$ 190.84	\$ 190.84	\$ 190.84	\$ 190.84	\$ -	\$ 4.91	\$ (985.00)	\$ 1,264.91

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

THE COUNTY OF SHANNON
 EMINENCE, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	LAND SALE FUND				FIT			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	3,306.29	-	19,910.55	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	14,109.60	-	426.56
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	-	3,306.29	-	19,910.55	-	14,109.60	-	426.56
DISBURSEMENTS								
Office Equipment/Supplies	-	-	-	-	-	-	-	-
Election Grants	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	14,136.05	-	400.11
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	-	-	-	-	14,136.05	-	400.11
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	3,306.29	-	19,910.55	-	(26.45)	-	26.45
CASH AND INVESTMENT BALANCE, JANUARY 1	50,258.21	50,258.21	30,347.66	30,347.66	26.45	26.45	-	-
CASH AND INVESTMENT BALANCE, DECEMBER 31	<u>\$ 50,258.21</u>	<u>\$ 53,564.50</u>	<u>\$ 30,347.66</u>	<u>\$ 50,258.21</u>	<u>\$ 26.45</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26.45</u>

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

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	MOSMART				BAD CHECK FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,896.59	7,876.64	31,418.00	23,521.41	-	-	-	-
Charges for Services	-	-	-	-	-	50.00	-	75.00
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	4,057.66	-	-	-	-
TOTAL RECEIPTS	7,896.59	7,876.64	31,418.00	27,579.07	-	50.00	-	75.00
DISBURSEMENTS								
Office Expense	-	-	31,418.00	31,362.50	-	-	-	-
Election Grants	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	75.00	-	-	-
TOTAL DISBURSEMENTS	-	-	31,418.00	31,362.50	75.00	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,896.59	7,876.64	-	(3,783.43)	(75.00)	50.00	-	75.00
CASH AND INVESTMENT BALANCE, JANUARY 1	(11,561.90)	(11,561.90)	(7,778.47)	(7,778.47)	75.00	75.00	-	-
CASH AND INVESTMENT BALANCE, DECEMBER 31	<u>\$ (3,665.31)</u>	<u>\$ (3,685.26)</u>	<u>\$ (7,778.47)</u>	<u>\$ (11,561.90)</u>	<u>\$ -</u>	<u>\$ 125.00</u>	<u>\$ -</u>	<u>\$ 75.00</u>

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

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	UNCLAIMED FEES				MOPS			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,115.90	-	1,109.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	-	-	-	-	-	1,115.90	-	1,109.00
DISBURSEMENTS								
Office Expense	-	-	-	-	-	-	-	-
Election Grants	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,155.90	-	1,069.00
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	-	-	-	-	1,155.90	-	1,069.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	-	(40.00)	-	40.00
CASH AND INVESTMENT BALANCE, JANUARY 1	1,657.81	1,657.81	1,657.81	1,657.81	40.00	40.00		-
CASH AND INVESTMENT BALANCE, DECEMBER 31	\$ 1,657.81	\$ 1,657.81	\$ 1,657.81	\$ 1,657.81	\$ 40.00	\$ -	\$ -	\$ 40.00

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

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	SPECIAL ELECTION FUND				DEPUTY SUPPORT			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	805.96	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	-	-	-	-	-	805.96	-	-
DISBURSEMENTS								
Office Expense	-	-	-	-	-	-	-	-
Election Grants	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	692.76	-	-
Transfers Out	4,638.72	4,638.72	-	-	-	-	-	-
TOTAL DISBURSEMENTS	4,638.72	4,638.72	-	-	-	692.76	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,638.72)	(4,638.72)	-	-	-	113.20	-	-
CASH AND INVESTMENT BALANCE, JANUARY 1	4,638.72	4,638.72	4,638.72	4,638.72	-	-	-	-
CASH AND INVESTMENT BALANCE, DECEMBER 31	\$ -	\$ -	\$ 4,638.72	\$ 4,638.72	\$ -	\$ 113.20	\$ -	\$ -

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

THE COUNTY OF SHANNON
 EMINENCE, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN CASH AND INVESTMENT BALANCES
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	SENIOR SERVICE BOARD				SB 40			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ 30,398.94	\$ 26,847.99	\$ 36,787.59	\$ 30,398.94	\$ 63,000.00	\$ 54,606.63	\$ -	\$ 62,452.77
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	500.00	963.66	-	718.23
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	30,398.94	26,847.99	36,787.59	30,398.94	63,500.00	55,570.29	-	63,171.00
DISBURSEMENTS								
Office Expense	-	-	-	-	-	-	-	-
Election Grants	-	-	-	-	-	-	-	-
Other	31,700.00	26,900.00	35,100.00	35,063.65	80,000.00	44,788.76	-	69,186.00
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	31,700.00	26,900.00	35,100.00	35,063.65	80,000.00	44,788.76	-	69,186.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,301.06)	(52.01)	1,687.59	(4,664.71)	(16,500.00)	10,781.53	-	(6,015.00)
CASH AND INVESTMENT BALANCE, JANUARY 1	1,310.25	1,310.25	5,974.96	5,974.96	52,025.10	52,025.10	58,040.10	58,040.10
CASH AND INVESTMENT BALANCE, DECEMBER 31	\$ 9.19	\$ 1,258.24	\$ 7,662.55	\$ 1,310.25	\$ 35,525.10	\$ 62,806.63	\$ 58,040.10	\$ 52,025.10

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

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2009

	<u>Fines</u>	<u>Utility</u>	<u>Juvenile</u>	<u>Bonds</u>
ASSETS				
Cash and Cash Equivalents	\$ 85,609.38	\$ -	\$ 10.00	\$ 3,829.58
Total Assets	85,609.38	-	10.00	3,829.58
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	85,609.38	-	10.00	3,829.58
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 85,609.38</u>	<u>\$ -</u>	<u>\$ 10.00</u>	<u>\$ 3,829.58</u>

	<u>Collector</u>	<u>Collector Protested</u>	<u>Prosecuting Attorney</u>	<u>Recorder</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,730,136.37	\$ 44,644.45	\$ 1,344.89	\$ -
Total Assets	1,730,136.37	44,644.45	1,344.89	-
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	1,730,136.37	44,644.45	1,344.89	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,730,136.37</u>	<u>\$ 44,644.45</u>	<u>\$ 1,344.89</u>	<u>\$ -</u>

	<u>User Fee</u>	<u>Total Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,559.74	\$ 1,868,134.41
Total Assets	2,559.74	1,868,134.41
LIABILITIES AND FUND BALANCES		
TOTAL LIABILITIES	-	-
UNRESERVED FUND BALANCES	2,559.74	1,868,134.41
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,559.74</u>	<u>\$ 1,868,134.41</u>

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

THE COUNTY OF SHANNON
 EMINENCE, MISSOURI
 STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
 AGENCY FUNDS - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2008

	<u>Fines</u>	<u>Utility</u>	<u>Juvenile</u>	<u>Bonds</u>
ASSETS				
Cash and Cash Equivalents	\$ 97,436.99	\$ -	\$ 10.00	\$ -
Total Assets	97,436.99	-	10.00	-
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	171.92	-	-
UNRESERVED FUND BALANCES	97,436.99	(171.92)	10.00	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 97,436.99</u>	<u>\$ (171.92)</u>	<u>\$ 10.00</u>	<u>\$ -</u>

	<u>Collector</u>	<u>Collector Protested</u>	<u>Prosecuting Attorney</u>	<u>Recorder</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,264,567.13	\$ -	\$ 1,475.89	\$ -
Total Assets	1,264,567.13	-	1,475.89	-
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	0.50
UNRESERVED FUND BALANCES	1,264,567.13	-	1,475.89	(0.50)
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,264,567.13</u>	<u>\$ -</u>	<u>\$ 1,475.89</u>	<u>\$ (0.50)</u>

	<u>User Fee</u>	<u>Total Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,618.74	\$ 1,365,108.75
Total Assets	1,618.74	1,365,108.75
LIABILITIES AND FUND BALANCES		
TOTAL LIABILITIES	-	172.42
UNRESERVED FUND BALANCES	1,618.74	1,364,936.33
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,618.74</u>	<u>\$ 1,364,936.33</u>

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

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Shannon, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1841 by an Act of the Missouri Territory. In addition to the three board members, there are nine elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk and ex officio Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

As discussed further in Note I, 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).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of the County.

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

The financial statements referred to above include only the primary government of Shannon County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by the Missouri State Auditor's Office, which include a Statement of Receipts, Disbursements and Changes in Cash and Investment Balances— All Governmental Funds, a Comparative Statement of Receipts and Disbursements and Changes in Cash and Investment Balances— Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following fund types are used by the County:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similar to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other agency operations.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America.

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 the primary government 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.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

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

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.
2. On or before January 15th, each elected officer 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.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning the following January 1. The proposed budget included 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. During our audit we noted that the County was noncompliant with Missouri budgetary state statute Chapter 50 RSMo.
4. 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.
5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
6. 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 information in the financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

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

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property 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 the County's boundaries for the calendar year 2009 and 2008, for purposes of taxation was:

	2009	2008
Real Estate	\$ 41,363,290	\$ 39,568,640
Personal Property	21,977,331	22,574,477
Railroad and Utilities	2,765,459	2,980,205
	<u>\$ 66,106,080</u>	<u>\$ 65,123,322</u>

During 2009 and 2008, the County Commission approved a \$1.4750 and \$1.4840 tax levy respectively per \$100 of assessed valuation of tangible taxable property for the calendar year 2009 and 2008, for purpose of County taxation, as follows:

	2009	2008
General Revenue Fund	\$ 0.1920	\$ 0.1920
Road and Bridge	0.2424	0.2424
Health Center	0.0967	0.1000
Sheltered Workshop	0.0943	0.0975
Senior Citizens	0.0484	0.0500
Timber Fire District	0.3000	0.3000
Ambulance Dist. 1	0.1304	0.1343
Ambulance Dist. 2	0.1755	0.1730
Salem Hospital	0.1950	0.1950
	<u>\$ 1.4750</u>	<u>\$ 1.4840</u>

F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer Funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash Deposits and Investments (concluded)

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

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are eliminated due to reporting the financial statements on the regulatory basis of accounting.

Legally required transfers are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

H. Reserved Fund Balance

Reserved fund balance represents the portion of fund balance that is not available for appropriation or is legally restricted for a specific purpose. Fund balance is unrestricted at December 31, 2009 and 2008.

II. DEPOSITS AND INVESTMENTS

The 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 as "Cash and Investments" under each fund's caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2009 and 2008, the carrying amount of the County's deposits was \$997,310.34 and \$1,026,269.32, and the bank balance was respectively \$2,950,122.22 and \$2,472,185.37. As of December 31, 2009, 100% of the County's investments were guaranteed by the U. S. Government.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

II. DEPOSITS AND INVESTMENTS (continued)

SUMMARY OF CARRYING VALUES

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2009, as follows:

Included in the following fund financial statement captions:

<u>Statement of Receipts, Disbursements and</u> <u>Changes in Cash and Investment Balances</u>	
Deposits	\$ 989,021.41
Investments	<u>8,288.93</u>
Total Deposits and Investments as of December 31, 2009	\$ <u>997,310.34</u>

The carrying values of deposits and investments at December 31, 2008, are as follows:

Included in the following fund financial statement captions:

<u>Statement of Receipts, Disbursements and</u> <u>Changes in Cash and Investment Balances</u>	
Deposits	\$ 1,018,168.18
Investments	<u>8,101.14</u>
Total Deposits and Investments as of December 31, 2008	\$ <u>1,026,269.32</u>

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the years ended December 31, 2009 and 2008.

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

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. The 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.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

II. DEPOSITS AND INVESTMENTS (concluded)

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the 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 County's deposits were not exposed to concentration of investment credit risk for the years ended December 31, 2009 and 2008.

III. LEASES – CAPITAL

On July 22, 2005, the County obtained a five-year lease as lessee to finance the purchase of a motor grader. The lease provides for interest at a 4.3% interest rate. The lease options are through July 22, 2010.

On February 6, 2007, the County obtained a five-year lease as lessee to finance the purchase of a motor grader. The lease provides for interest at a 5.5% interest rate. The lease options are through February 6, 2013.

On July 20, 2009, the County obtained a three-year lease as lessee to finance the purchase of a wheel loader. The lease provides for interest at a 7.25% interest rate. The lease options are through July 20, 2013.

On November 30, 2009, the County obtained a two-year lease as lessee to finance the purchase of a motor grader. The lease provides for interest at a 4.4% interest rate. The lease options are through November 30, 2011.

2009

	Balance at	Amount	Amount	Balance at	Interest Paid
	<u>December 31, 2008</u>	<u>Borrowed</u>	<u>Repaid</u>	<u>December 31, 2009</u>	<u>During Year</u>
Capital Leases	\$ 84,972.05	\$ 179,211.00	\$ 98,867.92	\$ 165,315.13	\$ 16,310.95
Totals	<u>\$ 84,972.05</u>	<u>\$ 179,211.00</u>	<u>\$ 98,867.92</u>	<u>\$ 165,315.13</u>	<u>\$ 16,310.95</u>

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

III. LEASES – CAPITAL (concluded)

2008

	Balance at December 31, 2007	Amount Borrowed	Amount Repaid	Balance at December 31, 2008	Interest Paid During Year
Capital Leases	\$ 144,088.09	\$ -	\$ 59,116.04	\$ 84,972.05	\$ 7,168.11
Totals	<u>\$ 144,088.09</u>	<u>\$ -</u>	<u>\$ 59,116.04</u>	<u>\$ 84,972.05</u>	<u>\$ 7,168.11</u>

2009 Amortizations

Fiscal Year Ending December 31,	Principal	Interest	Total
2010	\$ 59,634.09	\$ 9,559.23	\$ 69,193.32
2011	62,949.23	5,213.16	68,162.39
2012	42,514.24	2,693.37	45,207.61
2013	217.57	11.97	229.54
TOTALS	<u>\$ 165,315.13</u>	<u>\$ 17,477.73</u>	<u>\$ 182,792.86</u>

2008 Amortizations

Fiscal Year Ending December 31,	Principal	Interest	Total
2009	\$ 19,553.78	\$ 4,625.09	\$ 24,178.87
2010	20,580.87	3,595.00	24,178.87
2011	21,712.81	2,466.06	24,178.87
2012	22,907.02	1,271.85	24,178.87
2013	217.57	11.97	229.54
TOTALS	<u>\$ 84,972.05</u>	<u>\$ 11,972.97</u>	<u>\$ 96,945.02</u>

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

IV. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2009 and 2008 are as follows:

FUNDS	2009		2008	
	TRANSERS IN	TRANSFERS OUT	TRANSERS IN	TRANSFERS OUT
General	\$ 15,796.07	\$ 468.59	\$ 31,150.00	\$ 15,694.00
Road and Bridge	-	-	-	31,150.00
Assessment	-	-	15,694.00	-
LEPC	588.59	-	-	-
Sheriff Civil	-	-	-	19,057.66
LEF	-	2,085.20	-	-
CVA	-	-	15,000.00	-
Title III	-	6,213.56	-	-
LERF	-	5,447.18	-	-
Family Service	2,000.00	-	-	-
MoSmart	-	-	4,057.66	-
Special Election	-	4,638.72	-	-
County Clerk	468.59	-	-	-
	<u>\$ 18,853.25</u>	<u>\$ 18,853.25</u>	<u>\$ 65,901.66</u>	<u>\$ 65,901.66</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (concluded)

A. Plan Description (concluded)

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000 could opt out of the system. CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity.

Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55.

Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

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, P.O. Box 2271, Jefferson City, MO 65102-2271, or by calling 1-573-632-9203.

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, in addition to the prior contributions requirements, participating county employees hired on or after February 25, 2002 are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an 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. During 2009 and 2008, the County collected and remitted to CERF, employee contributions of approximately \$53,864.50 and \$53,811.01, respectively, for the years then ended.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

A. Plan Description

Shannon County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMO. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Status

Shannon County's full time employees contribute 4% of their gross pay to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rates for 2009 are 0.3% (general) and 0.3% police, and for 2008 they are 0.3% (general) and 0.3% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost

For 2009 and 2008 respectively, the political subdivision's annual pension cost of \$35,051, and 32,824 which were equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. For 2008, the political subdivision's annual pension cost of \$48,248 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2006 and/or February 28, 2007 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2009 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table for males projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2009 and February 29, 2008 was 15 years.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

C. Annual Pension Cost (continued)

Note: The below assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

Three Year Trend Information- 2009

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6/30/2007	\$ 31,308	100%	\$ 0
6/30/2008	\$ 32,824	100%	\$ 0
6/30/2009	\$ 35,051	100%	\$ 0

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2007	\$ 1,064,942	\$ 500,118	\$(564,824)	213%	\$ 690,012	0%
2/29/2008	\$ 1,213,154	\$ 516,689	\$(696,465)	235%	\$ 796,032	0%
2/28/2009	\$ 1,039,512	\$ 601,142	\$(438,370)	173%	\$ 799,323	0%

Note: The below assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (concluded)

C. Annual Pension Cost (concluded)

Three Year Trend Information - 2008

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2006	\$ 33,658	100%	\$ 0
6/30/2007	\$ 31,308	100%	\$ 0
6/30/2008	\$ 32,824	100%	\$ 0

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>[(b-a)/c] UAL as a Percentage of Covered Payroll</u>
2/28/2006	\$ 977,692	\$ 479,735	\$ (497,957)	204%	\$ 722,451	0%
2/28/2007	\$ 1,064,942	\$ 500,118	\$ (564,824)	213%	\$ 690,012	0%
2/29/2008	\$ 1,213,154	\$ 516,689	\$ (696,465)	235%	\$ 796,032	0%

VII. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$4,301.00 and \$4,488.00, respectively, for the years ended December 31, 2009 and 2008.

VIII. POST EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

IX. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is currently involved in pending litigation at December 31, 2009.

B. Compensated Absences

The County provides employees with up to three weeks of paid vacation per year based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused vacation leave. Vacation days not used by the end of the year they are earned are forfeited. Although employees accrue unused hours the County was unable to determine their outstanding liability.

C. Federal and State Assisted Programs

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

X. RISK MANAGEMENT

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

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.700 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

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

**SUPPLEMENTARY SCHEDULES
AND
AUDITOR'S REPORT**

STATE COMPLIANCE SECTION

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
SCHEDULE OF STATE FINDINGS
DECEMBER 31, 2009 AND 2008

SCHEDULE OF STATE FINDINGS

For the year ended December 31, 2009, actual expenditures exceeded the budgeted expenditures in the Crime Victim Advocate, FIT, MOPS, and Deputy Support fund.

For the year ended December 31, 2008, actual expenditures exceeded the budgeted expenditures in General, Road and Bridge, Assessment, Sheriff Civil, SFAV, LEF, FIT, MOPS, and SB 40.

FEDERAL COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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

To the County Commission
The County of Shannon, Missouri

We have audited the financial statements of the County of Shannon ("County"), Missouri as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated December 20, 2010. The financial statements were prepared using accounting practices prescribed or permitted by the Missouri State Auditor's Office, which differ from accounting principles generally accepted in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting; FS 08/09-01, FS 08/09-02, FS 08/09-03, FS 08/09-04, FS 08/09-05, FS 08/09-06, FS 08/09-07, SA 08/09-01 and SA 08/09-02. 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.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated December 20, 2010.

The County's response to the findings identified in our audit is described in the accompany schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Commission, County Officeholders, Missouri State Auditor, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 20, 2010



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

To The County Commission
The County of Shannon
Eminence, Missouri

Compliance

We have audited the compliance of the County of Shannon, (the County) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2009 and December 31, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2009 and December 31, 2008.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies as described in the accompanying schedule of findings and questioned costs as items SA08/09-01 and SA08/09-02. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the County Commission, County Officeholders, Missouri State Auditor, others within the entity, other auditing agencies, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 20, 2010

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEARS ENDED DECEMBER 31, 2009 AND 2008

FEDERAL CFDA NUMBER	FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFYING NUMBER	DECEMBER 31,	
			2009	2008
			FEDERAL SHARE OF EXPENDITURES	FEDERAL SHARE OF EXPENDITURES
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
	Passed through state:			
14.228	Community Development Block Grant	N/A	-	2,500.00
	U.S. DEPARTMENT OF THE INTERIOR			
	Direct Programs:			
15.226	Payments in Lieu of Taxes (PILT)	N/A	153,405.00	158,901.00
	U.S. DEPARTMENT OF JUSTICE			
	Passed Through State:			
16.575	Crime Victim Assistance	N/A	34,795.53	30,580.01
16.592	Local Law Enforcement Block Grant	N/A	1,738.39	2,803.00
16.XXX	Domestic Cannabis Eradication	MOSMART	-	31,350.78
	ELECTION ASSISTANCE COMMISSION			
	Passed through the Office of Secretary of State -			
90.401	Help America Vote Act Requirements Payments	HAVA	44,928.40	-
	U. S. DEPARTMENT OF HOMELAND SECURITY			
	Passed through state:			
97.036	Disaster Grants - Public Assistance Grants (Presidentially declared disasters)	SEMA	124,752.47	631,438.26
97.042	Emergency Management Performance Grants	N/A	1,178.68	-
	TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 360,798.47</u>	<u>\$ 857,573.05</u>

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
NOTES TO EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2009 AND 2008

NOTE 1 – BASIS OF PRESENTATION

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each major program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Shannon County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

The schedule is presented on the regulatory basis of accounting, which recognizes amounts only when disbursed in cash.

NOTE 2 – SUBRECIPIENTS

The County provided no federal awards to subrecipients during the years ended December 31, 2009 and 2008.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

II. FINANCIAL STATEMENT FINDINGS (continued)

FS 08/09-02 Criteria: Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2006, 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.

Context: During walkthroughs the County informed us that internal control documentation had not been prepared.

Effect: The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Due to the short time frame for the implementation of the new SAS requirements, the County did not prepare the required documentation.

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 follows procedures set forth by the Missouri State Statutes. At this time no formal document is required.

FS 08/09-03 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.

Context: During walkthroughs the County informed us that the necessary risk assessment documentation had not been prepared.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

II. FINANCIAL STATEMENT FINDINGS (continued)

Effect: Lack of an appropriate 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.

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

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 follows procedures as set forth by the Missouri State Statutes. Furthermore, the County carries applicable liability insurance as well as office holders being bonded to help protect the County against fraudulent acts.

FS 08/09-04 Criteria: Bank reconciliations should be prepared monthly on a timely basis by the Collector's and Prosecuting Attorney's office. Adequate cash journals should also be maintained to ensure reconciliations are being prepared correctly to reflect actual outstanding items.

Condition: During our audit, we discovered that bank reconciliations were not prepared to where they could be reconciled to a detail of the cash transactions of the Office.

Context: This deficiency became apparent through our testing of the Collector's and Prosecuting Attorney's cash accounts and the related reconciliations.

Effect: Not preparing timely bank reconciliations and cash journals does not allow timely detection of errors and correction to these office holder's cash accounts.

Cause: Management has not maintained cash transaction journals and bank reconciliations on a timely basis.

Recommendation: We recommend that the County Collector and Prosecuting Attorney prepare monthly bank reconciliations and adjustments to the cash accounts.

Management Response: The County will consider the auditor's recommendation.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

II. FINANCIAL STATEMENT FINDINGS (continued)

FS 08/09-05 Criteria: All supporting documentation must be made available for all financial transactions of the County.

Condition: The County could not provide all receipts to support the credit card statements.

Context: This deficiency became apparent through our examination of credit cards.

Effect: We were unable to assess the reasonableness of the disbursements that occurred through the credit card purchases of the County.

Cause: Credit card receipts were not provided to the Clerk's office by the other office holders for their purchases with the County credit card.

Recommendation: We recommend the County create and enforce a policy of complete support for credit card purchases.

Management Response: The County will implement a system of collecting and safeguarding documentation for future years.

FS 08/09-06 Criteria: Financial information should be collected and communicated in a manner where an individual with a reasonable understanding of accounting can determine that financial statements flow from one year to the next. This entails proper closing entries and the use of proper revenue and expenditure account coding.

Condition: The County Treasurer's office accounts for the activities of the special purpose funds individually but only through their own account, this account does not differentiate between what is an expense or revenue. Furthermore, these accounts are closed at the end of the year and a completely new file is opened.

Context: This deficiency became apparent through our examination of the general ledger detail for the special purpose fund analytical testing.

Effect: The fund balance of special purpose funds may allow for errors to occur between years. Also a lack of the use of expenditure and revenue codes makes budget compliance difficult for the controlling office.

Cause: The Treasurer's office was unaware of the necessity of proper accounting data collection and entry.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

II. FINANCIAL STATEMENT FINDINGS (concluded)

Recommendation: We recommend the Treasurer's office obtain training for their software in order to prepare financial information useful for budget compliance and future budget preparation.

Management Response: The County will take steps to ensure financial information is prepared and reported in a manner sufficient for budget examination.

FS 08/09-07 Criteria: Documentation should be readily available for examination upon request of audit staff.

Condition: The Shannon County Sheltered Workshop (SB40) could not provide the minutes of the board meetings before October 2009 and the budget for 2008.

Context: This deficiency became apparent through correspondence with the SB40.

Effect: We were unable to determine whether significant disclosure may have been included within the minutes of the SB40's minutes and were unable to determine their compliance as to them operating within the constraints of their budget.

Cause: This information was not safeguarded by the SB40's management in order to make documents available for examination.

Recommendation: We recommend the SB40 take steps to safeguard their documents; such as, redundancy in copies, fire safes, and/or offsite data back up.

Management Response: The SB40 will implement a system of safeguarding documentation for future years.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The following findings, recommendations, and questioned costs are the results of the single audit of Shannon County, Missouri for fiscal years ended December 31, 2009 and 2008. Each finding is referenced with a two-digit number representing the fiscal years audited, an "SA" to indicate that it is a single audit finding, and a sequential number. The findings are presented by federal program and are classified according to federal and state department, type of compliance requirement, category of internal control weakness, and category of noncompliance.

A. Category of Internal Control Weakness

If the finding represents a weakness in internal control, one of the following designations will appear:

1. Significant Deficiency: A significant deficiency in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.
2. Material Weakness: A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

B. Category of Noncompliance Findings

If the finding represents an instance of noncompliance, one of the following designations will appear:

1. Material Noncompliance: A material noncompliance finding is a finding related to a major federal program which discusses conditions representing noncompliance with federal laws, regulations, contracts, or grants, the effects of which have a material effect in relation to a type of compliance requirement or audit objective identified in OMB Circular A-133 *Compliance Supplement*.
2. Questioned Cost Finding: A questioned cost finding is a finding which discusses known or likely questioned costs that are greater than \$10,000 for a type of compliance requirement, unless the conditions giving rise to the questioned costs are otherwise reported as a material noncompliance finding.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

C. Federal Award Findings and Questioned Costs

SA 08/09-01	Federal Grantor:	U.S. Department of Homeland Security
Other	Pass-Through Grantor:	Missouri Department of Public Safety
Information:	Federal CFDA Number:	97.036
Significant	Program Title:	Public Assistance Grants
Deficiency	Federal Grantor:	U.S. Department of the Interior
	Federal CFDA Number:	15.226
	Program Title:	Payment in Lieu of Taxes

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, The Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

Context: During the audit of federal programs we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's Office.

Views of responsible officials and planned corrective actions: The County will ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correct.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (concluded)

SA 08/09-02	Federal Grantor:	U.S. Department of the Interior
Other	Federal CFDA Number:	15.226
Information:	Program Title:	Payment in Lieu of Taxes

Significant Deficiency Information on the federal program: Payment in Lieu of Taxes was not included in the County's schedule of expenditures and federal awards.

Criteria: OMB Circular A-133, §____.300 Auditee responsibilities (a): The auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

Condition: Although, through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the SEFA did not include the funding expensed from the above federal funding source during 2008 and 2009.

Questioned Costs: Not applicable

Context: During the audit of federal programs we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards.

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's Office.

Views of responsible officials and planned corrective actions: The county will ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correct.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

I. FOLLOW-UP PRIOR YEAR FINDINGS

There were no prior year findings related to the financial statements.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – PRIOR YEAR

05-1	Federal Grantor:	U.S. Department of Homeland Security
	Pass-Through Grantor:	Missouri Department of Public Safety
	Federal CFDA Number:	97.036
	Program Title:	Public Assistance Grants
	Pass-Through Entity	
	Identifying Number:	Not Applicable
	Award Years:	2005 and 2004
	Questioned Costs:	Not applicable
	Federal Grantor:	U.S. Department of Agriculture
	Pass-Through Grantor:	Missouri Office of Administration
	Federal CFDA Number:	10.665
	Program Title:	Schools and Roads – Grants to States
	Pass-Through Entity	
	Identifying Number:	Not Applicable
	Award Years:	2005 and 2004
	Questioned Costs:	Not applicable

The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained significant errors and omissions. Total federal expenditures were understated by \$588,000 and \$237,400 for the years ended December 31, 2005 and 2004, respectively.

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the county to prepare a SEFA for the period covered by the county's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

Expenditures relating to several federal grants were reported incorrectly or not included on the schedule. In particular, two significant errors and omissions caused the majority of the understated expenditures. The County Clerk failed to include federal expenditures of \$177,421 and \$209,922 in 2005 and 2004, respectively, for Schools and Roads – Grants to States (CFDA# 10.665) because she indicated she was not aware that this program represented federal assistance. In addition, the County Clerk reported revenues instead of expenditures for Public Assistance Grants (CFDA# 97.036) in 2005, resulting in an understatement of federal expenditures of approximately \$418,500. The SEFA also did not include the required CFDA number or pass-through grantor's number for several programs.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – PRIOR YEAR
(concluded)

Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission and County Clerk should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

WE RECOMMEND the County Commission and County Clerk work to ensure the SEFA is complete and accurate.

AUDITOR'S EVALUATION: The stated corrective action has not been implemented in the current year being audited. See single audit finding 08/09-01.



Daniel Jones & Associates

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

To the County Commissioners
County of Shannon

In planning and performing our audit of the financial statements of the County of Shannon (County) as of and for the years ended December 31, 2009 and 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies in the County's internal control to be significant deficiencies as noted in section I.

Our comments concerning internal control and other material and significant matters are presented as follows:

- I. Deficiencies Considered to be Significant
- II. Changes Impacting Governmental Organizations
- III. Information Required by Professional Standards

County of Shannon's management has provided written responses to the comments in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the County Commission, County Officeholders, Missouri State Auditor and others within the County, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

Daniel Jones & Associates, P.C.
Certified Public Accountants
December 20, 2010

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 08/09-01

Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2006, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

Condition: During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to financial statements.

Context: During the audit planning phase of the audit the client informed us that we would be preparing the audited financials.

Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 112 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

Cause: Due to the short time frame for the implementation of the new SAS requirements, management did not prepare the financial statements or the notes to financial statements.

Recommendation: Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

Management's Response: Shannon County prepared financial statements as prescribed by the Missouri State Auditor's Office. A detail of all transactions are printed in local newspapers annually.

FS 08/09-02

Criteria: Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2006, 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.

Context: During walkthroughs the County informed us that internal control documentation had not been prepared.

Effect: The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Due to the short time frame for the implementation of the new SAS requirements, the County did not prepare the required documentation.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

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 follows procedures set forth by the Missouri State Statutes. At this time no formal document is required.

FS 08/09-03

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.

Context: During walkthroughs the County informed us that the necessary risk assessment documentation had not been prepared.

Effect: Lack of an appropriate 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.

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

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 follows procedures as set forth by the Missouri State Statutes. Furthermore, the County carries applicable liability insurance as well as office holders being bonded to help protect the County against fraudulent acts.

FS 08/09-04

Criteria: Bank reconciliations should be prepared monthly on a timely basis by the Collector's and Prosecuting Attorney's office. Adequate cash journals should also be maintained to ensure reconciliations are being prepared correctly to reflect actual outstanding items.

Condition: During our audit, we discovered that bank reconciliations were not prepared to where they could be reconciled to a detail of the cash transactions of the Office.

Context: This deficiency became apparent through our testing of the Collector's and Prosecuting Attorney's cash accounts and the related reconciliations.

Effect: Not preparing timely bank reconciliations and cash journals does not allow timely detection of errors and correction to these office holder's cash accounts.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

Cause: Management has not maintained cash transaction journals and bank reconciliations on a timely basis.

Recommendation: We recommend that the County Collector and Prosecuting Attorney prepare monthly bank reconciliations and adjustments to the cash accounts.

Management Response: The County will consider the auditor's recommendation.

FS 08/09-05

Criteria: All supporting documentation must be made available for all financial transactions of the County.

Condition: The County could not provide all receipts to support the credit card statements.

Context: This deficiency became apparent through our examination of credit cards.

Effect: We were unable to assess the reasonableness of the disbursements that occurred through the credit card purchases of the County.

Cause: Credit card receipts were not provided to the Clerk's office by the other office holders for their purchases with the County credit card.

Recommendation: We recommend the County create and enforce a policy of complete support for credit card purchases.

Management Response: The County will implement a system of collecting and safeguarding documentation for future years.

FS 08/09-06

Criteria: Financial information should be collected and communicated in a manner where an individual with a reasonable understanding of accounting can determine that financial statements flow from one year to the next. This entails proper closing entries and the use of proper revenue and expenditure account coding.

Condition: The County Treasurer's office accounts for the activities of the special purpose funds individually but only through their own account, this account does not differentiate between what is an expense or revenue. Furthermore, these accounts are closed at the end of the year and a completely new file is opened.

Context: This deficiency became apparent through our examination of the general ledger detail for the special purpose fund analytical testing.

Effect: The fund balance of special purpose funds may allow for errors to occur between years. Also a lack of the use of expenditure and revenue codes makes budget compliance difficult for the controlling office.

Cause: The Treasurer's office was unaware of the necessity of proper accounting data collection and entry.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

Recommendation: We recommend the Treasurer's office obtain training for their software in order to prepare financial information useful for budget compliance and future budget preparation.

Management Response: The County will take steps to ensure financial information is prepared and reported in a manner sufficient for budget examination.

FS 08/09-07

Criteria: Documentation should be readily available for examination upon request of audit staff.

Condition: The Shannon County Sheltered Workshop (SB40) could not provide the minutes of the board meetings before October 2009 and the budget for 2008.

Context: This deficiency became apparent through correspondence with the SB40.

Effect: We were unable to determine whether significant disclosure may have been included within the minutes of the SB40's minutes and were unable to determine their compliance as to them operating within the constraints of their budget.

Cause: This information was not safeguarded by the SB40's management in order to make documents available for examination.

Recommendation: We recommend the SB40 take steps to safeguard their documents; such as, redundancy in copies, fire safes, and/or offsite data back up.

Management Response: The SB40 will implement a system of safeguarding documentation for future years.

SA 08/09-01

Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	Missouri Department of Public Safety
Federal CFDA Number:	97.036
Program Title:	Public Assistance Grants

Federal Grantor:	U.S. Department of the Interior
Federal CFDA Number:	15.226
Program Title:	Payment in Lieu of Taxes

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, The Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

Context: During the audit of federal programs we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's Office.

Views of responsible officials and planned corrective actions: The County will ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correct.

SA 08/09-02

Federal Grantor:	U.S. Department of the Interior
Federal CFDA Number:	15.226
Program Title:	Payment in Lieu of Taxes

Information on the federal program: CFDA #15.226, Payment in Lieu of Taxes was not included in the County's schedule of expenditures and federal awards.

Criteria: OMB Circular A-133, §___ .300 Auditee responsibilities (a): The auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

Condition: Although, through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the SEFA did not include the funding expensed from the above federal funding source during 2008 and 2009.

Questioned Costs: Not applicable

Context: During the audit of federal programs we discovered a number of errors related to the Schedule of Expenditures of Federal Awards.

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (concluded)

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's Office.

Views of responsible officials and planned corrective actions: The County will ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correct.

II. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS

Governments frequently establish governmental audit requirements for entities to undergo an audit of their compliance with applicable compliance requirements. To address such governmental audit requirements, the Auditing Standards Board has issued Statement on Auditing Standards (SAS) No. 117, *Compliance Audits*, which supersedes SAS No. 74, *Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance*. SAS No. 117 was primarily developed in response to the results of a federal study on the quality of audits performed under Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* (also referred to as single audits), which showed that improvements were needed in many areas.

SAS No. 117 establishes standards and provides guidance on performing and reporting (in accordance with GAAS, *Government Auditing Standards*, and a governmental audit requirement that requires an auditor to express an opinion on compliance) on an audit of an entity's compliance with applicable compliance requirements of a governmental audit requirement. Examples of such engagements include single audits and audits performed under the U.S. Department of Housing and Urban Development (HUD) *Consolidated Audit Guide for Audits of HUD Programs*.

SAS No. 117 updates SAS No. 74 to reflect changes in the compliance audit environment and incorporates the risk assessment standards. It requires the auditor to adapt and apply the AU sections of AICPA *Professional Standards* to a compliance audit and provides guidance on how to do so. It identifies the AU sections that are not applicable to a compliance audit, defines terms related to compliance audits and used in the SAS, and identifies the elements to be included in an auditor's report on a compliance audit. The SAS is effective for compliance audits for fiscal periods ending on or after June 15, 2010 with earlier application permitted.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 29, 2010, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the regulatory basis of accounting. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered County of Shannon's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (continued)

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Also in accordance with OMB Circular A-133, we examine on a test basis, evidence about the County's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the County's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 29, 2010.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Shannon are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009 and 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 20, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the governmental unit's auditors. During the course of our audit we became aware that certain purchases of sunglasses within the sheriff's office were questionable. In addition, the County was missing credit card receipts and incurring fees for late payments and exceeding the credit limit.