



**NICOLE GALLOWAY, CPA**  
**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, 2017, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Stopp & VanHoy, Certified Public Accountants, and Business Advisors, LLC, is attached.

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

Nicole R. Galloway, CPA  
State Auditor

September 2018  
Report No. 2018-082

**The County of Shannon  
Eminence, Missouri  
Financial Statements, Independent Auditor's Reports and Supplementary Information  
December 31, 2017 & 2016**



**The County of Shannon  
Eminence, Missouri  
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## INDEPENDENT AUDITOR'S REPORT

To the County Commission and  
Officeholders of Shannon County, Missouri

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

We have audited the accompanying financial statements of Shannon County, Missouri, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise Shannon County, Missouri's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by Shannon County, Missouri on the basis of accounting practices prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Shannon County, Missouri as of December 31, 2017 and 2016, or changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of each fund of Shannon County, Missouri as of December 31, 2017 and 2016, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the basis of accounting practices prescribed or permitted by Missouri law as described in Note 1.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Shannon County, Missouri's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018 on our consideration of Shannon County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over

financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Shannon County, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shannon County, Missouri's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Stopp & VanHoy". The signature is written in a cursive style with a small arrow pointing to the right at the end of the last word.

Creve Coeur, Missouri  
June 29, 2018

**The County of Shannon**  
**Eminence, Missouri**  
**Statement of Receipts, Disbursements, and Changes in Cash**  
**All Governmental Funds: Regulatory Basis**  
**For the year ended December 31, 2017**

<u>Fund</u>	Cash and Equivalents January 1, 2017	Receipts 2017	Disbursements 2017	Cash and Equivalents December 31, 2017
General Revenue	\$ 46,421	\$ 1,232,492	\$ 1,157,351	\$ 121,562
Special Road and Bridge	926,443	1,150,577	1,315,259	761,761
Assessment	-	125,291	117,043	8,248
Sheriff Revolving	23,534	429	640	23,323
Sheriff Civil Fee	24,697	26,997	39,143	12,551
Prosecuting Attorney Administrative Handling Cost	-	431	-	431
Prosecuting Attorney Training	3,979	433	-	4,412
Law Enforcement Training	1,287	1,665	2,550	402
Law Enforcement Training P.O.S.T.	2,258	892	2,257	893
Crime Victim Advocate	8,500	27,285	35,756	29
County Clerk	6,426	2,041	3,132	5,335
Tax Maintenance	29,059	11,835	1,073	39,821
Title III	98,824	214	32,965	66,073
Law Enforcement Restitution	2,525	307	-	2,832
Shelter for Abused Victims	952	664	-	1,616
Recorder	8,891	1,692	-	10,583
Recorder User Fee	21,928	2,852	-	24,780
Recorder Equipment	6,210	6,222	-	12,432
Local Emergency Planning Commission	560	2,088	83	2,565
Help America Vote Act	95	-	-	95
Prosecuting Attorney State Tax Commission	13,954	621	10,625	3,950
Family Service	2,062	1,477	-	3,539
Community Development Block Grant	-	8,488	8,488	-
National Forest	-	147,129	147,129	-
Senior Citizens Service Board	8,183	37,874	35,137	10,920
Senate Bill 40 Board	144,977	100,016	60,812	184,181
Total	<u>\$ 1,381,765</u>	<u>\$ 2,890,012</u>	<u>\$ 2,969,443</u>	<u>\$ 1,302,334</u>

See Notes to the Financial Statements

**The County of Shannon**  
**Eminence, Missouri**  
**Statement of Receipts, Disbursements, and Changes in Cash**  
**All Governmental Funds: Regulatory Basis**  
**For the year ended December 31, 2016**

<u>Fund</u>	Cash and Equivalents January 1, 2016	Receipts 2016	Disbursements 2016	Cash and Equivalents December 31, 2016
General Revenue	\$ 174,438	\$ 1,134,679	\$ 1,262,696	\$ 46,421
Special Road and Bridge	188,030	1,950,207	1,211,794	926,443
Assessment	-	103,636	103,636	-
Sheriff Revolving	16,981	15,372	8,819	23,534
Sheriff Civil Fee	33,680	45,704	54,687	24,697
Prosecuting Attorney Administrative Handling Cost	-	-	-	-
Prosecuting Attorney Training	3,385	594	-	3,979
Law Enforcement Training	737	2,270	1,720	1,287
Law Enforcement Training P.O.S.T.	1,491	767	-	2,258
Crime Victim Advocate	7,588	35,373	34,461	8,500
County Clerk	4,916	2,593	1,083	6,426
Tax Maintenance	28,399	9,698	9,038	29,059
Title III	66,749	40,127	8,052	98,824
Law Enforcement Restitution	3,821	3,456	4,752	2,525
Shelter for Abused Victims	451	501	-	952
Recorder	7,047	1,844	-	8,891
Recorder User Fee	18,908	3,020	-	21,928
Recorder Equipment	801	5,409	-	6,210
Local Emergency Planning Commission	559	1	-	560
Help America Vote Act	95	-	-	95
Prosecuting Attorney State Tax Commission	17,043	2,078	5,167	13,954
Family Service	2,137	1,753	1,828	2,062
Community Development Block Grant	-	47,154	47,154	-
National Forest	-	388,450	388,450	-
Senior Citizens Service Board	5,851	36,832	34,500	8,183
Senate Bill 40 Board	128,211	74,066	57,300	144,977
Total	<u>\$ 711,318</u>	<u>\$ 3,905,584</u>	<u>\$ 3,235,137</u>	<u>\$ 1,381,765</u>

See Notes to the Financial Statements



**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	General Revenue Fund			
	2017		2016	
	Budget	Actual	Budget	Actual
<b>Receipts</b>				
Property Taxes	\$ 114,900	\$ 132,131	\$ 124,500	\$ 115,667
Sales Taxes	561,000	563,090	540,000	561,019
Intergovernmental	282,763	344,088	276,532	287,041
Charges for Services	160,200	165,059	134,500	161,730
Interest	480	317	600	481
Other Receipts	-	12,113	-	3,141
Transfers In	37,300	15,694	-	5,600
Total Receipts	<u>\$ 1,156,643</u>	<u>\$ 1,232,492</u>	<u>\$ 1,076,132</u>	<u>\$ 1,134,679</u>
<b>Disbursements</b>				
County Commission	\$ 97,481	\$ 93,204	\$ 96,161	\$ 90,137
County Clerk	95,225	94,719	95,025	93,181
Elections	-	20,529	32,816	66,800
Building and Grounds	80,000	70,041	100,000	95,089
Employee Fringe Benefits	35,887	31,323	35,887	35,362
County Treasurer	46,430	43,224	46,430	43,858
Collector	92,050	94,048	92,050	89,713
Recorder of Deeds	32,170	25,446	32,170	27,125
Circuit Clerk	43,790	28,091	43,790	36,150
Court Administration	2,022	1,047	2,522	919
Public Administrator	23,010	21,834	21,010	18,759
Sheriff	279,000	332,173	277,050	271,980
Jail	85,719	48,342	85,719	79,321
Prosecuting Attorney	82,627	79,728	82,627	81,882
Juvenile Officer	52,473	47,341	52,473	49,527
Coroner	25,275	21,127	24,800	22,705
Public Defender	3,340	2,420	3,040	2,992
Court Reporter	973	725	973	657
Other Disbursements	102,966	82,295	95,333	121,953
Transfers Out	19,694	19,694	28,335	34,586
Emergency Fund	-	-	-	-
Total Disbursements	<u>\$ 1,200,132</u>	<u>\$ 1,157,351</u>	<u>\$ 1,248,211</u>	<u>\$ 1,262,696</u>
Receipts Over (Under)				
Disbursements	\$ (43,489)	\$ 75,141	\$ (172,079)	\$ (128,017)
Cash and Cash Equivalents				
January 1	<u>46,421</u>	<u>46,421</u>	<u>174,438</u>	<u>174,438</u>
Cash and Cash Equivalents				
December 31	<u>\$ 2,932</u>	<u>\$ 121,562</u>	<u>\$ 2,359</u>	<u>\$ 46,421</u>

See Notes to the Financial Statements

**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	Special Road and Bridge Fund			
	2017		2016	
	Budget	Actual	Budget	Actual
<b>Receipts</b>				
Property Taxes	\$ 175,431	\$ 187,859	\$ 170,000	\$ 183,131
Sales Taxes	-	-	-	-
Intergovernmental	798,611	886,744	1,032,500	1,664,787
Charges for Services	-	-	-	2,840
Interest	1,516	1,683	600	1,516
Other Receipts	-	37,509	-	10,795
Transfers In	87,138	36,782	85,000	87,138
<b>Total Receipts</b>	<b>\$ 1,062,696</b>	<b>\$ 1,150,577</b>	<b>\$ 1,288,100</b>	<b>\$ 1,950,207</b>
<b>Disbursements</b>				
Salaries	\$ 354,428	\$ 401,172	\$ 354,428	\$ 374,590
Employee Fringe Benefits	99,702	131,161	99,702	110,602
Supplies	218,151	251,558	218,151	216,777
Insurance	16,526	28,931	16,526	17,556
Road and Bridge Materials	51,000	16,895	51,000	74,161
Equipment Repairs	36,000	58,571	36,000	49,236
Equipment Purchases	93,784	72,041	93,784	115,179
Road and Bridge Construction	-	294,982	-	179,707
Other Disbursements	80,409	59,948	80,409	73,986
Transfers Out	-	-	-	-
<b>Total Disbursements</b>	<b>\$ 950,000</b>	<b>\$ 1,315,259</b>	<b>\$ 950,000</b>	<b>\$ 1,211,794</b>
Receipts Over (Under)				
Disbursements	\$ 112,696	\$ (164,682)	\$ 338,100	\$ 738,413
Cash and Cash Equivalents				
January 1	926,443	926,443	188,030	188,030
Cash and Cash Equivalents				
December 31	<b>\$ 1,039,139</b>	<b>\$ 761,761</b>	<b>\$ 526,130</b>	<b>\$ 926,443</b>

See Notes to the Financial Statements

**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	Assessment Fund			
	2017		2016	
	Budget	Actual	Budget	Actual
<b>Receipts</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	81,330	97,883	84,565	64,270
Charges for Services	-	2,108	4,500	3,527
Interest	-	46	-	23
Other Receipts	-	1,181	-	1,230
Transfers In	32,717	24,073	28,335	34,586
Total Receipts	<u>\$ 114,047</u>	<u>\$ 125,291</u>	<u>\$ 117,400</u>	<u>\$ 103,636</u>
<b>Disbursements</b>				
Salaries	\$ 66,247	\$ 62,853	\$ 85,550	\$ 61,962
Employee Fringe Benefits	19,000	21,898	8,850	18,793
Materials and Supplies	6,500	27,470	4,500	7,551
Services and Other	5,500	4,822	5,000	7,330
Capital Outlay	16,800	-	13,500	8,000
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 114,047</u>	<u>\$ 117,043</u>	<u>\$ 117,400</u>	<u>\$ 103,636</u>
Receipts Over (Under)				
Disbursements	\$ -	\$ 8,248	\$ -	\$ -
Cash and Cash Equivalents				
January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents				
December 31	<u>\$ -</u>	<u>\$ 8,248</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to the Financial Statements

**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	Sheriff Revolving Fund				Sheriff Civil Fee Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Receipts</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	7
Charges for Services	15,000	373	10,000	15,308	5,035	11,807	50,000	39,224
Interest	-	56	75	64	-	40	75	67
Other Receipts	-	-	-	-	-	15,150	-	6,406
Transfers In	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>\$ 15,000</b>	<b>\$ 429</b>	<b>\$ 10,075</b>	<b>\$ 15,372</b>	<b>\$ 5,035</b>	<b>\$ 26,997</b>	<b>\$ 50,075</b>	<b>\$ 45,704</b>
<b>Disbursements</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,902	\$ -	\$ 35,495
Employee Fringe Benefits	-	-	-	-	-	1,054	-	6,198
Materials and Supplies	20,000	-	10,000	779	-	2,375	-	-
Services and Other	18,000	640	-	40	29,000	5,972	60,000	2,576
Capital Outlay	-	-	-	-	-	25,840	-	10,418
Transfers Out	-	-	8,000	8,000	-	-	-	-
<b>Total Disbursements</b>	<b>\$ 38,000</b>	<b>\$ 640</b>	<b>\$ 18,000</b>	<b>\$ 8,819</b>	<b>\$ 29,000</b>	<b>\$ 39,143</b>	<b>\$ 60,000</b>	<b>\$ 54,687</b>
Receipts Over (Under)								
Disbursements	\$ (23,000)	\$ (211)	\$ (7,925)	\$ 6,553	\$ (23,965)	\$ (12,146)	\$ (9,925)	\$ (8,983)
Cash and Cash Equivalents								
January 1	<u>23,534</u>	<u>23,534</u>	<u>16,981</u>	<u>16,981</u>	<u>24,697</u>	<u>24,697</u>	<u>33,680</u>	<u>33,680</u>
Cash and Cash Equivalents								
December 31	<u>\$ 534</u>	<u>\$ 23,323</u>	<u>\$ 9,056</u>	<u>\$ 23,534</u>	<u>\$ 732</u>	<u>\$ 12,551</u>	<u>\$ 23,755</u>	<u>\$ 24,697</u>

See Notes to the Financial Statements

**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	Prosecuting Attorney Administrative Handling Cost Fund				Prosecuting Attorney Training Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	430	-	-	700	423	800	585
Interest	-	1	-	-	10	10	15	9
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ 431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 710</u>	<u>\$ 433</u>	<u>\$ 815</u>	<u>\$ 594</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	4,000	-	4,000	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ -</u>
Receipts Over (Under)								
Disbursements	\$ -	\$ 431	\$ -	\$ -	\$ (3,290)	\$ 433	\$ (3,185)	\$ 594
Cash and Cash Equivalents								
January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,979</u>	<u>3,979</u>	<u>3,385</u>	<u>3,385</u>
Cash and Cash Equivalents								
December 31	<u>\$ -</u>	<u>\$ 431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 689</u>	<u>\$ 4,412</u>	<u>\$ 200</u>	<u>\$ 3,979</u>

See Notes to the Financial Statements

**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	Law Enforcement Training Fund				Law Enforcement Training P.O.S.T. Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Receipts</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,000	890	1,000	763
Charges for Services	2,400	1,664	2,100	2,268	-	-	-	-
Interest	3	1	5	2	5	2	5	4
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>\$ 2,403</b>	<b>\$ 1,665</b>	<b>\$ 2,105</b>	<b>\$ 2,270</b>	<b>\$ 1,005</b>	<b>\$ 892</b>	<b>\$ 1,005</b>	<b>\$ 767</b>
<b>Disbursements</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	264	-	-	-	-
Materials and Supplies	-	-	-	-	2,000	2,257	2,000	-
Services and Other	3,600	2,550	2,800	1,456	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
<b>Total Disbursements</b>	<b>\$ 3,600</b>	<b>\$ 2,550</b>	<b>\$ 2,800</b>	<b>\$ 1,720</b>	<b>\$ 2,000</b>	<b>\$ 2,257</b>	<b>\$ 2,000</b>	<b>\$ -</b>
Receipts Over (Under)								
Disbursements	\$ (1,197)	\$ (885)	\$ (695)	\$ 550	\$ (995)	\$ (1,365)	\$ (995)	\$ 767
Cash and Cash Equivalents								
January 1	<u>1,287</u>	<u>1,287</u>	<u>737</u>	<u>737</u>	<u>2,258</u>	<u>2,258</u>	<u>1,491</u>	<u>1,491</u>
Cash and Cash Equivalents								
December 31	<u>\$ 90</u>	<u>\$ 402</u>	<u>\$ 42</u>	<u>\$ 1,287</u>	<u>\$ 1,263</u>	<u>\$ 893</u>	<u>\$ 496</u>	<u>\$ 2,258</u>

See Notes to the Financial Statements

**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	Crime Victim Advocate Fund				County Clerk Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Receipts</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	32,000	23,277	27,000	27,365	700	1,289	-	691
Charges for Services	-	-	-	-	600	730	2,300	1,891
Interest	10	8	-	8	12	22	15	11
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	8,000	4,000	7,925	8,000	-	-	-	-
<b>Total Receipts</b>	<b>\$ 40,010</b>	<b>\$ 27,285</b>	<b>\$ 34,925</b>	<b>\$ 35,373</b>	<b>\$ 1,312</b>	<b>\$ 2,041</b>	<b>\$ 2,315</b>	<b>\$ 2,593</b>
<b>Disbursements</b>								
Salaries	\$ 27,000	\$ 26,238	\$ 27,000	\$ 26,035	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	7,500	6,636	10,000	5,375	-	-	-	-
Materials and Supplies	2,000	1,304	1,400	1,470	5,000	2,714	5,000	-
Services and Other	3,500	1,578	3,500	1,581	2,000	418	-	1,083
Capital Outlay	-	-	600	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
<b>Total Disbursements</b>	<b>\$ 40,000</b>	<b>\$ 35,756</b>	<b>\$ 42,500</b>	<b>\$ 34,461</b>	<b>\$ 7,000</b>	<b>\$ 3,132</b>	<b>\$ 5,000</b>	<b>\$ 1,083</b>
Receipts Over (Under)								
Disbursements	\$ 10	\$ (8,471)	\$ (7,575)	\$ 912	\$ (5,688)	\$ (1,091)	\$ (2,685)	\$ 1,510
Cash and Cash Equivalents								
January 1	8,500	8,500	7,588	7,588	6,426	6,426	4,916	4,916
Cash and Cash Equivalents								
December 31	<u>\$ 8,510</u>	<u>\$ 29</u>	<u>\$ 13</u>	<u>\$ 8,500</u>	<u>\$ 738</u>	<u>\$ 5,335</u>	<u>\$ 2,231</u>	<u>\$ 6,426</u>

See Notes to the Financial Statements

**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	Tax Maintenance Fund				Title III Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Receipts</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	11,000	10,860	11,000	9,620	-	-	-	-
Interest	75	84	75	78	250	214	125	230
Other Receipts	-	891	-	-	-	-	-	-
Transfers In	-	-	-	-	45,000	-	40,000	39,897
<b>Total Receipts</b>	<b>\$ 11,075</b>	<b>\$ 11,835</b>	<b>\$ 11,075</b>	<b>\$ 9,698</b>	<b>\$ 45,250</b>	<b>\$ 214</b>	<b>\$ 40,125</b>	<b>\$ 40,127</b>
<b>Disbursements</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	20,000	1,073	20,000	2,549	60,000	-	-	-
Services and Other	-	-	-	889	-	-	-	-
Capital Outlay	-	-	-	-	84,074	8,892	75,000	8,052
Transfers Out	-	-	-	5,600	-	24,073	-	-
<b>Total Disbursements</b>	<b>\$ 20,000</b>	<b>\$ 1,073</b>	<b>\$ 20,000</b>	<b>\$ 9,038</b>	<b>\$ 144,074</b>	<b>\$ 32,965</b>	<b>\$ 75,000</b>	<b>\$ 8,052</b>
Receipts Over (Under)								
Disbursements	\$ (8,925)	\$ 10,762	\$ (8,925)	\$ 660	\$ (98,824)	\$ (32,751)	\$ (34,875)	\$ 32,075
Cash and Cash Equivalents								
January 1	29,059	29,059	28,399	28,399	98,824	98,824	66,749	66,749
Cash and Cash Equivalents								
December 31	<u>\$ 20,134</u>	<u>\$ 39,821</u>	<u>\$ 19,474</u>	<u>\$ 29,059</u>	<u>\$ -</u>	<u>\$ 66,073</u>	<u>\$ 31,874</u>	<u>\$ 98,824</u>

See Notes to the Financial Statements



**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	Law Enforcement Restitution Fund				Shelter for Abused Victims Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Receipts</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	7,000	300	10,000	3,450	750	660	1,000	500
Interest	40	7	75	6	3	4	5	1
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>\$ 7,040</b>	<b>\$ 307</b>	<b>\$ 10,075</b>	<b>\$ 3,456</b>	<b>\$ 753</b>	<b>\$ 664</b>	<b>\$ 1,005</b>	<b>\$ 501</b>
<b>Disbursements</b>								
Salaries	\$ 9,000	\$ -	\$ 13,000	\$ 4,752	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	1,500	-	1,456	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
<b>Total Disbursements</b>	<b>\$ 9,000</b>	<b>\$ -</b>	<b>\$ 13,000</b>	<b>\$ 4,752</b>	<b>\$ 1,500</b>	<b>\$ -</b>	<b>\$ 1,456</b>	<b>\$ -</b>
<b>Receipts Over (Under)</b>								
Disbursements	\$ (1,960)	\$ 307	\$ (2,925)	\$ (1,296)	\$ (747)	\$ 664	\$ (451)	\$ 501
<b>Cash and Cash Equivalents</b>								
January 1	2,525	2,525	3,821	3,821	952	952	451	451
<b>Cash and Cash Equivalents</b>								
December 31	<u>\$ 565</u>	<u>\$ 2,832</u>	<u>\$ 896</u>	<u>\$ 2,525</u>	<u>\$ 205</u>	<u>\$ 1,616</u>	<u>\$ -</u>	<u>\$ 952</u>

See Notes to the Financial Statements

**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	Recorder Fund				Recorder User Fee Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	2,000	1,669	1,500	1,825	3,500	2,852	2,500	3,020
Interest	25	23	22	19	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 2,025</u>	<u>\$ 1,692</u>	<u>\$ 1,522</u>	<u>\$ 1,844</u>	<u>\$ 3,500</u>	<u>\$ 2,852</u>	<u>\$ 2,500</u>	<u>\$ 3,020</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	21,000	-	21,000	-
Services and Other	-	-	-	-	-	-	-	-
Capital Outlay	8,500	-	8,568	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 8,500</u>	<u>\$ -</u>	<u>\$ 8,568</u>	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ -</u>
Receipts Over (Under)								
Disbursements	\$ (6,475)	\$ 1,692	\$ (7,046)	\$ 1,844	\$ (17,500)	\$ 2,852	\$ (18,500)	\$ 3,020
Cash and Cash Equivalents								
January 1	<u>8,891</u>	<u>8,891</u>	<u>7,047</u>	<u>7,047</u>	<u>21,928</u>	<u>21,928</u>	<u>18,908</u>	<u>18,908</u>
Cash and Cash Equivalents								
December 31	<u>\$ 2,416</u>	<u>\$ 10,583</u>	<u>\$ 1</u>	<u>\$ 8,891</u>	<u>\$ 4,428</u>	<u>\$ 24,780</u>	<u>\$ 408</u>	<u>\$ 21,928</u>

See Notes to the Financial Statements

**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	Recorder Equipment Fund				Local Emergency Planning Commission Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Receipts</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	7,500	2,083	-	-
Charges for Services	4,800	6,200	6,000	5,400	-	-	4,000	-
Interest	8	22	1	9	5	5	10	1
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>\$ 4,808</b>	<b>\$ 6,222</b>	<b>\$ 6,001</b>	<b>\$ 5,409</b>	<b>\$ 7,505</b>	<b>\$ 2,088</b>	<b>\$ 4,010</b>	<b>\$ 1</b>
<b>Disbursements</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	7,000	83	4,000	-
Services and Other	-	-	-	-	-	-	-	-
Capital Outlay	4,800	-	6,001	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
<b>Total Disbursements</b>	<b>\$ 4,800</b>	<b>\$ -</b>	<b>\$ 6,001</b>	<b>\$ -</b>	<b>\$ 7,000</b>	<b>\$ 83</b>	<b>\$ 4,000</b>	<b>\$ -</b>
<b>Receipts Over (Under)</b>								
Disbursements	\$ 8	\$ 6,222	\$ -	\$ 5,409	\$ 505	\$ 2,005	\$ 10	\$ 1
<b>Cash and Cash Equivalents</b>								
January 1	6,210	6,210	801	801	560	560	559	559
<b>Cash and Cash Equivalents</b>								
December 31	<b>\$ 6,218</b>	<b>\$ 12,432</b>	<b>\$ 801</b>	<b>\$ 6,210</b>	<b>\$ 1,065</b>	<b>\$ 2,565</b>	<b>\$ 569</b>	<b>\$ 560</b>

See Notes to the Financial Statements

**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	Help America Vote Act Fund				Prosecuting Attorney State Tax Commission Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Receipts</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	100	-	-	-	3,000	600	3,500	2,040
Interest	-	-	-	-	-	21	40	38
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>\$ 100</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,000</b>	<b>\$ 621</b>	<b>\$ 3,540</b>	<b>\$ 2,078</b>
<b>Disbursements</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 10,332	\$ 10,095	\$ 20,000	\$ 5,044
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	195	-	95	-	-	-	-	123
Services and Other	-	-	-	-	-	530	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	4,000	-	-	-
<b>Total Disbursements</b>	<b>\$ 195</b>	<b>\$ -</b>	<b>\$ 95</b>	<b>\$ -</b>	<b>\$ 14,332</b>	<b>\$ 10,625</b>	<b>\$ 20,000</b>	<b>\$ 5,167</b>
<b>Receipts Over (Under)</b>								
Disbursements	\$ (95)	\$ -	\$ (95)	\$ -	\$ (11,332)	\$ (10,004)	\$ (16,460)	\$ (3,089)
<b>Cash and Cash Equivalents</b>								
January 1	95	95	95	95	13,954	13,954	17,043	17,043
<b>Cash and Cash Equivalents</b>								
December 31	<u>\$ -</u>	<u>\$ 95</u>	<u>\$ -</u>	<u>\$ 95</u>	<u>\$ 2,622</u>	<u>\$ 3,950</u>	<u>\$ 583</u>	<u>\$ 13,954</u>

See Notes to the Financial Statements

**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	Family Service Fund				Community Development Block Grant Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	8,488	-	47,154
Charges for Services	1,720	1,470	1,800	1,750	-	-	-	-
Interest	-	7	3	3	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,720</u>	<u>\$ 1,477</u>	<u>\$ 1,803</u>	<u>\$ 1,753</u>	<u>\$ -</u>	<u>\$ 8,488</u>	<u>\$ -</u>	<u>\$ 47,154</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	3,500	-	3,940	1,828	-	-	-	-
Services and Other	-	-	-	-	-	8,488	-	47,154
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ 3,940</u>	<u>\$ 1,828</u>	<u>\$ -</u>	<u>\$ 8,488</u>	<u>\$ -</u>	<u>\$ 47,154</u>
Receipts Over (Under)								
Disbursements	\$ (1,780)	\$ 1,477	\$ (2,137)	\$ (75)	\$ -	\$ -	\$ -	\$ -
Cash and Cash Equivalents								
January 1	<u>2,062</u>	<u>2,062</u>	<u>2,137</u>	<u>2,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents								
December 31	<u>\$ 282</u>	<u>\$ 3,539</u>	<u>\$ -</u>	<u>\$ 2,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to the Financial Statements

**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	National Forest Fund				Senior Citizens Service Board Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ 37,874	\$ 41,000	\$ 36,832
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	147,129	-	388,450	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ 147,129</u>	<u>\$ -</u>	<u>\$ 388,450</u>	<u>\$ 35,000</u>	<u>\$ 37,874</u>	<u>\$ 41,000</u>	<u>\$ 36,832</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	80	217	-	-
Services and Other	-	110,347	-	261,415	34,920	34,920	41,000	34,500
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	36,782	-	127,035	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ 147,129</u>	<u>\$ -</u>	<u>\$ 388,450</u>	<u>\$ 35,000</u>	<u>\$ 35,137</u>	<u>\$ 41,000</u>	<u>\$ 34,500</u>
Receipts Over (Under)								
Disbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,737	\$ -	\$ 2,332
Cash and Cash Equivalents								
January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,183</u>	<u>8,183</u>	<u>5,851</u>	<u>5,851</u>
Cash and Cash Equivalents								
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,183</u>	<u>\$ 10,920</u>	<u>\$ 5,851</u>	<u>\$ 8,183</u>

See Notes to the Financial Statements

**The County of Shannon**  
**Eminence, Missouri**  
**Comparative Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the years ended December 31, 2017 & 2016**

	Senate Bill 40 Board Fund			
	2017		2016	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ 60,000	\$ 75,920	\$ 73,211	\$ 73,886
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	150	178	161	161
Other Receipts	-	23,918	-	19
Transfers In	-	-	-	-
Total Receipts	<u>\$ 60,150</u>	<u>\$ 100,016</u>	<u>\$ 73,372</u>	<u>\$ 74,066</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	65,000	60,812	57,500	57,300
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 65,000</u>	<u>\$ 60,812</u>	<u>\$ 57,500</u>	<u>\$ 57,300</u>
Receipts Over (Under)				
Disbursements	\$ (4,850)	\$ 39,204	\$ 15,872	\$ 16,766
Cash and Cash Equivalents				
January 1	<u>144,977</u>	<u>144,977</u>	<u>128,211</u>	<u>128,211</u>
Cash and Cash Equivalents				
December 31	<u>\$ 140,127</u>	<u>\$ 184,181</u>	<u>\$ 144,083</u>	<u>\$ 144,977</u>

See Notes to the Financial Statements

**The County of Shannon  
Eminence, Missouri  
Notes to the Financial Statements  
For the years ended December 31, 2017 & 2016**

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**Note 1 - 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 and named for George Shannon of the Lewis and Clark Expedition. In addition to the three Commissioners, there are nine elected Constitutional Officers: County Clerk, Collector, Treasurer, Sheriff, Assessor, Coroner, Circuit Clerk and *ex officio* Recorder, Public Administrator and Prosecuting Attorney.

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

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of the County, the Senior Citizens Service Board, and the Senate Bill 40 Board.

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

The financial statements referred to above include only the primary government of the County, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity. The Senior Citizens Service Board and the Senate Bill 40 Board are controlled by separate boards and are also included under the control of the County.

Certain elected County officials, such as the County Collector and Sheriff, collect and hold monies in a trustee capacity as an agent of an individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements and are unaudited.

Basis of Presentation

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

Basis of Accounting

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



**The County of Shannon**  
**Eminence, Missouri**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2017 & 2016**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Basis of Accounting (continued)

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

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

Budget and Budgetary Accounting

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

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.

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

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

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

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

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

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

During the audit, it was noted the County was not in compliance with Missouri budgetary statute RSMo. Chapter 50. The following funds had actual expenditures which exceeded the budgeted expenditures in 2017: Special Road and Bridge Fund, Assessment Fund, Sheriff Civil Fee Fund, Law Enforcement Training P.O.S.T. Fund, and the Senior Citizens Service Board Fund. The following funds had actual expenditures which exceeded the budgeted expenditures in 2016: General Revenue Fund and Special Road and Bridge Fund. The following funds did not have a budget prepared for 2017: Prosecuting Attorney Administrative Handling Cost Fund, Community Development Block Grant Fund, and National Forest Fund. The following funds did not have a budget prepared for 2016: Community Development Block Grant Fund and National Forest Fund.

**The County of Shannon  
Eminence, Missouri  
Notes to the Financial Statements  
For the years ended December 31, 2017 & 2016**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Taxes

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

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2017 and 2016, for the purposes of taxation was:

	<u>2017</u>	<u>2016</u>
Real Estate	\$ 50,066,510	\$ 48,668,640
Personal Property	26,573,921	26,008,361
Railroad and Utilities	1,448,048	1,618,239
	<u>\$ 78,088,479</u>	<u>\$ 76,295,240</u>

The tax levy per \$100 assessed valuation of tangible taxable property for the calendar year 2017 and 2016, respectively, for the purpose of County taxation, was as follows:

	<u>2017</u>	<u>2016</u>
General Revenue Fund	\$ 0.1798	\$ 0.1450
Special Road and Bridge Fund	0.2421	0.2421
Senior Citizens Service Board Fund	0.0499	0.0499
Senate Bill 40 Board Fund	0.0971	0.0971

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

Cash Deposits and Investments

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

**The County of Shannon  
Eminence, Missouri  
Notes to the Financial Statements  
For the years ended December 31, 2017 & 2016**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Interfund Transactions

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

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

**Note 2 - Deposits and Investments**

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 on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

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

The carrying values and bank balances of deposits and investments shown above are included in the financial statements at December 31, 2017, as follows:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits	\$ 1,290,131	\$ 1,579,281
Investments	<u>12,203</u>	<u>12,203</u>
Total Deposits and Investments as of December 31, 2017	<u>\$ 1,302,334</u>	<u>\$ 1,591,484</u>

The carrying values and bank balances of deposits and investments shown above are included in the financial statements at December 31, 2016, as follows:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits	\$ 1,369,605	\$ 1,720,259
Investments	<u>12,160</u>	<u>12,160</u>
Total Deposits and Investments as of December 31, 2016	<u>\$ 1,381,765</u>	<u>\$ 1,732,419</u>

Note: Bank balances are inclusive of all funds of Shannon County, and as such, include balances of unaudited funds which are not included in the scope of this report.

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At December 31, 2017 and 2016, 100% of the County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

**The County of Shannon  
Eminence, Missouri  
Notes to the Financial Statements  
For the years ended December 31, 2017 & 2016**

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**Note 2 - Deposits and Investments (continued)**

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to the County or its agent but not in the government's name. 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. Shannon County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by 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 following investments represent more than 5%, individually, of total investments:

Issuer	Investment Type	2017 Balance	% of Portfolio	2016 Balance	% of Portfolio
Security Bank of the Ozarks	Cert. of Deposit	\$ 12,203	100.00%	\$ 12,160	100.00%

**Note 3 - Capital Leases**

In 2012, the County entered into a capital lease financing agreement with Caterpillar Financial Services Corporation for a 2012 motor grader for \$112,039. The lease expires October 11, 2017, with a nominal annual rate of 3.200%. Combined interest and principal payments are paid annually in the amount of \$31,000.

In 2013, the County entered into a capital lease financing agreement with John Deere for a 6412 Utility Cab Tractor for \$30,270. The lease expires on April 29, 2016, with a nominal annual rate of 3.952%. Combined interest and principal payments are paid annually in the amount of \$10,898.

In 2015, the County entered into a capital lease financing agreement with Security Bank of the Ozarks for a computerized temperature control system for \$74,556. The lease expires on December 15, 2014, with a nominal annual rate of 5.000%. Combined interest and principal payments are paid monthly in the amount of \$791.

**The County of Shannon**  
**Eminence, Missouri**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2017 & 2016**

**Note 3 - Capital Leases (continued)**

In 2016, the County entered into a capital lease financing agreement with Caterpillar Financial Services Corporation for a motor grader for \$173,475. The lease expires on December 20, 2020, with a nominal annual rate of 3.200%. Combined principal and interest payments are paid annually in the amount of \$36,914.

In 2017, the County entered into a capital lease financing agreement with Caterpillar Financial Services Corporation for a motor grader for \$71,655. The lease expires on July 5, 2022, with a nominal annual rate of 3.700%. Combined principal and interest payments are paid annually in the amount of \$15,960.

In 2017, the County entered into a capital lease financing agreement with John Deere financial for a tractor for \$83,741. The lease expires on December 20, 2019, with a nominal annual rate of 3.640%. Combined principal and interest payments are made in accordance with irregular payment schedule.

	Balance at 1/1/2017	Amount Borrowed	Amount Repaid	Balance at 12/31/2017	Interest Paid During Year
2012 Motor Grader	\$ 15,577	\$ -	\$ 15,577	\$ -	\$ 1,805
Utility Cab Tractor	-	-	-	-	-
Temperature Control	62,484	-	6,514	55,970	2,975
Motor Grader	120,965	-	29,033	91,932	3,882
Motor Grader	-	71,655	-	71,655	-
Tractor	-	83,741	596	83,145	1,004
	<u>\$ 199,026</u>	<u>\$ 155,396</u>	<u>\$ 51,720</u>	<u>\$ 302,702</u>	<u>\$ 9,666</u>

	Balance at 1/1/2016	Amount Borrowed	Amount Repaid	Balance at 12/31/2016	Interest Paid During Year
2012 Motor Grader	\$ 15,577	\$ -	\$ -	\$ 15,577	\$ -
Utility Cab Tractor	10,438	-	10,438	-	487
Temperature Control	68,671	-	6,187	62,484	3,302
Motor Grader	-	173,475	52,510	120,965	404
Motor Grader	-	-	-	-	-
Tractor	-	-	-	-	-
	<u>\$ 94,686</u>	<u>\$ 173,475</u>	<u>\$ 69,135</u>	<u>\$ 199,026</u>	<u>\$ 4,193</u>

As of December 31, 2017, the schedule of future payments of capital leases of the County is as follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 106,439	\$ 10,295	\$ 116,734
2019	86,962	7,512	94,474
2020	44,587	4,348	48,935
2021	22,770	2,679	25,449
2022	23,890	1,559	25,449
2023-2024	18,054	955	19,009
Total	<u>\$ 302,702</u>	<u>\$ 27,348</u>	<u>\$ 330,050</u>

**The County of Shannon  
Eminence, Missouri  
Notes to the Financial Statements  
For the years ended December 31, 2017 & 2016**

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**Note 3 - Capital Leases (continued)**

As of December 31, 2016, the schedule of future payments of capital leases of the County is as follows:

Year Ending December 31,	Principal	Interest	Total
2017	\$ 51,123	\$ 8,662	\$ 59,785
2018	40,995	5,409	46,404
2019	42,235	4,169	46,404
2020	30,307	2,668	32,975
2021	7,953	1,536	9,489
2022-2024	26,413	2,085	28,498
Total	<u>\$ 199,026</u>	<u>\$ 24,529</u>	<u>\$ 223,555</u>

**Note 4 - Interfund Transfers**

Transfers between funds for the years ended December 31, 2017 and 2016 are as follows:

Fund	2017		2016	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	\$ 15,694	\$ 19,694	\$ 5,600	\$ 34,586
Special Road and Bridge Fund	36,782	-	87,138	-
Assessment Fund	24,073	-	34,586	-
Sheriff Revolving Fund	-	-	-	8,000
Crime Victim Advocate Fund	4,000	-	8,000	-
Tax Maintenance Fund	-	-	-	5,600
Title III Fund	-	24,073	39,897	-
National Forest Fund	-	36,782	-	127,035
Total	<u>\$ 80,549</u>	<u>\$ 80,549</u>	<u>\$ 175,221</u>	<u>\$ 175,221</u>

**Note 5 - Local Government Employees Retirement System (LAGERS)**

Plan Description

The 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, RSMo. Sections 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 401(a) and is tax exempt.

The Missouri Local Government Employees Retirement System issues a publically 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, Missouri, 65102, by calling (800) 447-4334, or by visiting the LAGERS website at [www.molagers.org](http://www.molagers.org).

**The County of Shannon  
Eminence, Missouri  
Notes to the Financial Statements  
For the years ended December 31, 2017 & 2016**

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**Note 5 - Local Government Employees Retirement System (LAGERS) (continued)**

Benefits Provided

Benefits are available to all full-time employees working in a LAGERS covered department. Benefits vest when an employee earns five years (60 months) of service credit in the system. Normal retirement age is 60 (General) or 55 (Police) and early retirement age is 55 (General) and 50 (Police). Benefits are paid out using a formula that is based on the employee's final average salary and the amount of credited service time.

Contributions

Full-time employees of the County contribute 4% to the pension plan. The January 1st statutorily required employer contribution rates were .2% (General) and .4% (Police) of annual covered payroll for the year ended December 31, 2017, and .2% (General) and .2% (Police) of annual covered payroll for the year ended December 31, 2016. 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. For the years ended December 31, 2017 and 2016, the County contributed \$2,138 and \$1,975 to LAGERS.

**Note 6 - State of Missouri County Employees Retirement Fund (CERF)**

Plan Description

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

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

Benefits Provided

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

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

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

**The County of Shannon  
Eminence, Missouri  
Notes to the Financial Statements  
For the years ended December 31, 2017 & 2016**

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**Note 6 - State of Missouri County Employees Retirement Fund (CERF) (continued)**

Contributions

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to CERF. All participants hired on or after February 24, 2002 are required to contribute an additional 4% of their gross compensation to CERF starting January 1, 2003. An active LAGERS participant who was employed with the County prior to February 24, 2002, is not required to make contributions. During 2017 and 2016, the County collected and remitted to CERF employee contributions of \$28,780 and \$27,639, respectively, for the years ended.

**Note 7 - Prosecuting Attorney Retirement Fund**

In accordance with state statute RSMo. Section 56.807, 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 \$3,366 and \$2,618, respectively, for the years ended December 31, 2017 and 2016.

**Note 8 - 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.

**Note 9 - Claims, Commitments, and Contingencies**

Litigation

The County is not involved in pending litigation as of the audit report date.

Compensated Absences

The County provides employees with up to three weeks of paid vacation 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 are forfeited.

The County provides employees with four hours of paid sick leave per month. Sick leave may not accumulate from year to year. Upon termination from county employment, an employee is not reimbursed for unused sick leave.

Federal and State Assisted Programs

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



**The County of Shannon**  
**Eminence, Missouri**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2017 & 2016**

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**Note 10 - Risk Management**

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

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Section 537.700 RSMo.). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make 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-Injured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$500,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

**Note 11 - Subsequent Events**

The County has evaluated events subsequent to December 31, 2017 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through June 29, 2018, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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

To the County Commission and  
Officeholders of Shannon County, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Shannon County, Missouri as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise Shannon County, Missouri's basic financial statements, and have issued our report thereon dated June 29, 2018.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Shannon County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shannon County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Shannon County, Missouri's internal control.

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

Our consideration of internal control 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2017-002, 2017-003, and 2017-004.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Shannon County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-005.

### **Shannon County, Missouri's Response to Findings**

Shannon County, Missouri's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Shannon County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



Creve Coeur, Missouri  
June 29, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH THE UNIFORM GUIDANCE

To the County Commission and  
Officeholders of Shannon County, Missouri

**Report on Compliance for the Major Federal Program**

We have audited Shannon County, Missouri's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Shannon County, Missouri's major federal program for the years ended December 31, 2017 and 2016. Shannon County, Missouri's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Shannon County, Missouri's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the major federal program occurred. An audit includes examining, on a test basis, evidence about Shannon County, Missouri'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 on compliance for the major federal program. However, our audit does not provide a legal determination of Shannon County, Missouri's compliance.

***Opinion on the Major Federal Program***

In our opinion, Shannon County, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the years ended December 31, 2017 and 2016.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-006. Our opinion on the major federal program is not modified with respect to this matter.

Shannon County, Missouri's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Shannon County, Missouri's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of Shannon County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Shannon County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Shannon County, Missouri'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. *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.

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 material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-006, that we consider to be a significant deficiency.

Shannon County, Missouri's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Shannon County, Missouri's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Stopp & Vane/oy*

Creve Coeur, Missouri  
June 29, 2018

**The County of Shannon  
Eminence, Missouri  
Schedule of Expenditures of Federal Awards  
For the years ended December 31, 2017 & 2016**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31,		Awards Provided to Subrecipients	
			2017	2016	2017	2016
<b>U.S. Department of Agriculture</b>						
Forest Service Schools and Roads Cluster						
Passed through state:						
Missouri Office of Administration - Schools and Roads - Grants to States	10.665	n/a	\$ 147,129	\$ 388,450	\$ 110,347	\$ 261,415
Total Forest Service Schools and Roads Cluster			147,129	388,450	110,347	261,415
Total U.S. Department of Agriculture			147,129	388,450	110,347	261,415
<b>U.S. Department of Housing and Urban Development</b>						
Passed through state:						
Missouri Department of Social Services - Community Development Block Grant Program	14.228	2007-PF-839	8,488	47,146	8,488	47,146
Total U.S. Department of Housing and Urban Development			8,488	47,146	8,488	47,146
<b>U.S. Department of Interior</b>						
Direct Program:						
Payments in Lieu of Taxes	15.226	n/a	196,470	188,575	-	-
<b>U.S. Department of Justice</b>						
Passed through state:						
Missouri Department of Public Safety - Crime Victim Assistance	16.575	2016-VOCA-041-SE	21,009	21,433	-	-
Missouri Department of Prosecuting Attorneys - Crime Victim Assistance	16.575	ER130180073	8,280	-	-	-
Total U.S. Department of Justice			29,289	21,433	-	-
<b>Election Assistance Commission</b>						
Passed through State:						
Missouri Office of Secretary of State - Help America Vote Act Requirements Payments	90.401	n/a	943	-	-	-

See Notes to the Schedule of Expenditures of Federal Awards

**The County of Shannon  
Eminence, Missouri  
Schedule of Expenditures of Federal Awards  
For the years ended December 31, 2017 & 2016**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31,		Awards Provided to Subrecipients	
			2017	2016	2017	2016
<b>U.S. Department of Homeland Security</b>						
Passed through State:						
Missouri Emergency Management Agency						
Presidentially Declared Disasters	97.036	FEMA-4238-DR-MO	217,083	246,107	-	-
Presidentially Declared Disasters	97.036	FEMA-4250-DR-MO	134,299	156,079	-	-
Presidentially Declared Disasters	97.036	FEMA-4317-DR-MO	200,417	-	-	-
Total U.S. Department of Homeland Security			551,799	402,186	-	-
Total Expenditures of Federal Awards			<u>\$ 934,118</u>	<u>\$ 1,047,790</u>	<u>\$ 118,835</u>	<u>\$ 308,561</u>

See Notes to the Schedule of Expenditures of Federal Awards



**The County of Shannon  
Eminence, Missouri  
Notes to the Schedule of Expenditures of Federal Awards  
For the years ended December 31, 2017 & 2016**

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**Note 1 - Summary of Significant Accounting Policies**

Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Uniform Guidance requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA number is not available.

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

Basis of Presentation

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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.

Because the Schedule presents only a selected portion of the operations of Shannon County, Missouri, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Shannon County, Missouri.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Shannon County, Missouri has not elected to use the 10% de minimis indirect cost rate.

**The County of Shannon  
Eminence, Missouri  
Schedule of Findings and Questioned Costs  
For the years ended December 31, 2017 & 2016**

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**Section 1 - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued

Unmodified Regulatory Basis

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses?

  X   Yes \_\_\_\_\_ None Reported

Any noncompliance material to financial statements noted?

  X   Yes \_\_\_\_\_ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes   X   No

Significant deficiencies identified not considered to be material weaknesses?

  X   Yes \_\_\_\_\_ None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)?

  X   Yes \_\_\_\_\_ No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
97.036	Presidentially Declared Disasters

Dollar threshold used to distinguish between type A and type B programs:

  \$750,000  

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes   X   No

**The County of Shannon  
Eminence, Missouri  
Schedule of Findings and Questioned Costs  
For the years ended December 31, 2017 & 2016**

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**Section 2 - Financial Statement Findings**

2017-001 **Criteria:** Missouri statutes requires Counties to prepare an annual budget as applicable to each fund. Expenditures are not to exceed the budget and funds are not to be budgeted at a deficit.

**Condition:** During the audit, it was noted the County was not in compliance with Missouri budgetary statute RSMo. Chapter 50. The following funds had actual expenditures which exceeded the budgeted expenditures in 2017: Special Road and Bridge Fund, Assessment Fund, Sheriff Civil Fee Fund, Law Enforcement Training P.O.S.T. Fund, and the Senior Citizens Service Board Fund. The following funds had actual expenditures which exceeded the budgeted expenditures in 2016: General Revenue Fund and Special Road and Bridge Fund. The following funds did not have a budget prepared for 2017: Prosecuting Attorney Administrative Handling Cost Fund, Community Development Block Grant Fund, and National Forest Fund. The following funds did not have a budget prepared for 2016: Community Development Block Grant Fund and National Forest Fund.

**Effect:** The County is in violation of Missouri Revised Statutes due to exceeding budgets in certain funds and not prepared budgets for certain funds.

**Cause:** Oversight

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

**Management's Response:** The County Clerk will perform a detailed review of budgetary schedules and actual expenditures in order to ensure budgetary compliance, and amendments to the budget will be prepared and approved by the County Commission, if necessary. The expected completion date is December 31, 2018. The phone number for the Clerk's office is (573) 226-3414.

2017-002 **Criteria:** Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

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

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

**Cause:** Management has not prepared documentation of internal controls.

**Recommendation:** We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

**Management's Response:** The County will work to prepare internal control documentation. The expected completion date is December 31, 2018. The phone number for the Clerk's office is (573) 226-3414.

**The County of Shannon**  
**Eminence, Missouri**  
**Schedule of Findings and Questioned Costs**  
**For the years ended December 31, 2017 & 2016**

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**Section 2 - Financial Statement Findings (Continued)**

2017-003 **Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

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

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

**Cause:** Management has not prepared documentation of risk assessments, including identifying 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 will work to prepare a risk assessment procedure. The expected completion date is December 31, 2018. The phone number for the Clerk's office is (573) 226-3414.

2017-004 **Criteria:** Strong internal controls over payroll expense require that there be a formal approval process over the approval of payroll processing and disbursement of payroll expense.

**Condition:** During our audit, we noted payroll reports were not being approved by management prior to the disbursement of cash related to payroll expense.

**Effect:** Without a formal approval process over payroll processing and disbursement of payroll expense, improper cash disbursements related to payroll could be processed and disbursed either due to error or fraud.

**Cause:** The County has not developed and implemented formal controls over payroll processing and disbursement of payroll expense.

**Recommendation:** We recommend that the County develop and implement a process to ensure payroll reports are being reviewed and approved prior to the disbursement of cash related to payroll.

**Management's Response:** The County will develop and implement a process in writing to ensure payroll reports are being reviewed by management prior to the cash being disbursed. The expected completion date is December 31, 2018. The phone number for the Clerk's office is (573) 226-3414.

**The County of Shannon  
Eminence, Missouri  
Schedule of Findings and Questioned Costs  
For the years ended December 31, 2017 & 2016**

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**Section 2 - Financial Statement Findings (Continued)**

2017-005 **Criteria:** Section 139.160, RSMo, requires the County Collector to annually settle with the County Commission the accounts of all monies received from taxes and other sources.

**Condition:** During our audit, we noted the Collector has not prepared an annual settlement for the tax years ended February 28, 2018, February 28, 2017, or February 29, 2016.

**Effect:** By not preparing timely annual settlements, the County Collector has not provided the County Commission or the taxpayers with a complete accounting of property tax transactions.

**Cause:** The County Collector had not prepared annual settlements of property taxes.

**Recommendation:** We recommend that the County Collector prepare and file annual settlements as required by state law.

**Management's Response:** The Collector will work to prepare a Collector's annual settlement for the tax year-ended February 28, 2019. The expected completion date is March 31, 2019. The phone number for the Collectors's office is (573) 226-3416.

**Section 3 - Federal Award Findings and Questioned Costs**

2017-006 Federal Grantor: All Programs  
Pass-Through Grantor: All Programs  
Federal CFDA Number: All Programs  
Program Title: All Programs

**Criteria:** Title 2 U.S. *Code of Federal Regulations* Part 200 requires auditees to prepare an accurate Schedule of Expenditures of Federal Awards (SEFA) containing awards expended. CFDA title and number, award number, name of the Federal agency, and name of pass-through entity.

**Condition:** Management has not implemented internal controls related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA). During our audit we noted the SEFA contained errors.

**Effect:** Federal expenditures reported in the SEFA were incorrect.

**Cause:** Management did not follow reporting requirements related to the Schedule of Expenditures of Federal Awards.

**Recommendation:** We recommend management develop internal controls over reporting and consult with outside accounts, if possible, to ensure an accurate SEFA is prepared.

**Management's Response:** Title 2 U.S. *Code of Federal Regulations* Part 200 is being reviewed and training sessions will be initiated by the County Clerk's office. The County Clerk is working towards capturing grant transactions in a manner sufficient to readily report the necessary information required on the SEFA by the next audit period. The expected completion date is December 31, 2018. The County Clerk's office phone number is (573) 226-3414.

**The County of Shannon  
Eminence, Missouri  
Summary Schedule of Prior Year Findings and Responses  
For the years ended December 31, 2017 & 2016**

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In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Shannon County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2013.

**Prior Year Financial Statement Findings**

FS 13/12-01 **Criteria:** Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

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

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

**Effect:** SAS 122 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:** 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.

**Views of responsible officials and planned corrective actions:** The County Clerk's (Shelly McAfee) office has informed us that the County will attempt to prepare the SAS 112 documentation of internal control for the next audit period. The Clerk's office phone number is 573-226-3414.

**Status:** Management has not corrected this issue and the finding is repeated as finding 2017-002 in the current year. This finding initially occurred in the 2013 and 2012 fiscal years.

FS 13/12-02 **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 the County's walkthroughs, 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.

**The County of Shannon  
Eminence, Missouri  
Summary Schedule of Prior Year Findings and Responses  
For the years ended December 31, 2017 & 2016**

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**Prior Year Financial Statement Findings (continued)**

FS 13/12-02 **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.

**Views of responsible officials and planned corrective actions:** The County Clerk's (Shelly McAfee) office has informed us that the County will attempt to prepare the SAS 122 documentation of fraud risk for the next audit period. The Clerk's office phone number is 573-226-3414.

**Status:** Management has not corrected this issue and the finding is repeated as finding 2017-003 in the current year. This finding initially occurred in the 2013 and 2012 fiscal years.

FS 13/12-03 **Criteria:** Bank reconciliations must be prepared monthly on a timely basis by the Prosecuting Attorney's office.

**Condition:** We noted that there were no bank reconciliations for the Prosecuting Attorney's office.

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

**Effect:** Errors may go undetected if proper controls are not in place to review cash transactions.

**Cause:** Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate recommendations.

**Recommendation:** We recommend that the Prosecuting Attorney's office prepare monthly bank reconciliations and adjustments to the cash accounts.

**Views of responsible officials and planned corrective actions:** The Prosecuting Attorney's (Jodie Brumble) office will consider the auditor's recommendation and attempt to begin reconciling bank statements in a timely manner in the 2014 fiscal year. The Prosecuting Attorney's office phone number is 573-226-3714.

**Status:** This issue has been corrected. This finding initially occurred in the 2013 and 2012 fiscal years.

FS 13/12-04 **Criteria:** During our review of the QuickBooks, we were unable to tie the Clerk's QuickBooks to the Treasurer's settlement statement in 2012.

**Condition:** The QuickBooks general ledger is not accurately reflecting the County's financial position.

**Context:** During testing of cash the general ledger within QuickBooks was not matching the Treasurer's settlement sheet.

**Effect:** The County is not properly recording cash receipts and disbursements within the financial statements which could lead to incorrectly stated financial statements.

**The County of Shannon**  
**Eminence, Missouri**  
**Summary Schedule of Prior Year Findings and Responses**  
**For the years ended December 31, 2017 & 2016**

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**Prior Year Financial Statement Findings (continued)**

FS 13/12-04 **Cause:** The County is not properly recording financial data within the QuickBooks General Ledger.  
(cont.)

**Recommendation:** We recommend that the County's QuickBooks be reconciled and maintained in such a way that the settlement statement, budget and QuickBooks reports all reconcile.

**Views of Responsible Officials and Planned Corrective Actions:** The County Clerk's (Shelly McAfee) office has informed us that they will seek outside help and training in order to get the QuickBooks general ledger to match the settlement statement and budgets. The Clerk's office phone number is 573-226-3414.

**Status:** This issue has been corrected. This finding initially occurred in the 2013 and 2012 fiscal years.