



SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

To the County Commission
and
Officeholders of Sullivan County, Missouri

The Office of the State Auditor contracted for an audit of Sullivan County's financial statements for the year ended December 31, 2023, through the state Office of Administration, Division of Purchasing and Materials Management. The audit includes an audit of each county officer in fulfillment of our duties under Section 29.230.1, RSMo. A copy of this audit, performed by McBride, Lock & Associates, LLC, Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Scott Fitzpatrick". The signature is written in a cursive style with a large, stylized "S" and "F".

Scott Fitzpatrick
State Auditor

February 2025
Report No. 2025-006



Scott Fitzpatrick
Missouri State Auditor

RECOMMENDATION SUMMARY

Recommendations in the contracted audit of Sullivan County

2023-001	The county implement procedures to ensure compliance with state statutes by refraining from approving expenditures in excess of budgeted amounts or by following the appropriate procedures to amend the budget.
2023-002	The county implement internal controls to ensure that the Schedule of Expenditures of Federal Awards (SEFA) completely and accurately states the expenditures of federal awards of the county each year.

ANNUAL FINANCIAL REPORT

SULLIVAN COUNTY, MISSOURI

For the Year Ended
December 31, 2023

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

KANSAS CITY

SULLIVAN COUNTY, MISSOURI

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INTRODUCTORY SECTION

SULLIVAN COUNTY, MISSOURI
List of Elected Officials 2023

County Commission

Presiding Commissioner – Chris May

Associate Commissioner, First District – Rye Page

Associate Commissioner, Second District – Michael Williams

Other Elected Officials

Assessor – Carly Arnold

Circuit Clerk – Melissa VanDusseldorp

Collector/Treasurer – Jennifer Russell

County Clerk – Rachael Hall

Coroner – Robert Wyant

Prosecuting Attorney – Jane Dunn

Public Administrator – Joan Brummitt

Recorder – Susie Gardner

Sheriff – Roger Smiley

FINANCIAL SECTION

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of Sullivan County, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sullivan County, Missouri, which comprise the Statement of Receipts, Disbursements and Changes in Cash – All Governmental Funds – Regulatory Basis and the Statement of Fiduciary Receipts, Disbursements and Changes in Cash – Regulatory Basis as of December 31, 2023, and the related Statements of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of each fund of Sullivan County, Missouri, as of December 31, 2023, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the financial reporting provisions prescribed or permitted by Missouri law as described in Note 1.

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 section of our report, 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 Sullivan County, Missouri, as of December 31, 2023, or the changes in financial position thereof for the year then ended.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sullivan County, Missouri, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

As described in Note 1, the financial statements are prepared by Sullivan County, Missouri on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri law. 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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the

financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sullivan County, Missouri's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Sullivan County, Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 November 11, 2024, on our consideration of Sullivan County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sullivan 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 Sullivan County, Missouri's internal control over financial reporting and compliance.

(Original Signed by McBride, Lock & Associates, LLC)

McBride, Lock & Associates, LLC
Kansas City, Missouri
November 11, 2024

SULLIVAN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
- ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

Fund	Cash and Cash Equivalents January 1	Receipts	Disbursements	Cash and Cash Equivalents December 31
General Revenue	\$ 1,565,566	\$ 2,483,671	\$ 2,808,581	\$ 1,240,656
Special Road and Bridge	107,435	890,961	799,737	198,659
Assessment	41,328	165,621	188,120	18,829
Law Enforcement Training Fund	183	1,006	-	1,189
Prosecuting Attorney Training	5,683	1,247	-	6,930
Local Emergency Planning Commission (CEPF)	4,032	-	372	3,660
Local Emergency Planning Commission (EMD)	37	-	-	37
Prosecuting Attorney Delinquent Tax	5	-	-	5
Prosecuting Attorney Bad Check	1,016	567	72	1,511
Record Storage & Retention	21,650	3,189	3,016	21,823
Recorder's Technology	2,771	1,429	-	4,200
Sheriff's	3,526	10,893	410	14,009
Sullivan County Memorial Hospital	673,568	305,665	837,261	141,972
Election Services	2,645	139	129	2,655
Tax Maintenance	15,513	14,238	12,854	16,897
Victims of Domestic Violence	894	194	-	1,088
Inmate Security	50,595	5,733	-	56,328
Senior Services	12,477	55,806	49,469	18,814
Law Enforcement Restitution	8,853	8,615	-	17,468
Child Support	9,730	94,592	101,155	3,167
Total	<u>\$ 2,527,507</u>	<u>\$ 4,043,566</u>	<u>\$ 4,801,176</u>	<u>\$ 1,769,897</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SULLIVAN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
- BUDGET AND ACTUAL - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

		GENERAL REVENUE FUND	
		Budget	Actual
RECEIPTS			
Property taxes	\$	423,000	\$ 411,918
Sales taxes		875,000	1,193,804
Intergovernmental		537,600	434,209
Charges for services		347,500	301,335
Interest		35,000	86,963
Other		49,510	55,442
Transfers in		-	-
Total Receipts	\$	2,267,610	\$ 2,483,671
DISBURSEMENTS			
County Commission	\$	145,121	\$ 131,877
County Clerk		112,967	120,499
Elections		28,500	41,215
Buildings and grounds		947,147	990,523
Employee fringe benefits		95,000	93,370
Treasurer		140,324	134,526
Recorder of Deeds		78,871	79,475
Circuit Court		22,500	23,124
Court Administration		47,256	25,901
Public Administrator		70,246	54,881
Sheriff		790,689	725,629
Jail		200,000	138,414
Prosecuting Attorney		113,939	114,273
Juvenile Officer		30,944	21,281
Coroner		31,112	32,878
Other County government		106,100	80,715
Transfers out		-	-
Emergency fund		-	-
Total Disbursements	\$	2,960,716	\$ 2,808,581
RECEIPTS OVER (UNDER)			
DISBURSEMENTS	\$	(693,106)	\$ (324,910)
CASH AND CASH EQUIVALENTS, JANUARY 1		1,565,566	1,565,566
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$	872,460	\$ 1,240,656

The accompanying Notes to the Financial Statements are an integral part of these statements.

SULLIVAN COUNTY, MISSOURI
STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
- BUDGET AND ACTUAL - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	SPECIAL ROAD AND BRIDGE FUND		ASSESSMENT FUND		LAW ENFORCEMENT TRAINING FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	850,000	750,306	25,000	25,090	-	-
Charges for services	205,000	116,090	135,000	132,056	1,400	1,006
Interest	3,000	9,943	1,300	3,170	-	-
Other	-	14,622	3,650	5,305	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 1,058,000</u>	<u>\$ 890,961</u>	<u>\$ 164,950</u>	<u>\$ 165,621</u>	<u>\$ 1,400</u>	<u>\$ 1,006</u>
DISBURSEMENTS						
Salaries	\$ 295,000	\$ 281,749	\$ 107,191	\$ 107,192	\$ -	\$ -
Employee fringe benefits	145,500	138,365	51,220	51,637	-	-
Materials and supplies	75,000	52,671	11,600	12,995	-	-
Services and other	261,500	206,248	18,900	6,894	1,500	-
Capital outlay	2,500	-	15,000	9,402	-	-
Construction	265,000	120,704	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 1,044,500</u>	<u>\$ 799,737</u>	<u>\$ 203,911</u>	<u>\$ 188,120</u>	<u>\$ 1,500</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 13,500	\$ 91,224	\$ (38,961)	\$ (22,499)	\$ (100)	\$ 1,006
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>107,435</u>	<u>107,435</u>	<u>41,328</u>	<u>41,328</u>	<u>183</u>	<u>183</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 120,935</u>	<u>\$ 198,659</u>	<u>\$ 2,367</u>	<u>\$ 18,829</u>	<u>\$ 83</u>	<u>\$ 1,189</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

SULLIVAN COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2023

	PROSECUTING ATTORNEY TRAINING FUND		LOCAL EMERGENCY PLANNING COMMISSION FUND (CEPF)		LOCAL EMERGENCY PLANNING COMMISSION FUND (EMD)	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	7,500	-	2,500	-
Charges for services	1,500	1,247	-	-	-	-
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 1,500</u>	<u>\$ 1,247</u>	<u>\$ 7,500</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ -</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Services and other	5,000	-	10,000	372	-	-
Capital outlay	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 372</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (3,500)	\$ 1,247	\$ (2,500)	\$ (372)	\$ 2,500	\$ -
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>5,683</u>	<u>5,683</u>	<u>4,032</u>	<u>4,032</u>	<u>37</u>	<u>37</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 2,183</u>	<u>\$ 6,930</u>	<u>\$ 1,532</u>	<u>\$ 3,660</u>	<u>\$ 2,537</u>	<u>\$ 37</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

SULLIVAN COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2023

	PROSECUTING ATTORNEY DELINQUENT TAX FUND		PROSECUTING ATTORNEY BAD CHECK FUND		RECORD STORAGE & RETENTION FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	1,800	567	3,000	3,189
Interest	-	-	-	-	500	-
Other	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,800</u>	<u>\$ 567</u>	<u>\$ 3,500</u>	<u>\$ 3,189</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Services and other	5	-	2,500	72	10,000	3,016
Capital outlay	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 72</u>	<u>\$ 10,000</u>	<u>\$ 3,016</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (5)	\$ -	\$ (700)	\$ 495	\$ (6,500)	\$ 173
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>5</u>	<u>5</u>	<u>1,016</u>	<u>1,016</u>	<u>21,650</u>	<u>21,650</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 316</u>	<u>\$ 1,511</u>	<u>\$ 15,150</u>	<u>\$ 21,823</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

SULLIVAN COUNTY, MISSOURI
STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
- BUDGET AND ACTUAL - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	RECORDER'S TECHNOLOGY FUND		SHERIFF'S FUND		SULLIVAN COUNTY MEMORIAL HOSPITAL FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	300,000	285,625
Intergovernmental	-	-	-	-	-	-
Charges for services	3,500	1,429	12,000	10,543	-	-
Interest	-	-	-	350	-	20,040
Other	-	-	1,000	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 3,500</u>	<u>\$ 1,429</u>	<u>\$ 13,000</u>	<u>\$ 10,893</u>	<u>\$ 300,000</u>	<u>\$ 305,665</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Services and other	3,000	-	15,000	410	-	-
Capital outlay	-	-	-	-	500,000	837,261
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 410</u>	<u>\$ 500,000</u>	<u>\$ 837,261</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 500	\$ 1,429	\$ (2,000)	\$ 10,483	\$ (200,000)	\$ (531,596)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>2,771</u>	<u>2,771</u>	<u>3,526</u>	<u>3,526</u>	<u>673,568</u>	<u>673,568</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 3,271</u>	<u>\$ 4,200</u>	<u>\$ 1,526</u>	<u>\$ 14,009</u>	<u>\$ 473,568</u>	<u>\$ 141,972</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

SULLIVAN COUNTY, MISSOURI
STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
- BUDGET AND ACTUAL - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	ELECTION SERVICES FUND		TAX MAINTENANCE FUND		VICTIMS OF DOMESTIC VIOLENCE FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	2,600	139	-	-	-	-
Charges for services	-	-	17,000	14,238	200	194
Interest	25	-	350	-	-	-
Other	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 2,625</u>	<u>\$ 139</u>	<u>\$ 17,350</u>	<u>\$ 14,238</u>	<u>\$ 200</u>	<u>\$ 194</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Services and other	3,800	129	12,500	12,854	950	-
Capital outlay	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 3,800</u>	<u>\$ 129</u>	<u>\$ 12,500</u>	<u>\$ 12,854</u>	<u>\$ 950</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,175)	\$ 10	\$ 4,850	\$ 1,384	\$ (750)	\$ 194
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>2,645</u>	<u>2,645</u>	<u>15,513</u>	<u>15,513</u>	<u>894</u>	<u>894</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 1,470</u></u>	<u><u>\$ 2,655</u></u>	<u><u>\$ 20,363</u></u>	<u><u>\$ 16,897</u></u>	<u><u>\$ 144</u></u>	<u><u>\$ 1,088</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

SULLIVAN COUNTY, MISSOURI
STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
- BUDGET AND ACTUAL - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	INMATE SECURITY FUND		SENIOR SERVICES FUND		LAW ENFORCEMENT RESTITUTION FUND	
	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS						
Property taxes	\$ -	\$ -	\$ 55,000	\$ 53,662	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	4,000	5,733	-	-	3,000	8,615
Interest	-	-	1,200	2,144	-	-
Other	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total Receipts	<u>\$ 4,000</u>	<u>\$ 5,733</u>	<u>\$ 56,200</u>	<u>\$ 55,806</u>	<u>\$ 3,000</u>	<u>\$ 8,615</u>
DISBURSEMENTS						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Services and other	45,000	-	65,000	49,469	5,000	-
Capital outlay	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Disbursements	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ 65,000</u>	<u>\$ 49,469</u>	<u>\$ 5,000</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (41,000)	\$ 5,733	\$ (8,800)	\$ 6,337	\$ (2,000)	\$ 8,615
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>50,595</u>	<u>50,595</u>	<u>12,477</u>	<u>12,477</u>	<u>8,853</u>	<u>8,853</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 9,595</u>	<u>\$ 56,328</u>	<u>\$ 3,677</u>	<u>\$ 18,814</u>	<u>\$ 6,853</u>	<u>\$ 17,468</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

SULLIVAN COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
 - BUDGET AND ACTUAL - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2023

	CHILD SUPPORT FUND	
	Budget	Actual
RECEIPTS		
Property taxes	\$ -	\$ -
Sales taxes	-	-
Intergovernmental	116,765	94,592
Charges for services	-	-
Interest	-	-
Other	-	-
Transfers in	-	-
Total Receipts	<u>\$ 116,765</u>	<u>\$ 94,592</u>
DISBURSEMENTS		
Salaries	\$ 101,000	\$ 88,804
Employee fringe benefits	3,000	2,722
Materials and supplies	4,000	3,199
Services and other	7,000	6,430
Capital outlay	-	-
Construction	-	-
Transfers out	-	-
Total Disbursements	<u>\$ 115,000</u>	<u>\$ 101,155</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 1,765	\$ (6,563)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>9,730</u>	<u>9,730</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 11,495</u>	<u>\$ 3,167</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

SULLIVAN COUNTY, MISSOURI
STATEMENT OF FIDUCIARY RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

Fund/Account	Cash and Investments January 1	Receipts	Disbursements	Cash and Investments December 31
Treasurer CERF	\$ 4,173	\$ 127,271	\$ 126,654	\$ 4,790
Treasurer Sheriff Deputy Salary	884	10	-	894
Treasurer Cemetery Association Trust	227,305	6,396	371	233,330
Treasurer School	99,779	82,843	52,304	130,318
Treasurer Tax Sale Surplus	1,973	-	-	1,973
Treasurer Unclaimed Fees	5,206	-	-	5,206
Treasurer Library, Hospital, Cities, etc.	5,506	5,726	-	11,232
Treasurer Storm Water Local Parks (North Central Missouri Lake Project)	71	286,219	286,240	50
Collector	5,745,573	7,954,417	7,738,747	5,961,243
Recorder	-	50,272	50,272	-
Prosecuting Attorney	9,416	9,498	8,532	10,382
Sheriff	551	183,780	183,618	713
Public Administrator	618,401	101,335	99,652	620,084
Total	<u>\$ 6,718,838</u>	<u>\$ 8,807,767</u>	<u>\$ 8,546,390</u>	<u>\$ 6,980,215</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SULLIVAN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sullivan County, Missouri (“County”) is governed by a three-member board of commissioners. In addition to the three board members, there are nine elected Constitutional Officers: Assessor, Circuit Clerk, Collector/Treasurer, Coroner, County Clerk, Prosecuting Attorney, Public Administrator, Recorder and Sheriff.

As discussed further in Note 1, these financial statements are presented using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America, which would include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The differences include use of a prescribed definition of the reporting entity and the cash basis of accounting.

A. Reporting Entity

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

The financial statements referred to above include the primary government of Sullivan County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise the County’s legal entity under the regulatory basis of accounting. Financial data of other entities that may be considered to be component units of the County under generally accepted accounting principles is not included.

In accordance with the regulatory basis of accounting, the financial statements of the County do not include the activity of the Circuit Court, which is part of the Missouri court system and is considered to be a state function, including the operations of the Circuit Clerk (other than the portion that is funded by the General Revenue fund) and all funds under their control.

B. Basis of Presentation

Governmental Funds – Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, net assets, revenues/receipts and expenditures/disbursements. The County’s funds are governmental funds. Governmental funds are those through which most governmental functions are financed. The County’s expendable financial resources are accounted for through governmental funds.

Fiduciary Funds – Fiduciary funds consist of custodial funds. Custodial funds account for assets held by the County as an agent of individuals, private organizations, taxing units, other governments and/or funds. Budgets are not adopted for the County’s custodial funds.

C. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

D. Budgets and Budgetary Accounting

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

1. In accordance with Chapter 50, RSMo, the County's policy is to adopt a budget for each governmental fund.
2. On or before January 15, each elected officer and department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the cash basis of accounting, for all budgeted funds. Budgeting of appropriations is based upon an estimated fund balance at the beginning of the year as well as estimated revenues to be received.
4. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance.
5. A public hearing is conducted to obtain public comment on the budget. Prior to its approval by the County Commission, the budget document is available for public inspection, which usually takes place the third and fourth weeks of January.
6. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by a formal vote of the Commission. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.
8. Budgets are prepared and adopted on the cash basis of accounting.
9. Adoption of a formal budget is required by law.
10. Section 50.740, RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the Sullivan County Memorial Hospital and Tax Maintenance Funds.

- E. Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. 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 valuations of the tangible taxable property, included within the County's boundaries for the calendar year 2023, for purposes of taxation were:

Real Estate	\$ 53,890,892
Personal Property	47,414,274
Railroad and Utilities	9,811,949
Total	<u>\$ 111,117,115</u>

For calendar year 2023, the County Commission approved a tax levy per \$100 of assessed valuation of tangible taxable property as follows:

General Revenue	\$ 0.3800
Senior Services	0.0500

F. Cash Deposits and Cash Equivalents

Deposits and cash equivalents are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from these balances is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents may 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, or any instrumentality thereof, certain municipal bonds authorized by Missouri statute, or time certificates of deposit. 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 and cash equivalent balances are presented in Note 2.

G. Interfund Activity

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.

2. CASH AND CASH EQUIVALENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements within the "Cash and Cash Equivalents" caption. Cash and cash equivalents include deposits and short-term investments with maturities that are less than ninety days.

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2023, the County had the following cash and investment balances:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>FDIC Coverage</u>
Cash and Cash Equivalents - Governmental Funds	\$ 1,769,897	\$ 1,874,291	\$ 250,000
Cash and Cash Equivalents	\$ 6,746,897	\$ 5,939,660	\$ 471,626
Investments	233,318	233,318	233,318
Total Fiduciary Funds	<u>\$ 6,980,215</u>	<u>\$ 6,172,978</u>	<u>\$ 704,944</u>

The remainder of the balances not covered by FDIC deposit insurance at December 31, 2023 were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name, except for \$163,909 held by the Public Administrator for one ward in one bank in excess of \$250,000.

3. COUNTY EMPLOYEES' RETIREMENT PLANS

A. County Employees' Retirement Fund (CERF)

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees.

1) Plan Description

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

2) Pension Benefits

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, MO 65101, by calling 1-877-632-2373, or by the following website, www.mocerf.org.

3) Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. Further, a contribution to CERF of 2% of annual salary is required for eligible employees hired before February 2002, while a contribution of 6% of annual salary is required of employees hired after February 2002. During 2023, the County collected and remitted to CERF employee withholdings and fees collected of \$126,654.

B. Prosecuting Attorney Retirement Fund

In accordance with Section 56.507, RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County contributed \$3,366 for the year ended December 31, 2023.

C. Other Retirement Plan

Sullivan County has voluntary 457 and 401(a) plans administered by Empower Retirement which are paid by deductions from employees' salaries. These contributions qualify under the Internal Revenue Code and are tax exempt. The County collected and remitted employee contributions to the 457 plan and 401(a) plan of \$7,250 and \$6,940, respectively.

4. 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.

5. CLAIMS, COMMITMENT AND CONTINGENCIES

A. Compensated Absences

The County provides sick leave after full-time and part-time employees with benefits have completed the introductory period. The sick leave policy states that full and part-time employees with benefits shall earn ½ day of sick leave each month. From year to year, full-time and part-time employees with benefits may not carry forward accumulated sick leave. Upon termination, employees are not compensated for unused sick time.

The County provides vacation leave after full-time and part-time employees with benefits have completed the introductory period. After completion of the introductory period, full-time and part-time employees with benefits may accrue vacation leave beginning from their employment date. Full-time employees may accrue up to three weeks of vacation leave per year depending on their length of employment. Part-time employees with benefits are subject to the provisions of accrued vacation leave, except that leave shall be credited at one half the rate of full-time employees. From year to year, full-time and part-time employees with benefits may not carry forward accumulated vacation leave. Upon termination, full-time and part-time with benefits may be compensated for ½ of their unused and accumulated vacation upon Commission approval.

Compensatory time is based on work hours in excess of 40 hours in a 168-hour work period (1 month) during seven consecutive 24-hour periods, except for law enforcement employees. For law enforcement personnel the period shall be 28 consecutive days, and compensatory time shall accrue for work hours in excess of 171 hours in a 28-day period. No employee is permitted to accumulate and retain more than 240 hours of compensatory time, except County employees engaged in law enforcement activities may accrue up to 480 hours. Upon termination, employees are compensated for any compensatory time credits.

B. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly, such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

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

7. LONG-TERM DEBT

In August 2020, the County entered into a lease purchase agreement to finance the purchase of a 2015 John Deere 770G Motor Grader at a cost of \$121,500. The agreement requires six annual payments of \$22,421, which includes interest payable at 2.95% until 2026. The final payment is due August 10, 2026.

Fiscal Year Ending			
December 31	Principal	Interest	Total
2024	\$ 20,525	\$ 1,896	\$ 22,421
2025	21,138	1,283	22,421
2026	21,771	650	22,421
Total	<u>\$ 63,434</u>	<u>\$ 3,829</u>	<u>\$ 67,263</u>

The following schedule shows changes in long-term debt during the year ended December 31, 2023:

Description	Balance 12/31/2022	Additions	Payments	Balance 12/31/2023	Interest Paid
2015 John Deere Motor Grader	\$ 83,362	\$ -	\$ (19,928)	\$ 63,434	\$ 2,493

8. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2023 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 11, 2024, the date the financial statements were available to be issued.

COMPLIANCE SECTION

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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 Sullivan County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sullivan County, Missouri which comprise the Statement of Receipts, Disbursements and Changes in Cash – All Governmental Funds – Regulatory Basis and the Statement of Fiduciary Receipts, Disbursements and Changes in Cash – Regulatory Basis as of December 31, 2023, and the related Statements of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis for the year then ended, and the related notes to the financial statements, which collectively comprise Sullivan County, Missouri's basic financial statements and have issued our report thereon dated November 11, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sullivan County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

Sullivan County, Missouri's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Sullivan County, Missouri's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Sullivan County, Missouri's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

(Original Signed by McBride, Lock & Associates, LLC)

McBride, Lock & Associates, LLC
Kansas City, Missouri
November 11, 2024

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the County Commission and
Officeholders of Sullivan County, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sullivan County, Missouri's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Sullivan County, Missouri's major federal programs for the year ended December 31, 2023. Sullivan County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sullivan 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 each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We must be independent of Sullivan County, Missouri and meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sullivan County, Missouri's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Sullivan County, Missouri's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sullivan County, Missouri's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sullivan County, Missouri's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sullivan County, Missouri's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sullivan County, Missouri's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Sullivan County, Missouri's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purposes described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Sullivan County, Missouri's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Sullivan County, Missouri's response was not subjected to the other 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.

(Original Signed by McBride, Lock & Associates, LLC)

McBride, Lock & Associates, LLC
Kansas City, Missouri
November 11, 2024

SULLIVAN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY			
Direct Program -			
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds		\$ 858,705
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Missouri Department of Social Services -			
93.563	Child Support Enforcement	ER10223C100	101,155
Total Expenditures of Federal Awards			<u>\$ 959,860</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

SULLIVAN COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of Sullivan County, Missouri for the year ended December 31, 2023. The information in this schedule is presented in accordance 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowed or are limited as to reimbursement. The County has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – SUBRECIPIENTS

The County did not pass any federal awards through to subrecipients during the year ended December 31, 2023.

SULLIVAN COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

Type of auditor’s report issued on whether the financial statements
audited were prepared in accordance with GAAP: Adverse

Type of auditor’s report issued on whether the financial statements
were prepared in accordance with the regulatory basis: Unmodified

The special purpose framework used as a basis of accounting was not required by state law.

Internal Control Over Financial Reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiencies identified that are
not considered to be material weaknesses? Yes X None Reported
- Noncompliance material to financial
statements noted? X Yes No

Federal Awards:

Internal Control Over Major Programs:

- Material weakness(es) identified? X Yes No
- Significant deficiencies identified that are
not considered to be material weaknesses? Yes X 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 Uniform Guidance
section 200.516? X Yes No

Identification of Major Programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar Threshold Used to Distinguish Between
Type A and Type B Programs: \$750,000

Auditee Qualified as low-risk: Yes X No

SECTION II – FINANCIAL STATEMENTS FINDINGS

MATERIAL WEAKNESSES IN INTERNAL CONTROL

None

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

None reported

ITEMS OF NONCOMPLIANCE

2023-001: Budgetary Controls

Criteria: Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets.

Condition: Actual expenditures exceeded budgeted expenditures for the Sullivan County Memorial Hospital and Tax Maintenance Funds.

Cause: The County did not adequately review and amend budgeted expenditures of each Fund to ensure actual expenditures did not exceed the budgeted amounts.

Effect: Budgetary controls are significant to the proper management and custodianship of county funds. Compliance with statutory requirements related to budgets will improve controls over county funds and help maintain the integrity of the budget process.

Recommendation: We recommend the County implement procedures to ensure compliance with state statutes by refraining from approving expenditures in excess of budgeted amounts or by following the appropriate procedures to amend the budget.

County'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.

Auditor's Evaluation: The response is appropriate to correct the concern.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023-002: Schedule of Expenditures of Federal Awards

Federal Grantor: U.S. Department of the Treasury

Pass-Through Grantor: N/A

Federal Assistance Listing Number: 21.027

Program Title: Coronavirus State and Local Fiscal Recovery Funds

Pass-through Entity Identifying Number: N/A

Award Year: 2023

Questioned Costs: None

Criteria: 2 CFR 200.510(b) requires auditees to prepare a schedule of expenditures of federal awards (SEFA) which must report total federal awards expended during the audit period. At a minimum, the schedule must include: expenditures by individual federal program, name of the pass-through entity and identifying number for awards not received directly from the federal government, and the total amount provided to subrecipients from each federal program.

Condition: The SEFA reported by the County in the 2024 annual budget documents contained an error in the amount of federal expenditures reported. Expenditures of Coronavirus State and Local Fiscal Recovery Funds of \$858,705 were not reported on the 2023 SEFA.

Cause: The County has not implemented a proper system of internal control over SEFA preparation, such as a reconciliation to underlying accounting records or having a separate individual review the SEFA for clerical accuracy after it has been prepared.

Effect: The SEFA presented for audit did not accurately reflect the County's actual expenditures of federal awards for the year ended December 31, 2023.

Recommendation: We recommend that the County implement internal controls to ensure that the SEFA completely and accurately states the expenditures of federal awards of the County each year.

County's Response: The County Clerk will implement a procedure to keep more detailed records that accurately states the expenditures of federal awards of the County.

Auditor's Evaluation: The County should also implement procedures to ensure the completeness of the SEFA.

MANAGEMENT'S RESPONSE TO AUDITOR'S FINDINGS:

- **Summary Schedule of Prior Audit Findings**
 - **Corrective Action Plan**



Sullivan County Commission

109 N. Main St., Milan, Missouri 63556

Chris May, Presiding Commissioner
Rye Page, Eastern 1st District Commissioner
Michael Williams, Western 2nd District

January 8, 2025

SULLIVAN COUNTY, MISSOURI SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

McBride, Lock & Associates, LLC
4151 N Mulberry Dr, Suite 275
Kansas City, MO 64116

In accordance with the Uniform Guidance, this section reports the follow-up on action taken by Sullivan County, Missouri on the applicable findings in the prior audit report issued for the years ended December 31, 2019 and 2018.

2019-001: Actual expenditures exceeded the budgeted expenditures for the North Central Missouri Lake Project Fund in 2018.

Status: Not resolved, see finding 2023-001.

2019-002: Documentation of the County's internal controls has not been prepared.

Status: Considered resolved.

2019-003: No formal fraud risk assessment in place.

Status: Considered resolved.

2019-004: The Prosecuting Attorney's Office failed to perform timely bank reconciliations.

Status: Resolved.



Sullivan County Commission

109 N. Main St., Milan, Missouri 63556

Chris May, Presiding Commissioner
Rye Page, Eastern 1st District Commissioner
Michael Williams, Western 2nd District

Rachael Hall, County Clerk
Heather McCabe, Deputy Clerk
660-265-3786
Fax: 660-265-3724

January 8, 2025

SULLIVAN COUNTY, MISSOURI CORRECTIVE ACTION PLAN

McBride, Lock & Associates, LLC
4151 N Mulberry Dr, Suite 275
Kansas City, MO 64116

Finding Reference Number: 2023-001

Federal Agency: N/A

Program Name: N/A

Assistance Listing Number: N/A

Responsible Official: County Commission

Views of Responsible Individuals: 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.

Finding Reference Number: 2023-002

Federal Agency: U.S. Department of the Treasury

Program Name: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Responsible Official: Rachael Hall, County Clerk

Views of Responsible Individuals: The County Clerk will implement a procedure to keep more detailed records that accurately states the expenditures of federal awards of the County.

Sincerely,

Rachael Hall
Rachael Hall, County Clerk



4151 N. Mulberry Drive, Suite 275
Kansas City, Missouri 64116
T: (816) 221.4559
F: (816) 221.4563
E: Admin@McBrideLock.com

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

November 11, 2024

To the County Commission
Sullivan County, Missouri

We have audited the regulatory basis financial statements of Sullivan County, Missouri for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 18, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Sullivan County, Missouri are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Since the County is reporting on the cash basis of accounting, there are no particularly sensitive estimates affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected during the audit.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 11, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the schedule of expenditures of federal awards, which accompanies the financial statements but is not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the financial reporting provisions prescribed or permitted by Missouri law, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the County Commission and management of Sullivan County, Missouri and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

(Original Signed by McBride, Lock & Associates, LLC)

McBride, Lock & Associates, LLC