



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Shelby County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Shelby County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Arthur White & Associates, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in black ink, appearing to read "Claire C. McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2002-80
August 30, 2002

**SHELBY COUNTY, MISSOURI
DECEMBER 31, 2000 AND 2001**

SHELBY COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>	
<hr/> <u>FINANCIAL SECTION</u> <hr/>		
Independent Auditors' Reports:	2-4	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4	
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	5-6	
Financial Statements:	7-30	
<u>Exhibit</u>	<u>Description</u>	
A-1	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds Year Ended December 31, 2001	8
A-2	Year Ended December 31, 2000	9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000	10-30
Notes to the Financial Statements	31-34	
Supplementary Schedule:	35-37	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000	36-37	
Notes to the Supplementary Schedule	38-40	
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>		
Independent Auditors' Report:	42-44	
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	43-44	

SHELBY COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Schedule:.....	45-49
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	46-49
Section I - Summary of Auditors' Results	46-47
Section II - Financial Statement Findings.....	47-48
<u>Number</u>	<u>Description</u>
01-1. Adoption of budgets.....	47
01-2. Warrants in excess of approved budgets.....	47
01-3. Published financial statements.....	48
Section III - Federal Award Findings and Questioned Costs.....	48-49
01-3. Schedule of Expenditures of Federal Awards.....	48-49
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	50-51
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	52-54

FINANCIAL SECTION

Independent Auditors' Reports

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Telephone (660) 736-5811
Fax (660) 736-4364

Offices also located in:
St. Joseph, Missouri
Rock Port, Missouri

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

May 3, 2002

To the County Commission
and
Officeholders of Shelby County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Shelby County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these special-purpose 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 special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Shelby County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Shelby County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Shelby County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 3, 2002, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

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

May 3, 2002

To the County Commission
and
Officeholders of Shelby County, Missouri

We have audited the special-purpose financial statements of various funds of Shelby County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 3, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Shelby County, Missouri, are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-1, 01-2, and 01-3.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Shelby County, Missouri, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and operation that we consider to be material weaknesses.

This report is intended for the information of the management of Shelby County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

Financial Statements

Exhibit A-1

SHELBY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 228,128	\$ 861,339	\$ 863,522	\$ 225,945
Special Road and Bridge	168,366	1,261,628	1,176,477	253,517
Assessment	11,995	107,560	107,241	12,314
911	135,300	240,381	202,095	173,586
Law Enforcement Training	13,360	3,575	6,680	10,255
Sheriff's Civil Fees	18,755	9,533	15,123	13,165
Prosecuting Attorney Training	429	427	605	251
Prosecuting Attorney Bad Check	24,933	3,953	1,829	27,057
Health Center	88,571	435,902	409,308	115,165
Recorder's Records Preservation	12,738	3,413	3,797	12,354
Children's Trust/Domestic Violence	2,818	526	-	3,344
Chemical Emergency Preparedness	3,710	344	-	4,054
Election Services	1,448	1,636	877	2,207
Sound Recording	1,413	544	95	1,862
Recorder's Technology	-	775	-	775
Associate Circuit Civil and Criminal Interest	2,871	566	854	2,583
Circuit Clerk Interest	13,134	9,176	3,985	18,325
Parent Education	660	1,260	995	925
Recorder's Local Records Grant	-	3,509	3,115	394
Law Library	4,247	2,423	3,450	3,220
Total	\$ 732,876	\$ 2,948,470	\$ 2,800,048	\$ 881,298

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

Exhibit A-2

SHELBY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 191,336	\$ 853,998	\$ 817,206	\$ 228,128
Special Road and Bridge	198,907	868,637	899,178	168,366
Assessment	4,099	114,350	106,454	11,995
911	176,506	227,004	268,210	135,300
Law Enforcement Training	12,600	4,628	3,868	13,360
Sheriff's Civil Fees	11,443	10,536	3,224	18,755
Prosecuting Attorney Training	453	626	650	429
Prosecuting Attorney Bad Check	21,408	11,591	8,066	24,933
Health Center Fund	95,707	373,821	380,957	88,571
Recorder's Records Preservation	10,940	3,351	1,553	12,738
Children's Trust/Domestic Violence	2,306	512	-	2,818
Chemical Emergency Preparedness	3,314	396	-	3,710
Election Services	-	1,498	50	1,448
Sound Recording	580	833	-	1,413
Associate Circuit Civil and Criminal Interest	1,949	922	-	2,871
Circuit Clerk Interest	14,024	5,337	6,227	13,134
Parent Education	245	1,575	1,160	660
Law Library	4,240	2,500	2,493	4,247
Total	\$ 750,057	\$ 2,482,115	\$ 2,499,296	\$ 732,876

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

Exhibit B-1

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
VARIOUS FUNDS						
RECEIPTS	\$ 2,804,797	\$ 2,948,470	\$ 143,673	\$ 2,689,673	\$ 2,482,115	\$ (207,558)
DISBURSEMENTS	3,107,653	2,800,048	307,605	3,136,420	2,499,296	637,124
RECEIPTS OVER (UNDER) DISBURSEMENTS	(302,856)	148,422	451,278	(446,747)	(17,181)	429,566
CASH, JANUARY 1	732,876	732,876	-	750,057	750,057	-
CASH, DECEMBER 31	\$ 430,020	\$ 881,298	\$ 451,278	\$ 303,310	\$ 732,876	\$ 429,566

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

Exhibit B-2

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 270,000	\$ 270,231	\$ 231	\$ 270,000	\$ 260,137	\$ (9,863)
Sales taxes	360,000	390,005	30,005	355,000	364,937	9,937
Intergovernmental	113,005	96,140	(16,865)	68,730	73,410	4,680
Charges for services	58,400	54,252	(4,148)	58,000	59,980	1,980
Interest	15,000	14,872	(128)	13,000	18,825	5,825
Other	57,800	35,839	(21,961)	73,850	76,709	2,859
Transfers in	35,000	-	(35,000)	35,000	-	(35,000)
Total Receipts	909,205	861,339	(47,866)	873,580	853,998	(19,582)
DISBURSEMENTS						
County Commission	72,420	72,441	(21)	58,855	58,954	(99)
County Clerk	64,688	59,802	4,886	60,774	59,394	1,380
Elections	11,600	1,660	9,940	24,100	21,484	2,616
Buildings and grounds	72,900	75,709	(2,809)	66,500	61,803	4,697
Employee fringe benefits	100,000	72,531	27,469	96,000	70,247	25,753
County Treasurer	30,000	27,589	2,411	25,000	22,324	2,676
County Collector	49,300	46,162	3,138	47,327	42,529	4,798
Recorder of Deeds	36,688	31,884	4,804	33,241	32,487	754
Associate Circuit Court	7,750	5,803	1,947	8,000	6,282	1,718
Associate Circuit (Probate)	1,500	464	1,036	5,000	2,339	2,661
Court administration	4,100	3,208	892	11,500	5,604	5,896
Public Administrator	20,725	21,396	(671)	11,000	10,691	309
Sheriff	172,500	168,802	3,698	173,400	159,485	13,915
Jail	89,800	60,887	28,913	104,237	66,601	37,636
Prosecuting Attorney	79,487	70,173	9,314	78,053	65,102	12,951
Juvenile Officer	59,858	44,642	15,216	25,609	34,381	(8,772)
Coroner	12,700	9,986	2,714	8,500	6,212	2,288
General County Government	50,700	40,230	10,470	79,065	55,784	23,281
Extension Building Purchase	21,000	23,816	(2,816)	-	-	-
Transfers out	26,000	26,337	(337)	35,000	35,503	(503)
Emergency fund	27,000	-	27,000	25,000	-	25,000
Total Disbursements	1,010,716	863,522	147,194	976,161	817,206	158,955
RECEIPTS OVER (UNDER) DISBURSEMENTS	(101,511)	(2,183)	99,328	(102,581)	36,792	139,373
CASH, JANUARY 1	228,128	228,128	-	191,336	191,336	-
CASH, DECEMBER 31	\$ 126,617	\$ 225,945	\$ 99,328	\$ 88,755	\$ 228,128	\$ 139,373

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

Exhibit B-3

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 180,000	\$ 187,578	\$ 7,578	\$ 176,000	\$ 186,521	\$ 10,521
Sales taxes	65,000	79,789	14,789	65,000	71,435	6,435
Intergovernmental	880,300	964,156	83,856	849,400	556,017	(293,383)
Charges for services	9,000	6,496	(2,504)	12,000	6,684	(5,316)
Interest	10,000	13,001	3,001	9,000	15,179	6,179
Other	6,800	10,608	3,808	12,500	32,801	20,301
Total Receipts	<u>1,151,100</u>	<u>1,261,628</u>	<u>110,528</u>	<u>1,123,900</u>	<u>868,637</u>	<u>(255,263)</u>
DISBURSEMENTS						
Salaries	245,000	224,862	20,138	243,373	238,904	4,469
Employee fringe benefits	60,700	50,079	10,621	62,000	50,519	11,481
Supplies	73,700	61,025	12,675	67,700	65,798	1,902
Insurance	13,000	12,065	935	12,000	11,800	200
Road and bridge materials	323,000	301,381	21,619	316,000	322,032	(6,032)
Equipment repairs	35,000	38,720	(3,720)	45,000	32,024	12,976
Construction, repair, and maintenance	328,500	380,859	(52,359)	304,000	26,777	277,223
Rentals	1,000	365	635	1,000	171	829
Equipment purchases	105,000	104,172	828	150,000	148,490	1,510
Other	3,500	2,949	551	3,500	2,663	837
Transfers out	35,000	-	35,000	35,000	-	35,000
Total Disbursements	<u>1,223,400</u>	<u>1,176,477</u>	<u>46,923</u>	<u>1,239,573</u>	<u>899,178</u>	<u>340,395</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(72,300)</u>	<u>85,151</u>	<u>157,451</u>	<u>(115,673)</u>	<u>(30,541)</u>	<u>85,132</u>
CASH, JANUARY 1	168,366	168,366	-	198,907	198,907	-
CASH, DECEMBER 31	<u>\$ 96,066</u>	<u>\$ 253,517</u>	<u>\$ 157,451</u>	<u>\$ 83,234</u>	<u>\$ 168,366</u>	<u>\$ 85,132</u>

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

Exhibit B-4

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSESSMENT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 74,000	\$ 79,738	\$ 5,738	\$ 80,000	\$ 77,404	\$ (2,596)
Interest	900	1,262	362	1,000	999	(1)
Other	400	560	160	600	447	(153)
Transfers in	26,000	26,000	-	35,500	35,500	-
Total Receipts	<u>101,300</u>	<u>107,560</u>	<u>6,260</u>	<u>117,100</u>	<u>114,350</u>	<u>(2,750)</u>
DISBURSEMENTS						
Assessor	112,854	107,241	5,613	120,973	106,454	14,519
Total Disbursements	<u>112,854</u>	<u>107,241</u>	<u>5,613</u>	<u>120,973</u>	<u>106,454</u>	<u>14,519</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,554)	319	11,873	(3,873)	7,896	11,769
CASH, JANUARY 1	11,995	11,995	-	4,099	4,099	-
CASH, DECEMBER 31	<u>\$ 441</u>	<u>\$ 12,314</u>	<u>\$ 11,873</u>	<u>\$ 226</u>	<u>\$ 11,995</u>	<u>\$ 11,769</u>

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

Exhibit B-5

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 911 FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales taxes	\$ 215,000	\$ 233,647	\$ 18,647	\$ 200,000	\$ 216,575	\$ 16,575
Interest income	9,000	6,312	(2,688)	9,000	10,084	1,084
Other revenues	200	422	222	100	345	245
Total Receipts	224,200	240,381	16,181	209,100	227,004	17,904
DISBURSEMENTS						
Salary expenditures	175,400	168,453	6,947	167,000	169,013	(2,013)
Office expenditures	3,000	1,618	1,382	3,000	2,203	797
Equipment expenditures	7,000	2,202	4,798	55,500	56,125	(625)
Mileage/Training	4,500	7,464	(2,964)	5,500	4,075	1,425
Other expenditures	42,500	22,358	20,142	75,500	36,794	38,706
Total Disbursements	232,400	202,095	30,305	306,500	268,210	38,290
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,200)	38,286	46,486	(97,400)	(41,206)	56,194
CASH, JANUARY 1	135,300	135,300	-	176,506	176,506	-
CASH, DECEMBER 31	\$ 127,100	\$ 173,586	\$ 46,486	\$ 79,106	\$ 135,300	\$ 56,194

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

Exhibit B-6

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 1,200	\$ 1,114	\$ (86)	\$ 1,100	\$ 1,052	\$ (48)
Charges for services	2,400	1,713	(687)	2,100	2,524	424
Interest income	900	748	(152)	700	1,052	352
Total Receipts	<u>4,500</u>	<u>3,575</u>	<u>(925)</u>	<u>3,900</u>	<u>4,628</u>	<u>728</u>
DISBURSEMENTS						
Training	15,200	6,680	8,520	15,200	3,868	11,332
Total Disbursements	<u>15,200</u>	<u>6,680</u>	<u>8,520</u>	<u>15,200</u>	<u>3,868</u>	<u>11,332</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,700)	(3,105)	7,595	(11,300)	760	12,060
CASH, JANUARY 1	13,360	13,360	-	12,600	12,600	-
CASH, DECEMBER 31	<u>\$ 2,660</u>	<u>\$ 10,255</u>	<u>\$ 7,595</u>	<u>\$ 1,300</u>	<u>\$ 13,360</u>	<u>\$ 12,060</u>

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

Exhibit B-7

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF'S CIVIL FEES FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 10,000	\$ 8,521	\$ (1,479)	\$ 12,000	\$ 9,329	\$ (2,671)
Interest	1,000	1,012	12	800	1,207	407
Total Receipts	11,000	9,533	(1,467)	12,800	10,536	(2,264)
DISBURSEMENTS						
Salary	13,000	9,725	3,275	8,000	3,224	4,776
Equipment	11,000	5,398	5,602	11,000	-	11,000
Total Disbursements	24,000	15,123	8,877	19,000	3,224	15,776
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,000)	(5,590)	7,410	(6,200)	7,312	13,512
CASH, JANUARY 1	18,755	18,755	-	11,443	11,443	-
CASH, DECEMBER 31	\$ 5,755	\$ 13,165	\$ 7,410	\$ 5,243	\$ 18,755	\$ 13,512

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

Exhibit B-8

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY'S TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 600	\$ 427	\$ (173)	\$ 600	\$ 626	\$ 26
Total Receipts	600	427	(173)	600	626	26
DISBURSEMENTS						
Mileage/training	400	597	(197)	550	550	-
Other	-	8	(8)	100	100	-
Total Disbursements	400	605	(205)	650	650	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	(178)	(378)	(50)	(24)	26
CASH, JANUARY 1	429	429	-	453	453	-
CASH, DECEMBER 31	\$ 629	\$ 251	\$ (378)	\$ 403	\$ 429	\$ 26

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

Exhibit B-9

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY BAD CHECK/DELINQUENT TAX FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charge for services	\$ 4,015	\$ 2,638	\$ (1,377)	\$ 3,010	\$ 4,453	\$ 1,443
Interest	1,500	1,315	(185)	500	1,526	1,026
Other revenue	2,200	-	(2,200)	-	5,612	5,612
Total Receipts	7,715	3,953	(3,762)	3,510	11,591	8,081
DISBURSEMENTS						
Salary	19,588	1,817	17,771	18,000	7,986	10,014
Bad check expense	800	12	788	1,000	80	920
Delinquent tax expense	-	-	-	500	-	500
Total Disbursements	20,388	1,829	18,559	19,500	8,066	11,434
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,673)	2,124	14,797	(15,990)	3,525	19,515
CASH, JANUARY 1	24,933	24,933	-	21,408	21,408	-
CASH, DECEMBER 31	\$ 12,260	\$ 27,057	\$ 14,797	\$ 5,418	\$ 24,933	\$ 19,515

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

Exhibit B-10

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 HEALTH CENTER FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Taxes	\$ 174,978	\$ 167,910	\$ (7,068)	\$ 100,793	\$ 107,628	\$ 6,835
Intergovernmental	103,992	112,526	8,534	123,318	133,874	10,556
Charges for services	90,552	129,395	38,843	94,507	115,256	20,749
Interest	6,000	6,883	883	5,000	5,388	388
Other	6,500	19,188	12,688	7,500	11,675	4,175
Total Receipts	<u>382,022</u>	<u>435,902</u>	<u>53,880</u>	<u>331,118</u>	<u>373,821</u>	<u>42,703</u>
DISBURSEMENTS						
Salary	281,920	279,725	2,195	298,260	286,646	11,614
Office expenditures	22,200	24,243	(2,043)	22,700	20,184	2,516
Equipment expenditures	9,000	6,952	2,048	8,500	8,274	226
Mileage and training	34,500	27,960	6,540	28,500	32,828	(4,328)
Capital projects	70,000	37,876	32,124	-	-	-
Other	30,500	32,552	(2,052)	63,158	33,025	30,133
Total Disbursements	<u>448,120</u>	<u>409,308</u>	<u>38,812</u>	<u>421,118</u>	<u>380,957</u>	<u>40,161</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(66,098)	26,594	92,692	(90,000)	(7,136)	82,864
CASH, JANUARY 1	88,571	88,571	-	95,707	95,707	-
CASH, DECEMBER 31	<u>\$ 22,473</u>	<u>\$ 115,165</u>	<u>\$ 92,692</u>	<u>\$ 5,707</u>	<u>\$ 88,571</u>	<u>\$ 82,864</u>

Exhibit B-11

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER'S RECORDS PRESERVATION FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 3,600	\$ 2,881	\$ (719)	\$ 3,600	\$ 3,013	\$ (587)
Interest	250	532	282	150	338	188
Total Receipts	<u>3,850</u>	<u>3,413</u>	<u>(437)</u>	<u>3,750</u>	<u>3,351</u>	<u>(399)</u>
DISBURSEMENTS						
Office expense	2,500	682	1,818	2,500	997	1,503
Equipment	4,500	3,115	1,385	4,500	556	3,944
Total Disbursements	<u>7,000</u>	<u>3,797</u>	<u>3,203</u>	<u>7,000</u>	<u>1,553</u>	<u>5,447</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(3,150)</u>	<u>(384)</u>	<u>2,766</u>	<u>(3,250)</u>	<u>1,798</u>	<u>5,048</u>
CASH, JANUARY 1	12,738	12,738	-	10,940	10,940	-
CASH, DECEMBER 31	<u>\$ 9,588</u>	<u>\$ 12,354</u>	<u>\$ 2,766</u>	<u>\$ 7,690</u>	<u>\$ 12,738</u>	<u>\$ 5,048</u>

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

Exhibit B-12

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CHILDREN'S TRUST/DOMESTIC VIOLENCE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 300	\$ 210	\$ (90)	\$ 300	\$ 362	\$ 62
Interest	150	316	166	-	150	150
Total Receipts	450	526	76	300	512	212
DISBURSEMENTS						
Children's Trust/Domestic Violence expense	2,000	-	2,000	2,000	-	2,000
Total Disbursements	2,000	-	2,000	2,000	-	2,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,550)	526	2,076	(1,700)	512	2,212
CASH, JANUARY 1	2,818	2,818	-	2,306	2,306	-
CASH, DECEMBER 31	\$ 1,268	\$ 3,344	\$ 2,076	\$ 606	\$ 2,818	\$ 2,212

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

Exhibit B-13

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CHEMICAL EMERGENCY PREPAREDNESS FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 30	\$ -	\$ (30)	\$ 500	\$ 32	\$ (468)
Interest	300	344	44	180	364	184
Total Receipts	330	344	14	680	396	(284)
DISBURSEMENTS						
Chemical emergency preparedness	3,000	-	3,000	3,000	-	3,000
Total Disbursements	3,000	-	3,000	3,000	-	3,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,670)	344	3,014	(2,320)	396	2,716
CASH, JANUARY 1	3,710	3,710	-	3,314	3,314	-
CASH, DECEMBER 31	\$ 1,040	\$ 4,054	\$ 3,014	\$ 994	\$ 3,710	\$ 2,716

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

Exhibit B-14

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ELECTION SERVICES FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 600	\$ 1,636	\$ 1,036	\$ 1,500	\$ 1,473	\$ (27)
Interest	200	-	(200)	-	25	25
Total Receipts	800	1,636	836	1,500	1,498	(2)
DISBURSEMENTS						
Salary	225	-	225	-	-	-
Election services	900	877	23	500	50	450
Total Disbursements	1,125	877	248	500	50	450
RECEIPTS OVER (UNDER) DISBURSEMENTS	(325)	759	1,084	1,000	1,448	448
CASH, JANUARY 1	1,448	1,448	-	-	-	-
CASH, DECEMBER 31	\$ 1,123	\$ 2,207	\$ 1,084	\$ 1,000	\$ 1,448	\$ 448

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

Exhibit B-15

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SOUND RECORDING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 600	\$ 480	\$ (120)	\$ 580	\$ 780	\$ 200
Interest	25	-	(25)	10	53	43
Other revenue	-	64	64	-	-	-
Total Receipts	625	544	(81)	590	833	243
DISBURSEMENTS						
Sound recording	600	95	505	-	-	-
Total Disbursements	600	95	505	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	25	449	424	590	833	243
CASH, JANUARY 1	1,413	1,413	-	580	580	-
CASH, DECEMBER 31	\$ 1,438	\$ 1,862	\$ 424	\$ 1,170	\$ 1,413	\$ 243

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

Exhibit B-16

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER'S TECHNOLOGY FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ -	\$ 775	\$ 775	\$ -	\$ -	\$ -
Total Receipts	-	775	775	-	-	-
DISBURSEMENTS						
Recorder's technology	-	-	-	-	-	-
Total Disbursements	-	-	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	775	775	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 775	\$ 775	\$ -	\$ -	\$ -

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

Exhibit B-17

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSOCIATE CIRCUIT CIVIL AND CRIMINAL INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services				\$ -	\$ 922	\$ 922
Interest	\$ -	\$ 566	\$ 566	-	-	-
Total Receipts	-	566	566	-	922	922
DISBURSEMENTS						
Associated Circuit Civil interest	750	854	(104)	-	-	-
Total Disbursements	750	854	(104)	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(750)	(288)	462	-	922	922
CASH, JANUARY 1	2,871	2,871	-	1,949	1,949	-
CASH, DECEMBER 31	\$ 2,121	\$ 2,583	\$ 462	\$ 1,949	\$ 2,871	\$ 922

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

Exhibit B-18

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 3,600	\$ 9,176	\$ 5,576	\$ 3,500	\$ 5,337	\$ 1,837
Total Receipts	3,600	9,176	5,576	3,500	5,337	1,837
DISBURSEMENTS						
Circuit Clerk Interest	5,000	3,985	1,015	5,000	6,227	(1,227)
Total Disbursements	5,000	3,985	1,015	5,000	6,227	(1,227)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,400)	5,191	6,591	(1,500)	(890)	610
CASH, JANUARY 1	13,134	13,134	-	14,024	14,024	-
CASH, DECEMBER 31	\$ 11,734	\$ 18,325	\$ 6,591	\$ 12,524	\$ 13,134	\$ 610

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

Exhibit B-19

SHELBY COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PARENT EDUCATION FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,000	\$ 1,260	\$ 260	\$ 245	\$ 1,575	\$ 1,330
Total Receipts	1,000	1,260	260	245	1,575	1,330
DISBURSEMENTS						
Parent education	700	995	(295)	245	1,160	(915)
Total Disbursements	700	995	(295)	245	1,160	(915)
RECEIPTS OVER (UNDER) DISBURSEMENTS	300	265	(35)	-	415	415
CASH, JANUARY 1	660	660	-	245	245	-
CASH, DECEMBER 31	\$ 960	\$ 925	\$ (35)	\$ 245	\$ 660	\$ 415

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

Exhibit B-20

SHELBY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER'S LOCAL RECORDS GRANT FUND

	Year Ended December 31,			Year Ended December 31,		
	2001		Variance	2000		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
RECEIPTS						
Interest income	\$ -	\$ 6	\$ 6	\$ -	\$ -	\$ -
Other revenues	-	3,503	3,503	-	-	-
Total Receipts	-	3,509	3,509	-	-	-
DISBURSEMENTS						
Expense	-	3,115	(3,115)	-	-	-
Total Disbursements	-	3,115	(3,115)	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	394	394	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 394	\$ 394	\$ -	\$ -	\$ -

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

Exhibit B-21

SHELBY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW LIBRARY FUND

	Year Ended December 31,			Year Ended December 31,		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 100	\$ 73	\$ (27)	\$ -	\$ 85	\$ 85
Charges for services	2,400	2,350	(50)	3,500	2,415	(1,085)
Total Receipts	<u>2,500</u>	<u>2,423</u>	<u>(77)</u>	<u>3,500</u>	<u>2,500</u>	<u>(1,000)</u>
DISBURSEMENTS						
Law Library	-	3,450	(3,450)	-	2,493	(2,493)
Total Disbursements	<u>-</u>	<u>3,450</u>	<u>(3,450)</u>	<u>-</u>	<u>2,493</u>	<u>(2,493)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,500	(1,027)	(3,527)	3,500	7	(3,493)
CASH, JANUARY 1	4,247	4,247	-	4,240	4,240	-
CASH, DECEMBER 31	<u>\$ 6,747</u>	<u>\$ 3,220</u>	<u>\$ (3,527)</u>	<u>\$ 7,740</u>	<u>\$ 4,247</u>	<u>\$ (3,493)</u>

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

Notes to the Financial Statements

SHELBY COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2001 AND 2000

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Shelby County, Missouri, (County) and comparisons of such information with the corresponding budgeted information for various 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, an elected county official, or the Health Center Board. The General Revenue Fund is the County's general operating 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.

B. 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, which 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.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the County did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder's Local Records Grant Fund	2001
Recorder's Technology Fund	2001
Associate Circuit Civil and Criminal Interest Fund	2000

SHELBY COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2001 AND 2000

C. Budgets and Budgetary Practices (Continued)

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney's Training Fund	2001
Circuit Clerk Interest Fund	2000
Parent Education Fund	2001 and 2000
Law Library Fund	2001 and 2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the County's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Civil and Criminal Interest Fund	2001 and 2000
Circuit Clerk Interest Fund	2001 and 2000
Parent Education Fund	2001 and 2000
Law Library Fund	2001 and 2000

In addition, the amounts presented in the published financial statements for the Health Center Fund included only those amounts which passed through the County Treasurer.

SHELBY COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2001 AND 2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The County's deposits at December 31, 2001 and 2000 were entirely covered by federal depository insurance or by collateral securities held by the County's custodial bank in the County's name.

The Health Center's deposits at December 31, 2001 and 2000 were entirely covered by federal depository insurance or by collateral securities held by the Health Center's custodial bank in the Health Center's name.

Supplementary Schedule

Schedule

SHELBY COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER0045-0203	\$ 28,896	\$ 22,722
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	96-UM-WX-0232		8,811
Passed through:				
State Department of Public Safety -				
16.554	National Criminal History Improvement Program	95-R4-RX-K011		5,610
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	960	957
Total pass-through programs			960	6,567
Total U.S. Department of Justice			960	15,378
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-102(15)	373,568	7,330
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A		184

(continued)

Schedule

SHELBY COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERO146-0203CLPP ERS146-1203L	2,259	1,100
93.268	Immunization Grants	N/A	17,851	19,365
			<u>14,281</u>	<u>16,267</u>
			<u>32,132</u>	<u>35,632</u>
93.575	Child Care and Development Block Grant	PGA067-1203C PGA067-2203S PGA067-0203S PGA067-0203C	3,002	2,905
93.991	Preventive Health and Health Services Block Grant	N/A		194
93.991	Chronic Disease Health Education Initiative Tobacco Match	A0C00380172		22,715
93.994	Maternal and Child Health Services Block Grant to the States	ERS175-0203F ERS175-1203F	11,610	18,301
			<u>1,607</u>	<u>968</u>
			<u>13,217</u>	<u>19,269</u>
93.994	Comprehensive Family Planning Services	ERS146-0203M ERS146-1203M ERS146-2203M	<u>7,433</u>	<u>6,590</u>
Total pass-through programs			<u>58,043</u>	<u>88,405</u>
Total U.S. Department of Health and Human Services			<u>58,043</u>	<u>88,405</u>
Total Expenditures of Federal Awards			<u>\$ 461,467</u>	<u>134,019</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

SHELBY COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2001 AND 2000

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

SHELBY COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE (CONTINUED) AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2001 AND 2000

C. Basis of Accounting (Continued)

Of the amounts for Immunization Grants (CFDA number 93.268), \$14,281 and \$16,267 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$-0- and \$194 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$1,607 and \$968 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. The remaining amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The County provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

Independent Auditors' Report

ARTHUR WHITE & ASSOCIATES, L.L.C.

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

May 3, 2002

To the County Commission
and
Officeholders of Shelby County, Missouri

Compliance

We have audited the compliance of Shelby County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The County's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Shelby County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-4.

Internal Control Over Compliance

The management of Shelby County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Shelby County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

Schedule

SHELBY COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2001 AND 2000

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? _____ yes X no

Reportable conditions identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to the financial statements noted? X yes _____ no

Federal Awards

Internal control over major program:

Material weakness identified? _____ yes X no

Reportable condition identified that is not considered to be a material weakness? X yes _____ none reported

Type of auditors' report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? X yes _____ no

Identification of major program:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

SHELBY COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2001 AND 2000

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes X no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

01-1 Condition: As noted in note 1C in the notes to the financial statements, the County did not adopt budgets for some funds.

Criteria: The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various County funds in accordance with Section 50.525 through 50.745, RSMo 2000, the County budget law.

Effect: The County is not in compliance with the County budget law.

Recommendation: We recommend the County adopt a budget for all funds.

Auditee's response: These funds started in the middle of the year and we did not issue a revised budget.

01-2 Condition: As noted in note 1C in the notes to the financial statements, warrants were issued in excess of approved budgets in some funds.

Criteria: Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Effect: The County is not in compliance with Section 50.740 RSMo 2000.

Recommendation: We recommend that warrants not be issued in excess of budgeted funds.

Auditee's response: We will attempt to budget sufficient amounts to cover expenditures in the future.

SHELBY COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2001 AND 2000

01-3 Condition: As noted in note 1D in the notes to the financial statements, the County's published financial statements did not include all County funds.

Criteria: Sections 50.800 and 50.810, RSMo 2000, require publishing in a local newspaper a detailed annual financial statement for the County.

Effect: The County is not in compliance with Sections 50.800 and 50.810, RSMo, 2000.

Recommendation: We recommend that the County include all County funds in the published annual financial statements.

Auditee's response: We will attempt to include all funds in the future.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-102(15)
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

01-4 Condition: The schedule of Federal Financial Assistance prepared by the County did not accurately report federal revenue and expenditures.

Criteria: The *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (OMB Common Rule), Subpart C Section 20, (b)(2) states that grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities.

Effect: Without proper controls for accurately identifying federal revenue and expenditures, the County's federal awards could potentially be reduced.

SHELBY COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2001 AND 2000

Recommendation: We recommend the County adopt procedures in which federal awards may be correctly identified.

Auditee's response: We will attempt to accurately identify federal assistance in the future.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

SHELBY COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Shelby County, Missouri, on the applicable findings in the prior audit report issued for the Shelby years ended December 31, 1999.

Finding 99-1

The County imposed a sales tax under Section 67.547, RSMo 1994, for the purpose of establishing an enhanced 911 emergency telephone service; however, the County also has another one-half of one percent sales tax levy under this law. With this additional sales tax, the County is levying one percent, which is apparently above the statutory maximum allowed by Section 67.547. The County could have submitted this issue to the voters under Section 190.335, RSMo Cumulative Supp., which authorizes up to one half of one percent sales tax levy for the purpose of providing emergency services.

Recommendation: The County Commission should review the overall sales taxes being levied and ensure they are in accordance with state law.

Status: After discussions with an attorney, and based on the attorney's opinion that the County is in compliance with state law, the County Commissioners decided to keep the 911 sales tax levy as originally imposed. Letters were mailed to the state, but no reply has been received yet.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

SHELBY COUNTY, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the County's management.

Finding 99-2

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	State Department of Health
Federal CFDA Number:	93.991
Program Title:	Preventive Health and Health Services Block Grant
Pass-Through Entity	
Identifying Number:	A0C9000113, A0C0380172, and A0CB000076
Award Year:	1999 and 1998
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 102(14) and BRO 102(15)
Award Year:	1999 and 1998
Questioned Costs:	Not Applicable

The County did not have a procedure in place to adequately track federal assistance for preparation of the schedule of expenditures of federal awards (SEFA).

Recommendation: The County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

Status: Not implemented. See finding 01-4.

SHELBY COUNTY, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
IN ACCORDANCE WITH OMB CIRCULAR A-133

Finding 99-3

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 102(14)
Award Year:	1998
Questioned Costs:	Not Applicable

The County normally pays expenditures as the liability is incurred and prior to the reimbursement; however, one reimbursement totaling \$89,527 was held 182 days from the date of receipt until the related payment was made.

Recommendation: The County Commission establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds.

Status: Implemented.