



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Polk County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Polk County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2015, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by McBride, Lock & Associates, LLC, Certified Public Accountants, is attached.

Nicole R. Galloway, CPA
State Auditor

August 2016
Report No. 2016-066

ANNUAL FINANCIAL REPORT

POLK COUNTY, MISSOURI

For the Years Ended
December 31, 2015 and 2014

POLK COUNTY, MISSOURI
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INTRODUCTORY SECTION

POLK COUNTY, MISSOURI
List of Elected Officials

County Commission

Presiding Commissioner – Shannon Hancock

Associate Commissioner North District – Kyle Legan

Associate Commissioner South District – Rex Austin

Other Elected Officials

Assessor – Carolyn Page

Circuit Clerk – Tiffany Phillips

Collector – Debbi McGinnis

Coroner – Roy Harms

County Clerk – Melinda Robertson

Prosecuting Attorney – Ken Ashlock

Public Administrator – Barbara Davolt

Recorder – Carol Poindexter

Sheriff – Kay Williams

Treasurer – Vonna Jones

FINANCIAL SECTION

McBRIDE, LOCK & ASSOCIATES, LLC

INDEPENDENT AUDITORS' REPORT

To the County Commission and
Officeholders of Polk County, Missouri

We have audited the accompanying financial statements of Polk County, Missouri as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1, the financial statements are prepared by Polk 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.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Polk County, Missouri, as of December 31, 2015 and 2014, or changes in financial position for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of each fund of Polk County, Missouri, as of December 31, 2015 and 2014, and their respective cash receipts and disbursements, and budgetary results for the years then ended, in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated August 4, 2016, on our consideration of Polk County, Missouri’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 the County’s internal control over financial reporting and compliance.

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

McBride, Lock & Associates, LLC
Kansas City, Missouri
August 4, 2016

POLK COUNTY, MISSOURI
STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2014 AND 2015

Fund	Cash and Investments			Cash and Investments			Cash and Investments	
	January 1, 2014	Receipts 2014	Disbursements 2014	December 31, 2014	Receipts 2015	Disbursements 2015	December 31, 2015	
General Revenue	\$ 1,153,169	\$ 1,652,855	\$ 1,431,972	\$ 1,374,052	\$ 1,610,786	\$ 1,410,624	\$ 1,574,214	
Special Road & Bridge	46,568	2,537,994	2,584,562	-	2,921,545	2,921,545	-	
Assessment	164,414	305,457	258,565	211,306	316,024	249,509	277,821	
Road and Bridge Capital Improvement	266,469	1,452,735	1,180,841	538,363	1,543,058	1,486,606	594,815	
Collector's Tax Maintenance	5,184	41,167	28,534	17,817	31,240	36,563	12,494	
Sheriff's Special Operations	2,812	-	-	2,812	-	-	2,812	
Election Services	39,132	12,672	8,264	43,540	9,403	3,941	49,002	
Inmate Security	19,654	20,301	1,111	38,844	18,027	991	55,880	
Law Enforcement Restitution	89,503	65,110	26,955	127,658	66,106	58,007	135,757	
Law Enforcement Training	15,668	9,541	3,414	21,795	9,070	2,864	28,001	
Deputy Sheriff Salary	874	57,000	56,114	1,760	50,809	50,992	1,577	
Senate Bill 40	214,133	717,782	773,217	158,698	697,441	645,664	210,475	
Prosecuting Attorney Delinquent Tax	2,689	-	608	2,081	-	-	2,081	
Prosecuting Attorney Training	344	1,670	1,399	615	1,522	1,556	581	
Recorder's Users Fee	11,617	18,378	11,824	18,171	19,746	10,188	27,729	
Regional Child Support	4,465	186,947	160,876	30,536	169,616	165,187	34,965	
Senior Citizens Services	58,529	144,678	109,627	93,580	145,138	129,165	109,553	
Sheriff Civil Fees	54,308	29,619	35,115	48,812	25,441	32,433	41,820	
Special Trust	-	8,946	8,946	-	8,853	8,273	580	
Veterans Memorial	3,275	8	-	3,283	8	-	3,291	
County Revenue Savings	577,247	187,241	-	764,488	3,646	-	768,134	
Sheriff's Revolving	42,801	25,869	30,000	38,670	43,125	30,000	51,795	
Law Enforcement Sales Tax	23,047	1,803,829	1,728,402	98,474	1,910,381	1,830,938	177,917	
Prosecuting Attorney Bad Check	-	5,021	5,021	-	6,391	5,011	1,380	
Total	<u>\$ 2,795,902</u>	<u>\$ 9,284,820</u>	<u>\$ 8,445,367</u>	<u>\$ 3,635,355</u>	<u>\$ 9,607,376</u>	<u>\$ 9,080,057</u>	<u>\$ 4,162,674</u>	

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

POLK COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

GENERAL REVENUE FUND Year Ended December 31,				
	2014		2015	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
RECEIPTS				
Property taxes	\$ 900,400	\$ 950,985	\$ 902,000	\$ 955,304
Sales taxes	-	-	-	-
Intergovernmental	120,423	110,091	123,372	115,007
Charges for services	441,020	470,780	457,811	454,027
Interest	10,500	8,534	9,000	8,704
Other	112,970	105,457	54,100	70,732
Transfers in	9,960	7,008	8,660	7,012
Total Receipts	<u>\$ 1,595,273</u>	<u>\$ 1,652,855</u>	<u>\$ 1,554,943</u>	<u>\$ 1,610,786</u>
DISBURSEMENTS				
County Commission	\$ 107,590	\$ 105,445	\$ 106,690	\$ 99,437
County Clerk	118,895	106,314	91,475	78,915
Elections	222,556	182,152	160,284	109,944
Buildings and grounds	297,464	217,193	412,282	351,895
Employee fringe benefits	64,500	62,103	73,500	67,660
County Treasurer	71,650	67,940	57,880	51,249
County Collector	154,467	142,561	156,000	146,789
Recorder of Deeds	86,355	82,333	87,720	84,698
Circuit Clerk	79,640	68,499	106,140	63,535
Court administration	-	3,095	10,129	2,953
Public Administrator	61,405	60,204	72,109	67,666
Emergency fund	46,587	-	77,800	-
Other	333,747	279,460	271,700	234,853
Transfers out	264,271	54,673	329,617	51,030
Total Disbursements	<u>\$ 1,909,127</u>	<u>\$ 1,431,972</u>	<u>\$ 2,013,326</u>	<u>\$ 1,410,624</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ (313,854)	\$ 220,883	\$ (458,383)	\$ 200,162
CASH AND INVESTMENTS, JANUARY 1	<u>1,153,169</u>	<u>1,153,169</u>	<u>1,374,052</u>	<u>1,374,052</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 839,315</u></u>	<u><u>\$ 1,374,052</u></u>	<u><u>\$ 915,669</u></u>	<u><u>\$ 1,574,214</u></u>

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

POLK COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SPECIAL ROAD & BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 508,000	\$ 543,305	\$ 509,000	\$ 545,869	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	918,948	972,813	1,828,070	1,050,962	258,190	265,896	265,895	273,502
Charges for services	-	-	-	-	-	-	-	-
Interest	650	397	350	375	1,200	1,113	1,113	1,442
Other	3,000	11,191	10,500	18,837	3,000	5,896	5,851	8,086
Transfers in	1,400,000	1,010,288	1,494,000	1,305,502	32,552	32,552	32,994	32,994
Total Receipts	<u>\$ 2,830,598</u>	<u>\$ 2,537,994</u>	<u>\$ 3,841,920</u>	<u>\$ 2,921,545</u>	<u>\$ 294,942</u>	<u>\$ 305,457</u>	<u>\$ 305,853</u>	<u>\$ 316,024</u>
DISBURSEMENTS								
Salaries	\$ 551,600	\$ 545,135	\$ 610,200	603,683	\$ 170,575	\$ 169,797	\$ 174,839	\$ 157,954
Employee fringe benefits	157,000	156,195	188,500	180,202	44,000	41,699	46,066	46,817
Materials and supplies	332,100	311,216	343,040	247,188	12,900	12,127	14,900	12,782
Services and other	308,500	301,370	397,223	392,532	50,240	34,942	55,850	31,956
Capital outlay	250,000	283,572	250,000	241,890	-	-	-	-
Construction	1,229,000	987,074	2,052,812	1,256,050	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 2,828,200</u>	<u>\$ 2,584,562</u>	<u>\$ 3,841,775</u>	<u>\$ 2,921,545</u>	<u>\$ 277,715</u>	<u>\$ 258,565</u>	<u>\$ 291,655</u>	<u>\$ 249,509</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ 2,398	\$ (46,568)	\$ 145	\$ -	\$ 17,227	\$ 46,892	\$ 14,198	\$ 66,515
CASH AND INVESTMENTS, JANUARY 1	<u>46,568</u>	<u>46,568</u>	<u>-</u>	<u>-</u>	<u>164,414</u>	<u>164,414</u>	<u>211,306</u>	<u>211,306</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 48,966</u>	<u>\$ -</u>	<u>\$ 145</u>	<u>\$ -</u>	<u>\$ 181,641</u>	<u>\$ 211,306</u>	<u>\$ 225,504</u>	<u>\$ 277,821</u>

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

POLK COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	ROAD AND BRIDGE CAPITAL IMPROVEMENT FUND				COLLECTOR'S TAX MAINTENANCE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	1,300,000	1,449,525	1,300,000	1,539,199	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	35,000	41,071	31,000	31,134
Interest	2,500	3,210	3,000	3,859	100	96	95	106
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,302,500</u>	<u>\$ 1,452,735</u>	<u>\$ 1,303,000</u>	<u>\$ 1,543,058</u>	<u>\$ 35,100</u>	<u>\$ 41,167</u>	<u>\$ 31,095</u>	<u>\$ 31,240</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 2,240	\$ 2,067	\$ 3,360	\$ 3,359
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	5,500	5,884	21,000	11,235
Services and other	160,000	170,553	160,000	181,105	23,260	13,575	16,640	14,957
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	1,400,000	1,010,288	1,494,000	1,305,501	7,000	7,008	7,000	7,012
Total Disbursements	<u>\$ 1,560,000</u>	<u>\$ 1,180,841</u>	<u>\$ 1,654,000</u>	<u>\$ 1,486,606</u>	<u>\$ 38,000</u>	<u>\$ 28,534</u>	<u>\$ 48,000</u>	<u>\$ 36,563</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (257,500)	\$ 271,894	\$ (351,000)	\$ 56,452	\$ (2,900)	\$ 12,633	\$ (16,905)	\$ (5,323)
CASH AND INVESTMENTS, JANUARY 1	<u>266,469</u>	<u>266,469</u>	<u>538,363</u>	<u>538,363</u>	<u>5,184</u>	<u>5,184</u>	<u>17,817</u>	<u>17,817</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 8,969</u>	<u>\$ 538,363</u>	<u>\$ 187,363</u>	<u>\$ 594,815</u>	<u>\$ 2,284</u>	<u>\$ 17,817</u>	<u>\$ 912</u>	<u>\$ 12,494</u>

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

POLK COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SHERIFF'S SPECIAL OPERATIONS FUND				ELECTION SERVICES FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	3,000	1,775	2,000	2,566
Charges for services	-	-	-	-	14,000	-	3,250	-
Interest	-	-	-	-	250	198	200	224
Other	-	-	-	-	9,000	-	1,700	-
Transfers in	-	-	-	-	-	10,699	-	6,613
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,250</u>	<u>\$ 12,672</u>	<u>\$ 7,150</u>	<u>\$ 9,403</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	-	-	-	-	30,000	8,264	40,000	3,941
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 8,264</u>	<u>\$ 40,000</u>	<u>\$ 3,941</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ -	\$ -	\$ -	\$ -	\$ (3,750)	\$ 4,408	\$ (32,850)	\$ 5,462
CASH AND INVESTMENTS, JANUARY 1	<u>2,812</u>	<u>2,812</u>	<u>2,812</u>	<u>2,812</u>	<u>39,132</u>	<u>39,132</u>	<u>43,540</u>	<u>43,540</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 2,812</u></u>	<u><u>\$ 2,812</u></u>	<u><u>\$ 2,812</u></u>	<u><u>\$ 2,812</u></u>	<u><u>\$ 35,382</u></u>	<u><u>\$ 43,540</u></u>	<u><u>\$ 10,690</u></u>	<u><u>\$ 49,002</u></u>

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

POLK COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	INMATE SECURITY FUND				LAW ENFORCEMENT RESTITUTION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	11,278	20,301	15,100	18,027	60,000	57,794	57,000	60,442
Interest	-	-	-	-	500	516	500	644
Other	-	-	-	-	-	6,800	-	5,020
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 11,278</u>	<u>\$ 20,301</u>	<u>\$ 15,100</u>	<u>\$ 18,027</u>	<u>\$ 60,500</u>	<u>\$ 65,110</u>	<u>\$ 57,500</u>	<u>\$ 66,106</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	31,000	17,858	38,000	38,000
Services and other	4,000	1,111	15,000	991	44,000	2,061	62,000	13,500
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	7,036	-	6,507
Total Disbursements	<u>\$ 4,000</u>	<u>\$ 1,111</u>	<u>\$ 15,000</u>	<u>\$ 991</u>	<u>\$ 75,000</u>	<u>\$ 26,955</u>	<u>\$ 100,000</u>	<u>\$ 58,007</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ 7,278	\$ 19,190	\$ 100	\$ 17,036	\$ (14,500)	\$ 38,155	\$ (42,500)	\$ 8,099
CASH AND INVESTMENTS, JANUARY 1	<u>19,654</u>	<u>19,654</u>	<u>38,844</u>	<u>38,844</u>	<u>89,503</u>	<u>89,503</u>	<u>127,658</u>	<u>127,658</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 26,932</u>	<u>\$ 38,844</u>	<u>\$ 38,944</u>	<u>\$ 55,880</u>	<u>\$ 75,003</u>	<u>\$ 127,658</u>	<u>\$ 85,158</u>	<u>\$ 135,757</u>

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

POLK COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	LAW ENFORCEMENT TRAINING FUND				DEPUTY SHERIFF SALARY FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	2,850	2,870	2,800	2,995	49,322	45,359	40,396	40,562
Charges for services	5,900	6,586	6,600	5,961	15,500	11,641	11,600	10,247
Interest	96	85	90	114	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 8,846</u>	<u>\$ 9,541</u>	<u>\$ 9,490</u>	<u>\$ 9,070</u>	<u>\$ 64,822</u>	<u>\$ 57,000</u>	<u>\$ 51,996</u>	<u>\$ 50,809</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 44,186	\$ 43,558	\$ 38,534	\$ 39,895
Employee fringe benefits	-	-	-	-	1,010	915	1,004	850
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	8,000	3,414	8,000	2,864	15,500	11,641	11,600	10,247
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	5,000	-	-	-
Total Disbursements	<u>\$ 8,000</u>	<u>\$ 3,414</u>	<u>\$ 8,000</u>	<u>\$ 2,864</u>	<u>\$ 65,696</u>	<u>\$ 56,114</u>	<u>\$ 51,138</u>	<u>\$ 50,992</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 846	\$ 6,127	\$ 1,490	\$ 6,206	\$ (874)	\$ 886	\$ 858	\$ (183)
CASH AND INVESTMENTS, JANUARY 1	<u>15,668</u>	<u>15,668</u>	<u>21,795</u>	<u>21,795</u>	<u>874</u>	<u>874</u>	<u>1,760</u>	<u>1,760</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 16,514</u></u>	<u><u>\$ 21,795</u></u>	<u><u>\$ 23,285</u></u>	<u><u>\$ 28,001</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,760</u></u>	<u><u>\$ 2,618</u></u>	<u><u>\$ 1,577</u></u>

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

POLK COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SENATE BILL 40 FUND				PROSECUTING ATTORNEY DELINQUENT TAX FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 50,000	\$ 60,026	\$ 50,000	\$ 60,188	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	200,000	657,524	250,000	637,036	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	195	232	200	217	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 250,195</u>	<u>\$ 717,782</u>	<u>\$ 300,200</u>	<u>\$ 697,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	245,150	773,217	297,700	645,664	2,689	608	2,000	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 245,150</u>	<u>\$ 773,217</u>	<u>\$ 297,700</u>	<u>\$ 645,664</u>	<u>\$ 2,689</u>	<u>\$ 608</u>	<u>\$ 2,000</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ 5,045	\$ (55,435)	\$ 2,500	\$ 51,777	\$ (2,689)	\$ (608)	\$ (2,000)	\$ -
CASH AND INVESTMENTS, JANUARY 1	<u>214,133</u>	<u>214,133</u>	<u>158,698</u>	<u>158,698</u>	<u>2,689</u>	<u>2,689</u>	<u>2,081</u>	<u>2,081</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 219,178</u>	<u>\$ 158,698</u>	<u>\$ 161,198</u>	<u>\$ 210,475</u>	<u>\$ -</u>	<u>\$ 2,081</u>	<u>\$ 81</u>	<u>\$ 2,081</u>

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

POLK COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	PROSECUTING ATTORNEY TRAINING FUND				RECORDER'S USERS FEE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	1,500	1,670	1,650	1,522	18,000	18,299	19,000	19,628
Interest	-	-	-	-	100	79	75	118
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,500</u>	<u>\$ 1,670</u>	<u>\$ 1,650</u>	<u>\$ 1,522</u>	<u>\$ 18,100</u>	<u>\$ 18,378</u>	<u>\$ 19,075</u>	<u>\$ 19,746</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	11,000	11,324	15,000	7,857
Services and other	1,500	1,399	2,000	1,556	14,000	500	10,000	2,331
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 1,500</u>	<u>\$ 1,399</u>	<u>\$ 2,000</u>	<u>\$ 1,556</u>	<u>\$ 25,000</u>	<u>\$ 11,824</u>	<u>\$ 25,000</u>	<u>\$ 10,188</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ -	\$ 271	\$ (350)	\$ (34)	\$ (6,900)	\$ 6,554	\$ (5,925)	\$ 9,558
CASH AND INVESTMENTS, JANUARY 1	<u>344</u>	<u>344</u>	<u>615</u>	<u>615</u>	<u>11,617</u>	<u>11,617</u>	<u>18,171</u>	<u>18,171</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 344</u>	<u>\$ 615</u>	<u>\$ 265</u>	<u>\$ 581</u>	<u>\$ 4,717</u>	<u>\$ 18,171</u>	<u>\$ 12,246</u>	<u>\$ 27,729</u>

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

POLK COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	REGIONAL CHILD SUPPORT FUND				SENIOR CITIZENS SERVICES FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 127,819	\$ 143,705	\$ 128,570	\$ 144,063
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	143,643	150,440	143,643	136,439	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	125	121	100	209
Other	21,754	25,084	21,754	21,754	-	852	693	866
Transfers in	11,423	11,423	11,423	11,423	-	-	-	-
Total Receipts	<u>\$ 176,820</u>	<u>\$ 186,947</u>	<u>\$ 176,820</u>	<u>\$ 169,616</u>	<u>\$ 127,944</u>	<u>\$ 144,678</u>	<u>\$ 129,363</u>	<u>\$ 145,138</u>
DISBURSEMENTS								
Salaries	\$ 116,574	\$ 112,897	\$ 116,364	\$ 116,057	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	29,926	21,438	29,926	24,606	-	-	-	-
Materials and supplies	4,400	4,758	2,800	8,092	-	-	-	29
Services and other	25,920	21,783	27,820	16,432	186,473	109,627	222,943	129,136
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 176,820</u>	<u>\$ 160,876</u>	<u>\$ 176,910</u>	<u>\$ 165,187</u>	<u>\$ 186,473</u>	<u>\$ 109,627</u>	<u>\$ 222,943</u>	<u>\$ 129,165</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ -	\$ 26,071	\$ (90)	\$ 4,429	\$ (58,529)	\$ 35,051	\$ (93,580)	\$ 15,973
CASH AND INVESTMENTS, JANUARY 1	<u>4,465</u>	<u>4,465</u>	<u>30,536</u>	<u>30,536</u>	<u>58,529</u>	<u>58,529</u>	<u>93,580</u>	<u>93,580</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 4,465</u>	<u>\$ 30,536</u>	<u>\$ 30,446</u>	<u>\$ 34,965</u>	<u>\$ -</u>	<u>\$ 93,580</u>	<u>\$ -</u>	<u>\$ 109,553</u>

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

POLK COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SHERIFF CIVIL FEES FUND				SPECIAL TRUST FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	37,500	29,354	31,500	25,072	-	-	-	-
Charges for services	-	-	-	-	9,500	8,946	9,500	8,853
Interest	415	265	300	217	-	-	-	-
Other	-	-	-	152	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 37,915</u>	<u>\$ 29,619</u>	<u>\$ 31,800</u>	<u>\$ 25,441</u>	<u>\$ 9,500</u>	<u>\$ 8,946</u>	<u>\$ 9,500</u>	<u>\$ 8,853</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	82,500	35,115	80,612	32,433	-	-	-	-
Services and other	-	-	-	-	9,500	8,946	9,500	8,273
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 82,500</u>	<u>\$ 35,115</u>	<u>\$ 80,612</u>	<u>\$ 32,433</u>	<u>\$ 9,500</u>	<u>\$ 8,946</u>	<u>\$ 9,500</u>	<u>\$ 8,273</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (44,585)	\$ (5,496)	\$ (48,812)	\$ (6,992)	\$ -	\$ -	\$ -	\$ 580
CASH AND INVESTMENTS, JANUARY 1	<u>54,308</u>	<u>54,308</u>	<u>48,812</u>	<u>48,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 9,723</u></u>	<u><u>\$ 48,812</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 41,820</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 580</u></u>

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

POLK COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	VETERANS MEMORIAL FUND				COUNTY REVENUE SAVINGS FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	13	8	8	8	4,200	3,450	3,450	3,593
Other	-	-	-	-	-	183,791	-	53
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 13</u>	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 4,200</u>	<u>\$ 187,241</u>	<u>\$ 3,450</u>	<u>\$ 3,646</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	200	-	200	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (187)	\$ 8	\$ (192)	\$ 8	\$ 4,200	\$ 187,241	\$ 3,450	\$ 3,646
CASH AND INVESTMENTS, JANUARY 1	<u>3,275</u>	<u>3,275</u>	<u>3,283</u>	<u>3,283</u>	<u>577,247</u>	<u>577,247</u>	<u>764,488</u>	<u>764,488</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 3,088</u>	<u>\$ 3,283</u>	<u>\$ 3,091</u>	<u>\$ 3,291</u>	<u>\$ 581,447</u>	<u>\$ 764,488</u>	<u>\$ 767,938</u>	<u>\$ 768,134</u>

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

POLK COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SHERIFF'S REVOLVING FUND				LAW ENFORCEMENT SALES TAX FUND			
	Year Ended December 31,				Year Ended December 31,			
	2014		2015		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	1,300,000	1,449,525	1,303,000	1,539,204
Intergovernmental	-	-	-	-	54,000	47,505	52,566	56,856
Charges for services	35,000	25,600	30,000	42,840	120,600	118,103	110,650	102,749
Interest	200	269	250	285	500	755	700	1,140
Other	-	-	-	-	170,450	146,201	138,000	168,915
Transfers in	-	-	-	-	242,306	41,740	323,514	41,517
Total Receipts	<u>\$ 35,200</u>	<u>\$ 25,869</u>	<u>\$ 30,250</u>	<u>\$ 43,125</u>	<u>\$ 1,887,856</u>	<u>\$ 1,803,829</u>	<u>\$ 1,928,430</u>	<u>\$ 1,910,381</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 1,107,190	\$ 999,796	\$ 1,361,909	\$ 1,047,880
Employee fringe benefits	-	-	-	-	207,167	260,956	20,884	297,521
Materials and supplies	-	-	-	-	147,200	122,063	151,600	85,353
Services and other	-	-	-	-	449,346	345,587	492,343	400,184
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	30,000	30,000	30,000	30,000	-	-	-	-
Total Disbursements	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 1,910,903</u>	<u>\$ 1,728,402</u>	<u>\$ 2,026,736</u>	<u>\$ 1,830,938</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 5,200	\$ (4,131)	\$ 250	\$ 13,125	\$ (23,047)	\$ 75,427	\$ (98,306)	\$ 79,443
CASH AND INVESTMENTS, JANUARY 1	<u>42,801</u>	<u>42,801</u>	<u>38,670</u>	<u>38,670</u>	<u>23,047</u>	<u>23,047</u>	<u>98,474</u>	<u>98,474</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 48,001</u></u>	<u><u>\$ 38,670</u></u>	<u><u>\$ 38,920</u></u>	<u><u>\$ 51,795</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 98,474</u></u>	<u><u>\$ 168</u></u>	<u><u>\$ 177,917</u></u>

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

POLK COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

PROSECUTING ATTORNEY BAD CHECK FUND				
Year Ended December 31,				
	2014		2015	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	6,000	5,011	5,000	6,378
Interest	-	10	10	13
Other	-	-	-	-
Transfers in	-	-	-	-
Total Receipts	<u>\$ 6,000</u>	<u>\$ 5,021</u>	<u>\$ 5,010</u>	<u>\$ 6,391</u>
DISBURSEMENTS				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-
Materials and supplies	-	-	-	-
Services and other	-	316	-	-
Capital outlay	-	-	-	-
Construction	-	-	-	-
Transfers out	6,000	4,705	5,010	5,011
Total Disbursements	<u>\$ 6,000</u>	<u>\$ 5,021</u>	<u>\$ 5,010</u>	<u>\$ 5,011</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ -	\$ -	\$ 1,380
CASH AND INVESTMENTS, JANUARY 1	-	-	-	-
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,380</u>

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

POLK COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Polk County, Missouri ("County") is governed by a three-member board of commissioners. In addition to the three Commissioners, there are ten elected Constitutional Officers: Assessor, Circuit Clerk, Collector, Coroner, County Clerk, Prosecuting Attorney, Public Administrator, Recorder, Sheriff, and Treasurer.

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 Government 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, transportation, economic development, and social and recreation services.

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

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

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.

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 the second Monday in January, 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.
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. However, the County did not adopt a formal budget for the Sheriff's Special Operations Fund in 2014 or 2015.
10. Section 50.740 RSMo. prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the Senate Bill 40 Fund in 2014 and 2015.

- 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 calendar years 2015 and 2014 were:

	2015	2014
Real Estate	\$ 214,071,470	\$ 211,463,200
Personal Property	58,683,040	57,700,960
Railroad and Utilities	22,458,621	20,707,738
Total	<u>\$ 295,213,131</u>	<u>\$ 289,871,898</u>

For calendar years 2015 and 2014, the County Commission approved tax levies per \$100 of assessed valuation of tangible taxable property as follows:

	2015	2014
General Revenue	0.3235	0.3235
Special Road & Bridge	0.2790	0.2790
Senate Bill 40	0.0209	0.0209
Senior Citizens Services	0.0500	0.0500

F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash deposits may include repurchase agreements and any other instruments with an original maturity of ninety days or less. Investments consist of instruments with an original maturity of greater than 90 days. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, purchased at a price at or below par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash and investment 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 INVESTMENTS

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 Investments” caption. Cash includes both deposits and cash equivalents. Cash equivalents are instruments with original maturities less than three months.

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, 2015 and 2014, the carrying amounts of the County’s deposits were \$4,162,674 and \$3,635,355, respectively, and the bank balances were \$4,904,215 and \$4,839,873, respectively. Of the bank balances, \$500,000 and \$408,699 at December 31, 2015 and December 31, 2014, respectively, were covered by federal depository insurance. The remainder of the balances at December 31, 2015 and 2014 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.

At December 31, 2015 and 2014, the County Collector held, in addition to the cash and cash equivalents listed above, cash representing collections of property taxes on behalf of various taxing districts in the County. Tax collections on deposit amounted to \$8,608,169 and \$7,510,312 at December 31, 2015 and 2014, respectively. The County Collector’s deposits were covered by federal depository insurance of \$250,000 as of December 31, 2015 and 2014. The remainder of the balances as December 31, 2015 and 2014 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.

3. COUNTY EMPLOYEES’ RETIREMENT PLANS

A. County Employees’ Retirement Fund (CERF)

The County Employee’s 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, or by calling 1-573-632-9203.

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, in order to participate in CERF. During 2015 and 2014, the County collected and remitted to CERF employee contributions and fees collected of \$111,233 and \$101,195, respectively, for the years then ended.

B. Prosecuting Attorney's Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County contributed \$7,752 and \$7,752 for the years ended December 31, 2015 and 2014, 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. Litigation

The County is involved in pending litigation as of the audit report date. The County's management and legal counsel anticipate that the potential claims, if any, against the County

resulting from such litigation would not have a material effect on the financial position of the County.

B. Compensated Absences

The County provides employees with up to three weeks of paid vacation based upon the number of years of continuous service. This ranges from getting one week after the first year of service, and two weeks after two years of service and three weeks after 10 years of service. Upon termination from county employment, an employee is reimbursed for unused vacation time, if applicable. County employees receive personal days when they start, after 90 days of continuous employment. An employee is not reimbursed for unused personal time upon termination of employment. Full-time employees earn 4 hours per month of sick time, up to a maximum of 240 hours. Upon voluntary termination, employees will be compensated for half of their unused sick time if the employee provides two weeks' notice. Employees may not be compensated for unused sick time if involuntarily terminated.

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

7. LONG TERM DEBT

The County had the following debt outstanding at December 31, 2015:

- i. On June 15, 2012, the County entered into a lease purchase agreement with First State Bank for the purchase of a Kyocera 3050ci digital color copier system. The lease purchase is in the amount of \$12,287. The lease purchase agreement calls for 60 monthly payments of \$238, with the final payment due on June 15, 2017.
- ii. The County entered into a 10 year lease purchase agreement on June 16, 2014, with US Bank in the amount of \$1,400,000. The funds are to be used for the construction and installation of a geothermal energy system for the County Court House. The lease purchase agreement calls for 10 annual payments of \$159,446 with an interest rate of 2.438%.
- iii. On June 12, 2015, the County entered into a lease purchase agreement with CAT Financial to purchase a Caterpillar Motor Grader. The lease purchase agreement calls for four annual payments of \$16,453 and a final payment of \$150,453. The lease agreement carries an interest rate of 2.71%.
- iv. On July 31, 2015, the County entered into a lease purchase agreement with John Deere to purchase three Motor Graders. The lease purchase is in the amount of \$660,756. The lease purchase agreement calls for five annual payments of \$50,369 and a final payment of \$417,000 due on August 31, 2020.
- v. On October 23, 2012, the Polk County clerk entered into an operating lease agreement with Pitney Bowes for a mailing system. The lease agreement calls for 20 quarterly payments of \$798. The County made lease payments of \$3,192 for the year ended December 31, 2015.

8. CHANGE IN REPORTING ENTITY

The County has changed its reporting entity to include a certain fund which was previously excluded and to exclude a certain fund which was previously included. The MO Office of Prosecution Services Fund was previously included, but is excluded from this report as the fund collects and distributes fees on behalf of another entity. The Deputy Sheriff Salary Fund was previously excluded but is included in this report. The effect of this change is to increase the beginning cash balances as of January 1, 2014 by the amount of the beginning balance of the Deputy Sheriff Salary Fund.

9. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2015 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through August 4, 2016, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

COMPLIANCE SECTION

McBRIDE, LOCK & ASSOCIATES, LLC

**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 Polk 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 Polk County, Missouri as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Polk County, Missouri's basic financial statements and have issued our report thereon dated August 4, 2016.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Polk County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 1.

We also noted three other matters that we reported to management of Polk County, Missouri in the accompanying schedule of findings and recommendations section as items 2, 3 and 4.

Polk County, Missouri's Response to Findings

Polk County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. Polk County, Missouri's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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
August 4, 2016

FINDINGS AND RECOMMENDATIONS

POLK COUNTY, MISSOURI
FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES IN INTERNAL CONTROL

None

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

None

ITEMS OF NONCOMPLIANCE

1. Budgetary Compliance

Condition: We noted two areas of noncompliance with State Statutes regarding the County's budgeting process during 2015 and 2014, as follows:

- a) Adoption of a formal budget is required by law. However, the County did not adopt a formal budget for the Sheriff's Special Operations Fund in 2015 and 2014.
- b) Actual expenditures exceeded budgeted expenditures for the Senate Bill 40 Fund in 2015 and 2014. State statutes prohibit the County from approving expenditures in excess of the authorized budgeted amount for any County fund. This requirement ensures that expenditures are subject to public scrutiny as provided by their inclusion in a budget adopted or amended at a public meeting.

Recommendation: We recommend the County Commission and County Clerk ensure compliance with State Statutes by adopting a formal budget for all funds. In addition, we recommend that the Senate Bill 40 Board refrain from approving expenditures in excess of budgeted amounts. In the event that the originally adopted budget is inadequate to finance current year unforeseen expenditures, budgetary amendments should be discussed in a public meeting and formally adopted by the County Commission.

County's Response: We are scheduled to amend the budget on August 16, 2016, at that time we will adopt a formal budget for the Sheriff's Special Operation Fund as per recommendation of the Auditors.

2014 is when we started working with the Center for Human Services and we did not have any idea what kind of revenues or expenditures would be associated with this relationship. In the future, the Senate Bill 40 Board will take into consideration when setting the budget expenditures to include any possible requests that may come before the Board during the budget year and budget accordingly, as to not go over in expenditures.

Auditor's Evaluation: The responses are appropriate to correct the concern.

OTHER MATTERS

2. Bid Process

Condition: The County did not procure bids for a 2014 Special Road & Bridge purchase of materials and supplies that was in excess of the threshold requiring bids. The County Commissioners stated the purchase was for chains and other necessary materials during a winter blizzard. The original purchase in the amount of \$7,859 was returned and the same items were purchased through several separate transactions made to avoid reaching the threshold that requires bids to be obtained. RSMo 50.780.2 allows the County to waive bidding in emergency situations provided that the County documents the reasons for not performing competitive procurement procedures in the Commission minutes. RSMo 50.783 allows the County to waive the requirements for bidding in the case of a sole source purchase if the reasoning is documented in the minutes.

Recommendation: We recommend the County establish procedures to ensure emergency purchases are approved and documented in the commissioner meeting minutes in accordance with state statutes.

County's Response: In the future when an emergency situation arises and we need to purchase materials and supplies that are in the excess of the threshold bid amount, we will document the reasons for not performing competitive procurement procedures in the Commission minutes as per 50.780.2 RSMo and upon recommendation of the Auditors.

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

3. Collector's Bank Reconciliations

Condition: The Collector does not investigate significant variances between the book and bank balances for the Collector's General Account bank reconciliations at December 31st of each year. The December 2014 reconciliation was out of balance by \$4,011. The following month, the January 2015 reconciliation was out of balance by \$6. The Collector did not complete the December 2015 reconciliation due to being away for medical reasons. The January 2016 bank reconciliation was out of balance by \$658.

The Collector stated that daily register deposits are reconciled to the online bank deposits daily. Therefore, any variances in the bank reconciliation are due to clerical errors. She stated her office is very busy collecting taxes and the variance always works out the following month.

Recommendation: We recommend that the Collector investigate significant variances in the bank reconciliations on a monthly basis to ensure the accountability of tax funds collected.

County's Response: December tax collections continue often through January 12-13th with the processing of mail and identification of payments that require additional corrections prior to processing. As soon as that is completed the December turnover must be completed by Jan 15th (RSMo 139.210). Upon verifying that sufficient funds are deposited to distribute, the December Distribution is completed and then the Railroad and Utility Disbursement begins which is a totally separate software program. The decision was made long ago to combine the December and January bank reconciliation because it is not time efficient to do them separately. This policy

was tested in 2014 and of course it showed a variance that at that time was unattributable, but later was resolved to a lesser amount of \$6 by waiting another 7 days to reconcile. The variance the audit findings report as \$4,011 represented a difference of 0.033482% (three hundredths of one percent, rounded) of the two months deposits. The amount attributed to the month of January 2015 collections is 1.88% of the entire total of December- January and as previously stated in the findings was reduced to \$6. That \$6 figure represents a variance of 0.000051% (five hundred thousandths of one percent, rounded) for the time periods' deposits. The Collector is in total agreement that 'significant' variances should be investigated.

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

4. Timely Filing of the Collector's Settlement

Condition: Section 139.160 of RSMo requires county collectors to settle accounts with the County Commission and file the Collector's Annual Settlement by the first Monday of March. The settlement for the period ending February 29, 2016 was filed on June 6, 2016. It is imperative that accurate and timely Collector's Settlements be filed with the County Clerk to allow for the independent verification of the Collector's accounts with the records maintained by the Clerk.

Recommendation: We recommend that the County Collector establish procedures to ensure that future settlements are submitted in a timely manner. We recommend that the County Clerk provide a timely certification of the Collector's accounts or obtain from the Collector a rationale of the basis for untimely filings.

County's Response: Per 139.160 the Collector is required to provide to the Commission information that shows that all monies are accounted for. Although Feb 29, 2016 (not Feb 28, 2016) was the last day of the collector year and the first Monday in March was March 7, 2016, the reports for Personal Property additions, Personal Property decreases, Personal Property additions, Real Estate additions, Real Estate decreases, Real Estate increases, as well as a yearly summary of all collections and delinquencies were printed and delivered to the Clerk on March 1, 2016. The statute reference was created in 1939. With today's technology, delinquent tax books are no longer printed. They are created in image form to be stored via digital and microfiche imagery for the future. That process takes time but we have access immediately to the amounts they represent and such were provided on an unequivocal timely basis. All monies were accounted for. The Collector's Annual Settlement is not mentioned in 139.160. It simply represents a piece of paper that outlines the accounting of the money for that year. Before it can be completed, the monthly settlement must be done as well as the monthly bank statement reconciliations and the Surtax and Interest distribution report. This year, a new surtax utilization program was to be used as provided by our software vendor. Unfortunately, it appeared to be incorrect and also to belong to a different county. I contacted the vendor as soon as the error was noticed and was told that only one person in their office was able to confirm or correct our problem and he was out for an extended time. Upon speaking to him on May 16, 2016, it was determined that the information the report provided would not produce what was needed. A new program was written by the Collector to calculate the correct amounts from the data initially provided. In this same time frame, two distinct teams of auditors arrived and began their audits. Immediate precedent was given to their requests. This seemed more prudent than spending limited resources to complete a report that had already been reconciled in the reports given to the Commission on March 1, 2016. Additional effort

will be put into having the Collector's Annual Settlement completed more timely for 2017. The Collector is now utilizing an additional program to capture all amounts needed for the Collectors Annual Settlement on a monthly basis, which should allow the Collector's Annual Settlement to be completed in March of each year barring unforeseen circumstances as occurred in 2016.

Auditor's Evaluation: The finding was modified to reflect the February 29th date. The response is appropriate to correct the concern.

POLK 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 status of the auditors' follow-up on action taken by Polk County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2013 and 2012.

1. Expenditures exceeded those budgeted for the MO Office Prosecution Services Fund and the Prosecuting Attorney Training Fund.

Status – Not resolved. See finding No. 1.

2. The County did not prepare a budget for the Prosecuting Attorney Delinquent Tax Fund.

Status – Not resolved. See finding No. 1.

3. The County did not have documented internal controls.

Status – Resolved.

4. The County did not have a formal fraud risk assessment in place.

Status – Resolved.

5. The Jail Account had a deficit book balance of \$76.41 as of December 31, 2013.

Status – Resolved.