



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Shelby County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Shelby 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, 2016, 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

June 2017
Report No. 2017-054

ANNUAL FINANCIAL REPORT

SHELBY COUNTY, MISSOURI

For the Years Ended
December 31, 2016 and 2015

SHELBY COUNTY, MISSOURI

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INTRODUCTORY SECTION

SHELBY COUNTY, MISSOURI
List of Elected Officials

County Commission

Presiding Commissioner – Glenn Eagan

Associate Commissioner West District – Larry Roberts

Associate Commissioner East District – Tom Shively

Other Elected Officials

Assessor – Liz Miles

Collector – John Chinn

County Clerk – Tracy Smith

Circuit Clerk – Rose Shively

Recorder – Audrey Buzzard

Coroner – Ralph Eagan

Prosecuting Attorney – Jordan Force

Public Administrator – Susan Wilt

Sheriff – Dennis Perrigo

Treasurer – Jesse Burton

FINANCIAL SECTION

McBRIDE, LOCK & ASSOCIATES, LLC

INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of Shelby County, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Shelby County, Missouri, as of and for the years ended December 31, 2016 and 2015, 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 from material misstatement.

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

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

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

As described in Note 1, the financial statements are prepared by Shelby 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 above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Shelby County, Missouri, as of December 31, 2016 and 2015, or the changes in financial position, thereof for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of each fund of Shelby County, Missouri, as of December 31, 2016 and 2015, 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 as described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated May 18, 2017, on our consideration of Shelby 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 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
May 18, 2017

SHELBY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2015 AND 2016

Fund	Cash and Cash Equivalents	Receipts	Disbursements	Cash and Cash Equivalents	Receipts	Disbursements	Cash and Cash Equivalents
	January 1, 2015	2015	2015	December 31, 2015	2016	2016	December 31, 2016
General Revenue	\$ 731,544	\$ 1,258,303	\$ 1,196,795	\$ 793,052	\$ 1,268,459	\$ 1,367,568	\$ 693,943
Special Road & Bridge	215,022	1,273,976	1,236,756	252,242	1,330,450	1,262,162	320,530
Assessment	46,072	151,824	129,495	68,401	152,609	123,535	97,475
911	173,413	295,157	312,518	156,052	285,775	288,305	153,522
Prosecuting Attorney Training	249	310	417	142	413	360	195
Prosecuting Attorney Bad Check	7,906	2,509	2,849	7,566	1,489	2,811	6,244
Prosecuting Attorney Income Tax	2,272	2	721	1,553	6	457	1,102
Childrens Trust	738	211	520	429	221	7	643
Chemical Emergency Preparedness	2,770	2,763	2,770	2,763	2,731	2,763	2,731
Hazardous Material	109	-	109	-	-	-	-
Election Services	2,715	1,181	298	3,598	3,254	243	6,609
DARE	2,213	690	15	2,888	-	6	2,882
Recorder's Preservation	7,929	2,310	23	10,216	2,829	687	12,358
Recorder's Technology	3,235	1,338	20	4,553	1,731	206	6,078
Sheriff Civil Fund	22,770	9,847	4,940	27,677	7,092	7,673	27,096
Law Enforcement Training	611	1,234	1,310	535	1,648	1,486	697
Law Enforcement Restitution	34,263	15,210	23,495	25,978	12,799	25,038	13,739
Safe Return	418	-	13	405	2	10	397
Inmate Security	12,487	4,124	15	16,596	4,472	4,051	17,017
Tax Maintenance	31,496	7,852	88	39,260	7,523	1,136	45,647
Deputy Sheriff Salary	-	13,529	13,529	-	13,560	13,560	-
Sheriff Revolving	2,551	3,115	-	5,666	6,612	715	11,563
Total	<u>\$ 1,300,783</u>	<u>\$ 3,045,485</u>	<u>\$ 2,926,696</u>	<u>\$ 1,419,572</u>	<u>\$ 3,103,675</u>	<u>\$ 3,102,779</u>	<u>\$ 1,420,468</u>

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

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

GENERAL REVENUE FUND Year Ended December 31,				
	2015		2016	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	\$ 515,000	\$ 558,460	\$ 558,000	\$ 553,784
Sales taxes	431,000	500,108	439,000	490,472
Intergovernmental	580,815	92,276	185,121	102,205
Charges for services	47,600	48,739	47,400	55,467
Interest	500	1,624	1,000	3,989
Other	47,100	57,096	56,800	62,542
Transfers in	15,000	-	18,500	-
Total Receipts	<u>\$ 1,637,015</u>	<u>\$ 1,258,303</u>	<u>\$ 1,305,821</u>	<u>\$ 1,268,459</u>
DISBURSEMENTS				
County Commission	\$ 102,335	\$ 99,974	\$ 102,556	\$ 100,612
County Clerk	84,187	80,716	85,031	91,810
Elections	21,104	16,154	68,104	82,676
Buildings and grounds	565,522	75,090	80,850	64,960
Employee fringe benefits	104,434	104,922	104,141	102,746
Treasurer	50,371	48,273	50,725	48,385
Collector	82,231	80,482	83,385	79,374
Recorder of Deeds	61,286	59,962	61,814	61,473
Circuit Clerk	27,500	18,731	31,500	14,448
Court Administration	2,925	933	3,730	8,863
Public Administrator	25,601	25,588	25,884	25,569
Sheriff	236,295	219,711	230,375	222,239
Jail	70,664	58,270	92,500	108,821
Prosecuting Attorney	89,378	89,994	91,920	106,890
Juvenile Officer	45,765	45,085	52,590	61,285
Coroner	18,912	13,830	18,111	15,229
HAVA Election Reimbursable	13,140	848	19,171	9,171
General County Government	112,847	97,858	107,169	101,089
Transfers out	61,845	60,374	62,126	61,928
Emergency fund	55,000	-	45,000	-
Total Disbursements	<u>\$ 1,831,342</u>	<u>\$ 1,196,795</u>	<u>\$ 1,416,682</u>	<u>\$ 1,367,568</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ (194,327)	\$ 61,508	\$ (110,861)	\$ (99,109)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>731,544</u>	<u>731,544</u>	<u>793,052</u>	<u>793,052</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 537,217</u></u>	<u><u>\$ 793,052</u></u>	<u><u>\$ 682,191</u></u>	<u><u>\$ 693,943</u></u>

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

SHELBY COUNTY, MISSOURI
COMPARATIVE SCHEDULES 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,			
	2015		2016		2015		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 340,000	\$ 377,896	\$ 380,000	\$ 368,003	\$ -	\$ -	\$ -	\$ -
Sales taxes	115,000	109,399	110,000	105,692	-	-	-	-
Intergovernmental	803,500	696,264	820,500	757,535	104,904	131,840	125,739	131,940
Charges for services	25,000	31,656	30,000	35,311	-	-	-	-
Interest	300	471	500	1,841	70	111	100	534
Other	50,000	50,290	47,500	54,068	4,000	1,028	1,000	1,009
Transfers in	8,000	8,000	8,000	8,000	18,845	18,845	19,121	19,126
Total Receipts	<u>\$ 1,341,800</u>	<u>\$ 1,273,976</u>	<u>\$ 1,396,500</u>	<u>\$ 1,330,450</u>	<u>\$ 127,819</u>	<u>\$ 151,824</u>	<u>\$ 145,960</u>	<u>\$ 152,609</u>
DISBURSEMENTS								
Salaries	\$ 241,998	\$ 237,763	\$ 256,020	\$ 240,199	\$ 90,592	\$ 84,819	\$ 88,584	\$ 88,342
Employee fringe benefits	43,960	46,240	48,495	42,976	17,505	16,487	20,992	14,644
Materials and supplies	818,000	645,531	760,200	625,426	3,800	2,548	4,100	3,527
Services and other	123,322	97,821	95,611	130,836	32,550	25,641	28,371	17,022
Capital outlay	150,000	204,808	206,800	196,801	-	-	-	-
Construction	11,000	4,593	31,000	25,924	-	-	-	-
Transfers out	15,000	-	18,500	-	-	-	-	-
Total Disbursements	<u>\$ 1,403,280</u>	<u>\$ 1,236,756</u>	<u>\$ 1,416,626</u>	<u>\$ 1,262,162</u>	<u>\$ 144,447</u>	<u>\$ 129,495</u>	<u>\$ 142,047</u>	<u>\$ 123,535</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (61,480)	\$ 37,220	\$ (20,126)	\$ 68,288	\$ (16,628)	\$ 22,329	\$ 3,913	\$ 29,074
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>215,022</u>	<u>215,022</u>	<u>252,242</u>	<u>252,242</u>	<u>46,072</u>	<u>46,072</u>	<u>68,401</u>	<u>68,401</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 153,542</u>	<u>\$ 252,242</u>	<u>\$ 232,116</u>	<u>\$ 320,530</u>	<u>\$ 29,444</u>	<u>\$ 68,401</u>	<u>\$ 72,314</u>	<u>\$ 97,475</u>

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

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

	911 FUND				PROSECUTING ATTORNEY TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2015		2016		2015		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	270,000	273,500	273,500	264,232	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	398	310	275	413
Interest	100	205	200	567	-	-	-	-
Other	1,500	1,452	900	976	-	-	-	-
Transfers in	20,000	20,000	20,000	20,000	-	-	-	-
Total Receipts	<u>\$ 291,600</u>	<u>\$ 295,157</u>	<u>\$ 294,600</u>	<u>\$ 285,775</u>	<u>\$ 398</u>	<u>\$ 310</u>	<u>\$ 275</u>	<u>\$ 413</u>
DISBURSEMENTS								
Salaries	\$ 245,714	\$ 247,189	\$ 227,365	\$ 213,429	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	32,861	32,200	31,266	28,682	-	-	-	-
Materials and supplies	20,650	10,412	19,260	24,154	-	-	-	-
Services and other	44,800	22,717	37,427	22,040	545	417	391	360
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 344,025</u>	<u>\$ 312,518</u>	<u>\$ 315,318</u>	<u>\$ 288,305</u>	<u>\$ 545</u>	<u>\$ 417</u>	<u>\$ 391</u>	<u>\$ 360</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (52,425)	\$ (17,361)	\$ (20,718)	\$ (2,530)	\$ (147)	\$ (107)	\$ (116)	\$ 53
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>173,413</u>	<u>173,413</u>	<u>156,052</u>	<u>156,052</u>	<u>249</u>	<u>249</u>	<u>142</u>	<u>142</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 120,988</u>	<u>\$ 156,052</u>	<u>\$ 135,334</u>	<u>\$ 153,522</u>	<u>\$ 102</u>	<u>\$ 142</u>	<u>\$ 26</u>	<u>\$ 195</u>

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

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

	PROSECUTING ATTORNEY BAD CHECK FUND				PROSECUTING ATTORNEY INCOME TAX FUND			
	Year Ended December 31,				Year Ended December 31,			
	2015		2016		2015		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	1,800	2,500	2,355	1,461	-	-	-	-
Interest	7	9	9	28	-	2	-	6
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,807</u>	<u>\$ 2,509</u>	<u>\$ 2,364</u>	<u>\$ 1,489</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 6</u>
DISBURSEMENTS								
Salaries	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	203	203	203	203	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	2,460	546	510	508	2,000	721	750	457
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 4,763</u>	<u>\$ 2,849</u>	<u>\$ 2,813</u>	<u>\$ 2,811</u>	<u>\$ 2,000</u>	<u>\$ 721</u>	<u>\$ 750</u>	<u>\$ 457</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (2,956)	\$ (340)	\$ (449)	\$ (1,322)	\$ (2,000)	\$ (719)	\$ (750)	\$ (451)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>7,906</u>	<u>7,906</u>	<u>7,566</u>	<u>7,566</u>	<u>2,272</u>	<u>2,272</u>	<u>1,553</u>	<u>1,553</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 4,950</u>	<u>\$ 7,566</u>	<u>\$ 7,117</u>	<u>\$ 6,244</u>	<u>\$ 272</u>	<u>\$ 1,553</u>	<u>\$ 803</u>	<u>\$ 1,102</u>

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

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

	CHILDRENS TRUST FUND				CHEMICAL EMERGENCY PREPAREDNESS FUND			
	Year Ended December 31,				Year Ended December 31,			
	2015		2016		2015		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	250	210	200	220	2,800	2,763	3,100	2,731
Charges for services	-	-	-	-	-	-	-	-
Interest	20	1	-	1	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 270</u>	<u>\$ 211</u>	<u>\$ 200</u>	<u>\$ 221</u>	<u>\$ 2,800</u>	<u>\$ 2,763</u>	<u>\$ 3,100</u>	<u>\$ 2,731</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	2,800	2,770	5,863	2,763
Services and other	700	520	500	7	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 700</u>	<u>\$ 520</u>	<u>\$ 500</u>	<u>\$ 7</u>	<u>\$ 2,800</u>	<u>\$ 2,770</u>	<u>\$ 5,863</u>	<u>\$ 2,763</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (430)	\$ (309)	\$ (300)	\$ 214	\$ -	\$ (7)	\$ (2,763)	\$ (32)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>738</u>	<u>738</u>	<u>429</u>	<u>429</u>	<u>2,770</u>	<u>2,770</u>	<u>2,763</u>	<u>2,763</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 308</u>	<u>\$ 429</u>	<u>\$ 129</u>	<u>\$ 643</u>	<u>\$ 2,770</u>	<u>\$ 2,763</u>	<u>\$ -</u>	<u>\$ 2,731</u>

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

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

	HAZARDOUS MATERIAL FUND				ELECTION SERVICES FUND			
	Year Ended December 31,				Year Ended December 31,			
	2015		2016		2015		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	1,000	1,177	1,200	1,993
Interest	1	-	-	-	2	4	5	19
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	1,242
Total Receipts	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,002</u>	<u>\$ 1,181</u>	<u>\$ 1,205</u>	<u>\$ 3,254</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ -	\$ 600	\$ -
Employee fringe benefits	-	-	-	-	30	-	40	-
Materials and supplies	-	67	-	-	1,600	54	2,800	-
Services and other	110	42	-	-	900	244	1,300	243
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 110</u>	<u>\$ 109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,730</u>	<u>\$ 298</u>	<u>\$ 4,740</u>	<u>\$ 243</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (109)	\$ (109)	\$ -	\$ -	\$ (1,728)	\$ 883	\$ (3,535)	\$ 3,011
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>109</u>	<u>109</u>	<u>-</u>	<u>-</u>	<u>2,715</u>	<u>2,715</u>	<u>3,598</u>	<u>3,598</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987</u>	<u>\$ 3,598</u>	<u>\$ 63</u>	<u>\$ 6,609</u>

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

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

	DARE FUND				RECORDER'S PRESERVATION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2015		2016		2015		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	800	690	800	-	2,400	2,294	2,300	2,793
Interest	-	-	-	-	-	16	-	36
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 800</u>	<u>\$ 690</u>	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 2,400</u>	<u>\$ 2,310</u>	<u>\$ 2,300</u>	<u>\$ 2,829</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	260
Services and other	1,200	15	1,000	6	500	23	200	427
Capital outlay	-	-	-	-	9,500	-	10,000	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 1,200</u>	<u>\$ 15</u>	<u>\$ 1,000</u>	<u>\$ 6</u>	<u>\$ 10,000</u>	<u>\$ 23</u>	<u>\$ 10,200</u>	<u>\$ 687</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (400)	\$ 675	\$ (200)	\$ (6)	\$ (7,600)	\$ 2,287	\$ (7,900)	\$ 2,142
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>2,213</u>	<u>2,213</u>	<u>2,888</u>	<u>2,888</u>	<u>7,929</u>	<u>7,929</u>	<u>10,216</u>	<u>10,216</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 1,813</u>	<u>\$ 2,888</u>	<u>\$ 2,688</u>	<u>\$ 2,882</u>	<u>\$ 329</u>	<u>\$ 10,216</u>	<u>\$ 2,316</u>	<u>\$ 12,358</u>

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

	RECORDER'S TECHNOLOGY FUND				SHERIFF CIVIL FUND			
	Year Ended December 31,				Year Ended December 31,			
	2015		2016		2015		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,400	1,338	1,350	1,731	-	-	-	-
Charges for services	-	-	-	-	9,000	9,816	9,000	6,975
Interest	-	-	-	-	20	31	30	117
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,400</u>	<u>\$ 1,338</u>	<u>\$ 1,350</u>	<u>\$ 1,731</u>	<u>\$ 9,020</u>	<u>\$ 9,847</u>	<u>\$ 9,030</u>	<u>\$ 7,092</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 998	\$ 4,500	\$ 1,615
Employee fringe benefits	-	-	-	-	200	76	200	124
Materials and supplies	4,500	20	4,700	206	-	-	-	-
Services and other	-	-	-	-	2,250	270	1,100	1,070
Capital outlay	-	-	-	-	15,000	3,596	15,000	4,864
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 4,500</u>	<u>\$ 20</u>	<u>\$ 4,700</u>	<u>\$ 206</u>	<u>\$ 19,450</u>	<u>\$ 4,940</u>	<u>\$ 20,800</u>	<u>\$ 7,673</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (3,100)	\$ 1,318	\$ (3,350)	\$ 1,525	\$ (10,430)	\$ 4,907	\$ (11,770)	\$ (581)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>3,235</u>	<u>3,235</u>	<u>4,553</u>	<u>4,553</u>	<u>22,770</u>	<u>22,770</u>	<u>27,677</u>	<u>27,677</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 135</u>	<u>\$ 4,553</u>	<u>\$ 1,203</u>	<u>\$ 6,078</u>	<u>\$ 12,340</u>	<u>\$ 27,677</u>	<u>\$ 15,907</u>	<u>\$ 27,096</u>

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

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

	LAW ENFORCEMENT TRAINING FUND				LAW ENFORCEMENT RESTITUTION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2015		2016		2015		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	2,800	1,233	2,200	1,646	-	-	-	-
Interest	100	1	100	2	30	34	30	91
Other	-	-	-	-	17,000	15,176	17,000	12,708
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 2,900</u>	<u>\$ 1,234</u>	<u>\$ 2,300</u>	<u>\$ 1,648</u>	<u>\$ 17,030</u>	<u>\$ 15,210</u>	<u>\$ 17,030</u>	<u>\$ 12,799</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	3,450	1,310	2,835	1,486	30,000	23,495	30,000	25,038
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 3,450</u>	<u>\$ 1,310</u>	<u>\$ 2,835</u>	<u>\$ 1,486</u>	<u>\$ 30,000</u>	<u>\$ 23,495</u>	<u>\$ 30,000</u>	<u>\$ 25,038</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (550)	\$ (76)	\$ (535)	\$ 162	\$ (12,970)	\$ (8,285)	\$ (12,970)	\$ (12,239)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>611</u>	<u>611</u>	<u>535</u>	<u>535</u>	<u>34,263</u>	<u>34,263</u>	<u>25,978</u>	<u>25,978</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 61</u>	<u>\$ 535</u>	<u>\$ -</u>	<u>\$ 697</u>	<u>\$ 21,293</u>	<u>\$ 25,978</u>	<u>\$ 13,008</u>	<u>\$ 13,739</u>

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

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

	SAFE RETURN FUND				INMATE SECURITY FUND			
	Year Ended December 31,				Year Ended December 31,			
	2015		2016		2015		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	300	-	-	-	-	-
Charges for services	-	-	-	-	5,000	4,106	5,000	4,396
Interest	100	-	-	2	15	18	20	76
Other	400	-	100	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 2</u>	<u>\$ 5,015</u>	<u>\$ 4,124</u>	<u>\$ 5,020</u>	<u>\$ 4,472</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	500	13	500	10	2,000	15	1,000	-
Services and other	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	8,000	-	10,000	4,051
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 500</u>	<u>\$ 13</u>	<u>\$ 500</u>	<u>\$ 10</u>	<u>\$ 10,000</u>	<u>\$ 15</u>	<u>\$ 11,000</u>	<u>\$ 4,051</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ -	\$ (13)	\$ (100)	\$ (8)	\$ (4,985)	\$ 4,109	\$ (5,980)	\$ 421
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>418</u>	<u>418</u>	<u>405</u>	<u>405</u>	<u>12,487</u>	<u>12,487</u>	<u>16,596</u>	<u>16,596</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 418</u>	<u>\$ 405</u>	<u>\$ 305</u>	<u>\$ 397</u>	<u>\$ 7,502</u>	<u>\$ 16,596</u>	<u>\$ 10,616</u>	<u>\$ 17,017</u>

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

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

	TAX MAINTENANCE FUND				DEPUTY SHERIFF SALARY FUND			
	Year Ended December 31,				Year Ended December 31,			
	2015		2016		2015		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	8,000	7,807	8,000	7,336	-	-	-	-
Interest	35	45	35	187	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	15,000	13,529	15,000	13,560
Total Receipts	<u>\$ 8,035</u>	<u>\$ 7,852</u>	<u>\$ 8,035</u>	<u>\$ 7,523</u>	<u>\$ 15,000</u>	<u>\$ 13,529</u>	<u>\$ 15,000</u>	<u>\$ 13,560</u>
DISBURSEMENTS								
Salaries	\$ 3,000	\$ -	\$ 3,500	\$ -	\$ 11,406	\$ 12,439	\$ 13,041	\$ 12,531
Employee fringe benefits	200	-	200	-	3,009	1,090	1,170	1,029
Materials and supplies	1,000	38	1,500	1,086	-	-	-	-
Services and other	1,000	50	1,500	50	-	-	-	-
Capital outlay	5,000	-	5,000	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 10,200</u>	<u>\$ 88</u>	<u>\$ 11,700</u>	<u>\$ 1,136</u>	<u>\$ 14,415</u>	<u>\$ 13,529</u>	<u>\$ 14,211</u>	<u>\$ 13,560</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (2,165)	\$ 7,764	\$ (3,665)	\$ 6,387	\$ 585	\$ -	\$ 789	\$ -
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>31,496</u>	<u>31,496</u>	<u>39,260</u>	<u>39,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 29,331</u>	<u>\$ 39,260</u>	<u>\$ 35,595</u>	<u>\$ 45,647</u>	<u>\$ 585</u>	<u>\$ -</u>	<u>\$ 789</u>	<u>\$ -</u>

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

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

SHERIFF REVOLVING FUND				
Year Ended December 31,				
	2015		2016	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	1,700	3,110	3,000	6,570
Interest	3	5	6	42
Other	-	-	-	-
Transfers in	-	-	-	-
Total Receipts	<u>\$ 1,703</u>	<u>\$ 3,115</u>	<u>\$ 3,006</u>	<u>\$ 6,612</u>
DISBURSEMENTS				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-
Materials and supplies	2,000	-	3,000	715
Services and other	-	-	-	-
Capital outlay	-	-	-	-
Construction	-	-	-	-
Transfers out	-	-	-	-
Total Disbursements	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 715</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ (297)	\$ 3,115	\$ 6	\$ 5,897
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>2,551</u>	<u>2,551</u>	<u>5,666</u>	<u>5,666</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 2,254</u></u>	<u><u>\$ 5,666</u></u>	<u><u>\$ 5,672</u></u>	<u><u>\$ 11,563</u></u>

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

SHELBY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Shelby County, Missouri ("County") is governed by a three-member board of commissioners. In addition to the three board members, there are ten elected Constitutional Officers: Assessor, Collector, County Clerk, Circuit Clerk, Recorder, Coroner, Prosecuting Attorney, Public Administrator, 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, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include the primary government of Shelby 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 Collector, Treasurer, 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, which usually takes place the third and fourth weeks of January.
 6. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
 7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by a formal vote of the Commission. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.
 8. Budgets are prepared and adopted on the cash basis of accounting.
 9. Adoption of a formal budget is required by law.
 10. Section 50.740 RSMo. prohibits expenditures in excess of the approved budgets.
- 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 September 1 and tax bills are mailed to taxpayers in October and November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuations of the tangible taxable property, included within the County's boundaries for the calendar year 2016 and 2015, for purposes of taxation were:

	2016	2015
Real Estate	\$ 58,674,832	\$ 58,036,005
Personal Property	34,362,656	33,686,009
Railroad and Utilities	34,349,359	33,527,385
Total	<u>\$ 127,386,847</u>	<u>\$ 125,249,399</u>

For calendar years 2016 and 2015, the County Commission approved a tax levy per \$100 of assessed valuation of tangible taxable property as follows:

	2016	2015
General Revenue	\$ 0.3500	\$ 0.3500
Special Road & Bridge	\$ 0.3500	\$ 0.3500

F. Cash Deposits and Cash Equivalents

Deposits and cash equivalents are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from these balances is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents may include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, 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 cash equivalents balances are presented in Note 2.

G. Interfund Activity

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing. Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

2. CASH AND CASH EQUIVALENTS

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

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2016 and 2015, the carrying amounts of the County's deposits were \$1,420,468 and \$1,419,572, respectively, and the bank balances were \$1,430,701 and \$1,436,818, respectively. Of the bank balances, \$250,000 for both December 31, 2016 and December 31, 2015, were covered by federal depository insurance. The remainder of the balances at December 31, 2016 and December 31, 2015 were covered by collateral held at Midwest Independent 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, 2016 and 2015, 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 \$3,663,930 and \$2,115,217 at December 31, 2016 and 2015, respectively. The County Collector's deposits were covered by federal depository insurance of \$250,000 as of December 31, 2016 and 2015. The remainder of the balances at December 31, 2016 and December 31, 2015 were covered by collateral held at Midwest Independent 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, by calling 1-573-632-9203, or by the following website, www.mocerf.org.

3) Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. Further a contribution to CERF of 2% of annual salary is required for eligible employees hired before February 2002, while a contribution of 6% of annual salary is required of employees hired after February 2002. During 2016 and 2015, the County collected and remitted to CERF employee contributions of \$50,073 and \$46,393, respectively, for the years then ended.

B. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with Section 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$2,618 and \$2,244, respectively, for the years ended December 31, 2016, and 2015.

4. POST EMPLOYMENT BENEFITS

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

5. CLAIMS, COMMITMENT AND CONTINGENCIES

A. Compensated Absences

The County provides employees with seven or eight hours of sick leave per month depending on their normal day. The County allows employees to carry forward sick leave from one year to the next, but sick leave may not be accrued beyond sixty days in total. Upon termination, employees are not compensated for unused sick leave. Paid vacation is accrued for every employee, and accrues at the rate of five days per year up to twenty days per year depending on length of employment. However, employees may not carry over unused vacation from one year to the next. Employees are not compensated for forfeited vacation. Upon termination, employees are compensated for unused vacation.

B. Federal and State Assisted Programs

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

6. RISK MANAGEMENT

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

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

The County is a member of the Missouri Association of Counties Self-Insured Workers' Compensation 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. CAPITAL LEASES

On August 30, 2015, the County entered into a \$240,280, 48 month capital lease for a Motor Grader and Mini Excavator for the Road & Bridge department. The lease was to be paid in annual payments of \$61,562, which include interest of 1.66%. The County made two annual payments on July 11, 2016 in order to reduce the associated interest expense, and the final payment on the lease was made on March 2, 2017.

8. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2016 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through May 18, 2017, 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 Shelby 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 Shelby County, Missouri as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise Shelby County, Missouri's basic financial statements and have issued our report thereon dated May 18, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shelby 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 Shelby County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Shelby County, Missouri's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shelby 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

McBride, Lock & Associates, LLC
Kansas City, Missouri
May 18, 2017

FINDINGS AND RECOMMENDATIONS

SHELBY COUNTY, MISSOURI
FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES IN INTERNAL CONTROL

None

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

None

ITEMS OF NONCOMPLIANCE

None

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 auditors' follow-up on action taken by Shelby County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2014 and 2013.

1. Documentation of the County's internal controls has not been prepared.

Status: Resolved.

2. The County has no formal fraud risk assessment in place.

Status: Resolved.

3. Lack of sufficient segregation of duties with the office of the Recorder and Collector

Status: Resolved.

4. For the year ended December 31, 2013, the following funds did not have budgets: CDBG Bridge Fund and Sheriff Revolving Fund.

Status: Resolved.

5. For the year ended December 31, 2014, actual expenditures exceeded budgeted expenditures for the following fund: Chemical Emergency Preparedness Fund.

Status: Resolved.