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Missouri State Auditor

Shelby County

Report No. 2026-007

January 2026

auditor.mo.gov



CITIZENS SUMMARY

Findings in the audit of Shelby County

Sales Tax Rollback	The county did not properly report property tax levy reductions to the State Auditor's Office (SAO) in 2023, did not accurately calculate property tax levy reduction amounts to offset 50 percent of sales tax money received, and levied approximately \$188,000 in excess property taxes for 2023 through 2024.
Budgets	The County Commission does not adequately monitor budget-to-actual receipts and disbursements. For the year ended December 31, 2024, actual disbursements exceeded budgeted disbursements from 4 funds by a total of \$51,878. The County Commission did not prepare or approve budget amendments before the budgets for these funds were overspent.
Sheriff's Office - Sales Tax	The Sheriff's office did not charge sales tax on the sale of e-cigarettes and nicotine pouches sold to inmates and remit the taxes to the Department of Revenue (DOR). The total sales for these items was \$16,810 during the year ended December 31, 2024. The Sheriff nor his staff were aware they should be collecting sales tax on these items.
Sheriff's Compensation	The County Commission authorized mid-term salary increases to the Sheriff totaling \$28,854 as of December 2024, in violation of constitutional provisions and state law.
Electronic Communication Policy	The county has not developed a records management and retention policy that includes electronic communication in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms.
Additional Comments	Because counties are managed by several separately elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Good**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Shelby County

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SCOTT FITZPATRICK MISSOURI STATE AUDITOR

County Commission
and
Officeholders of Shelby County

We have audited certain operations of Shelby County in fulfillment of our duties under Section 29.230, RSMo. In addition, McBride, Lock & Associates, LLC, Certified Public Accountants, has been engaged to audit the financial statements of Shelby County for the 2 years ended December 31, 2024. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2024. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county; and performing sample testing using haphazard and judgmental selection, as appropriate. The results of our sample testing cannot be projected to the entire population from which the test items were selected. We obtained an understanding of internal control that is significant to the audit objectives and planned and performed procedures to assess internal control to the extent necessary to address our audit objectives. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Shelby County.

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

Scott Fitzpatrick
State Auditor

Shelby County Management Advisory Report State Auditor's Findings

1. Sales Tax Rollback

The county did not properly report property tax levy reductions to the State Auditor's Office (SAO) in 2023, did not accurately calculate property tax levy reduction amounts to offset 50 percent of sales tax money received, and levied approximately \$188,000 in excess property taxes for 2023 through 2024, including approximately \$137,000 misclassified as voluntary reductions.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Shelby County enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levy to meet the 50 percent reduction requirement and provide for an adjustment for actual sales tax collections of the preceding year that are more or less than the estimate for the preceding year.

The county is required to certify to the SAO the annual property tax levy, including the amount the levy is reduced for sales tax collections as well as any voluntary reductions. For the 2023 tax year, the county incorrectly reported the reduction as a voluntary reduction instead of a sales tax reduction. As a result, the county did not take a sales tax reduction in 2023. Additionally, while the County Clerk maintained worksheets calculating the sales tax reductions, the worksheets were not used when setting the levies and the tax rates calculated on the worksheets were inaccurate due to not properly carrying over the surplus/credit from the previous year. The County Clerk was unaware the 2023 reduction was incorrectly reported as a voluntary reduction. In addition, she indicated she is unsure why the County Commission certified at a higher reduction rate than calculated. The County Commission indicated it is confused by tax levies and what is appropriate for surplus or credit, and the Commission believes that the county cannot have a surplus as there is not enough money for County operations.

Without accurately calculating, reporting, and certifying property tax levy reductions, the county cannot ensure property tax levies are properly set and property tax rate ceilings are maintained.

Recommendation

The County Commission and County Clerk properly calculate property tax rate reductions, accurately report property tax rate reductions (sales tax or voluntary), and develop a plan to correct for the accumulation of prior years' over collections of property taxes. During the tax rate setting process, the County Commission and County Clerk should ensure tax rate information reported back to the county in the State Auditor's Office certification letter is consistent with expectations and, if not, promptly follow up on any discrepancies.

Auditee's Response

The County Commission and County Clerk will properly calculate property tax rate reductions, accurately report property tax rate reductions (sales tax or voluntary), and develop a plan to correct for the accumulation of prior



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years' over collections of property taxes. During the tax rate setting process, the County Commission and County Clerk will ensure tax rate information reported back to the county in the State Auditor's Office certification letter is consistent with expectations and, if not, promptly follow up on any discrepancies.

2. Budgets

County budgeting procedures need improvement. The County Commission does not adequately monitor budget-to-actual receipts and disbursements. For the year ended December 31, 2024, actual disbursements exceeded budgeted disbursements by \$51,878 for the following funds:

Fund	Budgeted Disbursement	Actual Disbursement
911	\$ 430,960	476,040
Opioid	7,500	8,927
Chemical Emergency		
Preparedness	2,000	7,350
Safe Return	0	21

The County Commission did not prepare or approve budget amendments before the budgets for these funds were overspent. The County Commission indicated they unintentionally overspent in these funds and did not realize the budgets for these funds needed to be amended.

Section 50.550, RSMo, requires the budget to present a complete and accurate financial plan for the ensuing budget year. Section 50.740, RSMo, prohibits counties from spending more than budgeted. Section 50.622, RSMo, provides guidance on when budget amendments are allowable. Realistic projections of the county's uses of funds and fund balances are essential for the efficient management of finances and for communicating accurate financial data to county residents. Proper monitoring and amending prior to disbursing funds is necessary for the budget to be an effective management tool and to comply with state law.

Recommendation

The County Commission monitor disbursements throughout the year to ensure disbursements do not exceed budgeted amounts and prepare any necessary budget amendments timely.

Auditee's Response

The County Commission will better monitor disbursements throughout the year to ensure disbursements do not exceed budgeted amounts and prepare any necessary budget amendments timely.

3. Sheriff's Office - Sales Tax

The Sheriff's office did not charge sales tax on the sale of e-cigarettes and nicotine pouches sold to inmates and remit the taxes to the Department of Revenue (DOR). The total sales for these items was \$16,810 during the year



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ended December 31, 2024. The Sheriff nor his staff were aware they should be collecting sales tax on these items.

Pursuant to 12 CSR 10-110.955(3)(B), sales by the state of Missouri and its political subdivisions are subject to tax. Section 144.080, RSMo, requires sales tax collections be remitted to the DOR on a monthly, quarterly, or annual basis, depending on the amounts collected. By not collecting or remitting sales taxes the Sheriff's office is not in compliance with state law.

Recommendation

Contact the DOR for guidance on establishing procedures for charging and collecting sales tax on e-cigarettes and nicotine pouches, identify prior taxes owed, and ensure future sales tax collections are remitted to the DOR.

Auditee's Response

The Sheriff will contact the DOR for guidance on establishing procedures for charging and collecting sales tax on e-cigarettes and nicotine pouches, identify prior taxes owed, and ensure future sales tax collections are remitted to the DOR.

4. Sheriff's Compensation

Constitution violation

The County Commission authorized mid-term salary increases to the Sheriff totaling \$28,854 as of December 2024, in violation of constitutional provisions and state law. The Sheriff took office in 2021 at the salary level approved by the Shelby County Salary Commission.

Section 57.317.1(2), RSMo, enacted in 2021, states the sheriff shall receive an annual salary computed based on a percentage of the compensation of an associate circuit judge of the county, with the percentage determined by a statutory schedule using the county's current assessed valuation level. The law indicates if the increase to the Sheriff's salary is less than \$10,000, the increase shall take effect January 1, 2022, but if the salary increase is more than \$10,000, the increase shall be paid equally over a 5-year period. However, the Missouri Constitution, Article VII, Section 13, prohibits an increase in compensation for state, county, and municipal officers during the term of office. Court cases have concluded that to receive additional compensation during a term of office there must be: (1) no existing compensation for the office; (2) new or additional duties extrinsic or not germane to the office; or (3) the mid-term increase must result from the application of a statutory formula for calculating compensation that was in place prior to the individual being elected or taking office. None of those circumstances exist; therefore the increase to the Sheriff's salary should be effective only for any Sheriff elected and sworn into office after the new salary schedule was authorized.

According to the County Clerk, the County Commission believed it was required to increase the Sheriff's salary due to the change in state law. The County Commission did not seek a written legal opinion on this matter.



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Improper calculation

In addition to being unconstitutional, the salary increases given to the Sheriff were not calculated in accordance with state law. As a result, had the Sheriff not been constitutionally prohibited from receiving a salary increase during his term of office, the total salary given between January 1, 2022, and December 31, 2024, was \$9,666 less than required by statute.

The County did not maintain documentation of the salary calculation, so the amount paid was not supported. Because the salary increase was greater than \$10,000, the increase should have been granted in 5 annual adjustments. Had the Sheriff not been constitutionally prohibited from receiving a salary increase during his term of office, the raise given the first year was correctly calculated, but subsequent raises were not the full amount required by statute. Without access to the county's salary calculation, it is unclear why the full amount required by statute was not given.

As a cumulative result of these actions, for the year ended December 31, 2024, the Sheriff was paid an annual salary of \$72,248, which had the Sheriff not been constitutionally prohibited from receiving a salary increase during his term of office, is less than the statutory salary of \$77,341, by almost \$5,000.

Recommendation

The County Commission ensure the Sheriff's future salary complies with statutory and constitutional provisions and consider various methods for possible recoupment of any mid-term salary increases already paid.

Auditee's Response

The County Commission will make arrangements with the Sheriff to ensure the Sheriff's salary complies with statutory and constitutional provisions and will consider various methods for possible recoupment of any mid-term salary increases already paid.

**5. Electronic
Communication
Policy**

The county has not developed a records management and retention policy that includes electronic communication in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms.

Section 109.270, RSMo, provides that all records made or received by an official in the course of his/her public duties are public property and are not to be disposed of except as provided by law. Section 109.255, RSMo, provides that the Local Records Board issue directives for the destruction of



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records. The guidelines for managing electronic communications records can be found on the Secretary of State's website.¹

Development of a written policy to address the use of electronic communications is necessary to ensure all documentation of official business of the county is retained as required by state law. The County Clerk indicated the county was unaware of the record retention requirements and the electronic communications guidelines.

Recommendation

The County Commission work with other county officials to develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.

Auditee's Response

The County Commission will work with other county officials to develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.

¹ Missouri Secretary of State Records Services Division, *Electronic Communications Records Guidelines for Missouri Government*, May 14, 2019, is available at <<https://www.sos.mo.gov/CMSImages/LocalRecords/CommunicationsGuidelines.pdf>>, accessed September 23, 2025.

Shelby County

Organization and Statistical Information

Shelby County is a county-organized, third-class county. The county seat is Shelbyville. The county's population was 6,103 in 2020, according to the U.S. Census Bureau.

Shelby County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. In addition to elected officials, the county employed 36 full-time employees and 17 part-time employees on December 31, 2024.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2025	2024
Terry Helmick, Presiding Commissioner	\$	36,280
Terry Mefford , Associate Commissioner		33,645
Tom Shively, Associate Commissioner		33,645
Audrey Grawe Buzzard, Recorder of Deeds		50,978
Stephanie Bender, County Clerk		50,978
Jordan Force, Prosecuting Attorney		60,201
Arron Fredrickson, Sheriff		72,248
Tracy Smith, County Treasurer		50,978
Corey Eagan, County Coroner		15,092
Susan C. Wilt, Public Administrator		26,352
John K. Chinn, County Collector (1)		
year ended February 28	65,678	
Liz Miles, County Assessor,		
year ended August 31,		50,813
Janes Surveying Inc., County Surveyor (2)		1,400

(1) Includes \$15,625 of commissions earned for collecting city and drainage district property taxes.

(2) County appointed. Compensation on a fee basis.