

**PHELPS COUNTY
2016 BUDGET MESSAGE**

Now on this 28th day of January, 2016, comes Pamela K. Grow, Clerk of the County Commission, as budget officer, and presents for the records of the County Commission information and estimates for the year 2016 as required by the County Budget Law (Sections 50.525 to 50.745, RSMo.)

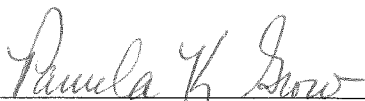
The care and concern taken by elected officials and department heads in supplying their budget estimates and requests for 2016 is greatly appreciated.

During calendar year 2015, the county saw an increase in sales tax revenue of 5.8% over the preceding year. Due to significant recent uncertainty in the financial markets, estimated sales tax revenue was left unchanged in 2016: county-wide at \$4,908,166. This breaks down into \$1,828,088 for County General Revenue; \$976,588 for Road and Bridge; and \$2,103,490 for Law Enforcement Sales Tax funds. Property tax revenues, county-wide, are estimated at \$1,775,333 for 2016. Property tax levy estimation is problematic because the tax ceiling calculations must come from the State Tax Commission; a slight increase in assessed valuation was used. The reader is encouraged to peruse further the data contained herein.

County-wide, requested expenditures exceeded anticipated revenues by nearly \$800,000. A major share of this is seen in the expending of Road & Bridge Fund cash reserves by roughly \$520,000 should federal storm damage reimbursements not materialize. \$160,000 in revenue to Road & Bridge from the State Emergency Management Agency (SEMA) for flood damage incurred in 2013 is still unpaid; this alone provides support for a cautious approach regarding these types of reimbursements. It should also be noted that the County General Revenue Fund ended 2015 with \$200,000 more cash on hand than at the beginning of the year.

Phelps County underwent its scheduled audits during 2015, and one finding reported was that two funds—Special Election and Community Development Block Grants—were not budgeted. The former has never been budgeted, primarily because the fund resets to zero every year. However, a budget has been included for this fund, “Fund 300.” The CDBG budget is straightforward, as Phelps County serves only as a pass-through, and is found at the end of the budget document. Another finding was that of errors in the Schedule of Expenditure of Federal Awards (SEFA), not further elucidated by the auditor. This set into motion a sequence of admonitions from state agencies which serve as intermediaries for these federal funds (Mo DOT, Mo DED, Mo DHSS) detailing the possibility that federal grant monies into Phelps County could be jeopardized. Strenuous efforts have been, and are being, made to obtain the required information on federal grant monies from the departments in receipt of same, both for 2015 budget data—reflecting 2014 expenditures—to be corrected, and for the 2016 budget presented here.

Respectfully submitted,



Pamela K. Grow, Phelps County Clerk