

# NICOLE GALLOWAY, CPA Missouri State Auditor

To the County Commission and Officeholders of Linn County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Linn 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 Lisa C Wright, LLC, Certified Public Accountant, is attached.

Mole L. Calley

Nicole R. Galloway, CPA State Auditor

September 2016 Report No. 2016-104

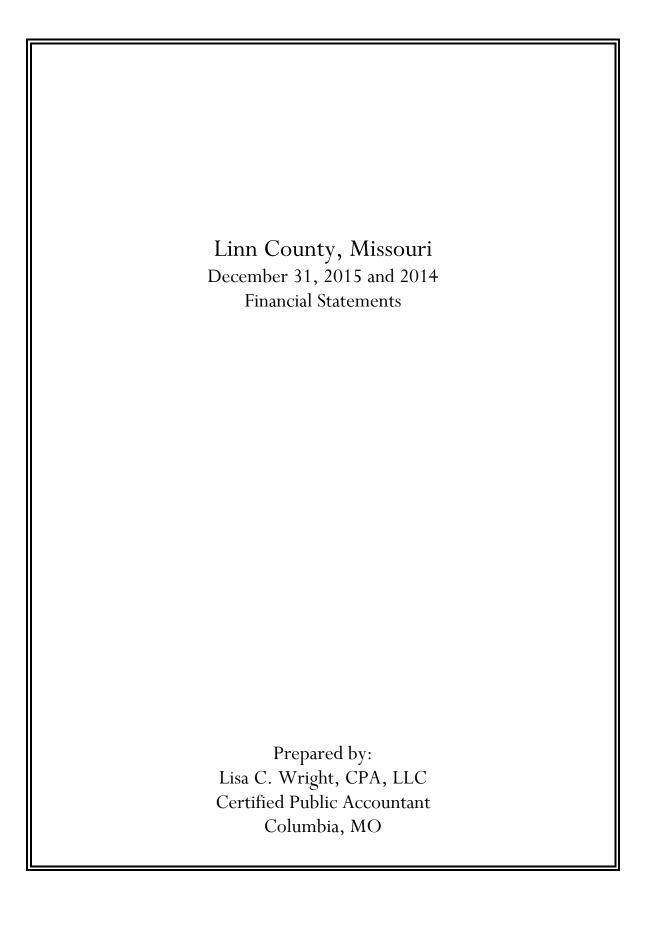


Table of Contents

Description	Page Number
Independent Auditor's Report	1-3
Financial Statements:	
Statement of Receipts, Disbursements and Changes in Cash - All Government Funds: Regulatory Basis For the Years Ended December 31, 2015 and December 31, 2014	4-5
Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis For the Years Ended December 31, 2015 and 2014	6-20
Notes to Financial Statements	21-28
Federal Compliance Section:	
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 Covernmental Auditing Standards	29-30
with Governmental Auditing Standards	29-30
Independent Auditor's Report on Compliance for A Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	31-32
Schedule of Expenditures of Federal Awards	33-34
Notes to Schedule of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs For the Year Ended December 31, 2015 and 2014	36-37
Follow-Up on Prior Audit Findings for an Audit of Financial Statements performed in Accordance with Government Auditing Standards	38

5860 E Osage Ridge Ln. Columbia, MO 65201

Ph./Fax (573) 474-4961 lcw@lisacwrightcpa.com

Member of the American Society of Certified Public Accountants

Member of the Missouri Society of Certified Public Accountants Lisa C. Wright, CPA, LLC Certified Public Accountant & Consultant

**INDEPENDENT AUDITOR'S REPORT** 

To the County Commission and Officeholders of Linn County Linneus, Missouri

I have audited the accompanying financial statements of Linn County, Missouri as of and for the years ended December 31, 2015 and December 31, 2014 and the related notes to the financial statements, as listed 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 practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. 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

My responsibility is to express an opinion on these financial statements based upon my audit. I conducted my audit 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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 internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



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

As described in Note 1, the financial statements are prepared by Linn County, Missouri, using accounting practices 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 this 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 my 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 the County, as of December 31, 2015 and 2014, or the changes in its financial position for the years then ended.

#### **Unmodified Opinion on Regulatory Basis of Accounting**

In my opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of the County, as of December 31, 2015 and 2014, and the respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 13, 2016, on my consideration of the County's internal control over financial reporting and on my 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 my 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.



#### Other Matters

#### Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Linn County, Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 *Audits of State and Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lisa C. Wright, CPA, LLC

Lisa C. Wright, CPA, LLC July 13, 2016



## Linn County, Missouri Statement of Receipts, Disbursements and Changes in Cash -All Government Funds: Regulatory Basis For the Year Ended December 31, 2015

	Ca	ash and Cash				C	ash and Cash
	E	quivalents					Equivalents
Fund	Jan	uary 1, 2015	Receipts	Disbursements		Dece	mber 31, 2015
General Revenue Fund	\$	1,196,959	\$ 1,783,651	\$	1,725,089	\$	1,255,521
Assessment Fund		164,337	214,062		210,572		167,827
Road and Bridge Fund		1,444,893	2,041,804		1,927,805		1,558,892
Special Election Fund		27,936	2,874		-		30,810
Check Collection Fund		13,683	6,931		6,957		13,657
Sheriff Training Fund		6,488	5,022		5,965		5,545
Prosecuting Attorney Training Fund		2,436	836		391		2,881
Recorders Fund		19,722	6,635		7,097		19,260
Shelter of Victims Fund		275	335		250		360
Tax Maintenance Fund		27,726	18,514		19,691		26,549
Juvenile Officer Grant Fund		(9,798)	44,818		46,460		(11,440)
Drug Court Grant Fund		5,633	45,277		45,786		5,124
Senior Citizens Services Fund		1,403	71,530		61,221		11,712
CLERF		300	4,944		-		5,244
Deputy Sheriff Fund		(609)	28,166		31,468		(3,911)
Total	\$	2,901,384	\$ 4,275,399	\$	4,088,752	\$	3,088,031

The Accompanying Notes are an Integral Part of these Financial Statements.

## Linn County, Missouri Statement of Receipts, Disbursements and Changes in Cash -All Government Funds: Regulatory Basis For the Year Ended December 31, 2014

	Ca	ash and Cash				С	ash and Cash
	E	quivalents				]	Equivalents
Fund	Jan	uary 1, 2014	Receipts	Di	sbursements	Dece	ember 31, 2014
General Revenue Fund	\$	1,179,181	\$ 1,740,289	\$	1,722,511	\$	1,196,959
Assessment Fund		133,056	212,201		180,920		164,337
Road and Bridge Fund		1,326,418	1,387,287		1,268,812		1,444,893
Special Election Fund		23,144	4,792		-		27,936
Check Collection Fund		12,725	8,055		7,097		13,683
Sheriff Training Fund		6,815	4,889		5,216		6,488
Prosecuting Attorney Training Fund		2,931	862		1,357		2,436
Recorders Fund		16,901	6,585		3,764		19,722
Shelter of Victims Fund		700	275		700		275
Tax Maintenance Fund		26,701	24,075		23,050		27,726
Juvenile Officer Grant Fund		(10,683)	61,969		61,084		(9,798)
Drug Court Grant Fund		8,237	48,493		51,097		5,633
Senior Citizens Services Fund		128	72,178		70,903		1,403
CLERF		-	300		-		300
Deputy Sheriff Fund		(2,665)	22,040		19,984		(609)
Total	\$	2,723,589	\$ 3,594,290	\$	3,416,495	\$	2,901,384

The Accompanying Notes are an Integral Part of these Financial Statements.

## Linn County, Missouri Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis General Revenue Fund

#### For the Years Ended December 31, 2015 and 2014

	Original 2015 Budget	Final 2015 Actual Budget 2015		Variance	Original 2014 Budget	Final 2014 Budget	Actual 2014	Variance	
<u>Receipts</u>									
Taxes - Sales	\$ 645,000	\$ 645,000	\$ 686,801	\$ 41,801	\$ 550,000	\$ 550,000	\$ 672,878	\$ 122,878	
Taxes - Property	108,000	108,000	131,440	23,440	107,000	107,000	132,940	25,940	
Intergovernmental Revenues	303,220	303,220	377,798	74,578	310,845	310,845	367,200	56,355	
Charges for Services	367,100	367,100	401,698	34,598	352,550	352,550	404,583	52,033	
Interest Income	450	450	973	523	2,000	2,000	647	(1,353)	
Other	70,970	70,970	93,141	22,171	64,920	64,920	101,621	36,701	
Total Receipts	1,494,740	1,494,740	1,691,851	197,111	1,387,315	1,387,315	1,679,869	292,554	
Disbursements									
County Commissioner	159,200	159,200	90,640	(68,560)	159,100	159,100	135,202	(23,898)	
County Clerk	101,000	101,000	83,601	(17,399)	98,900	98,900	88,728	(10,172)	
Elections	164,800	164,800	44,775	(120,025)	164,800	164,800	103,505	(61,295)	
Buildings	223,100	223,100	94,981	(128,119)	223,100	223,100	94,398	(128,702)	
Employee Fringe Benefits	192,500	192,500	159,242	(33,258)	192,500	192,500	157,768	(34,732)	
County Collector	71,727	71,727	67,313	(4,414)	72,002	72,002	64,542	(7,460)	
Recorder of Deeds	79,800	79,800	79,205	(595)	78,333	78,333	76,562	(1,771)	
Circuit Clerk	44,500	44,500	31,213	(13,287)	44,500	44,500	30,894	(13,606)	
Court Administration	56,350	56,350	63,396	7,046	44,450	44,450	44,276	(174)	
Public Administrator	28,400	28,400	28,288	(112)	28,400	28,400	27,389	(1,011)	
Sheriff	394,800	394,800	384,990	(9,810)	329,254	329,254	330,226	972	
Jail	185,000	185,000	172,224	(12,776)	172,000	172,000	145,952	(26,048)	
Prosecuting Attorney	156,166	156,166	148,119	(8,047)	161,761	161,761	150,827	(10,934)	
Juvenile Officer	81,875	81,875	47,187	(34,688)	73,375	73,375	73,339	(36)	
County Coroner	25,935	25,935	17,196	(8,739)	25,935	25,935	22,197	(3,738)	
Health and Welfare	2,500	2,500	-	(2,500)	2,500	2,500	2,500	-	
Emergency Fund	400,000	400,000	-	(400,000)	380,000	380,000	-	(380,000)	
Assessment	15,000	15,000	-	(15,000)	37,000	37,000	-	(37,000)	
Other	342,835	342,835	212,719	(130,116)	318,712	318,712	174,206	(144,506)	
Total Disbursements	2,725,488	2,725,488	1,725,089	(1,000,399)	2,606,622	2,606,622	1,722,511	(884,111)	
Excess (Deficiency) of Receipts									
Over Disbursements	(1,230,748)	(1,230,748)	(33,238)	1,197,510	(1,219,307)	(1,219,307)	(42,642)	1,176,665	
Cash and Cash Equivalents - Beginning of Year	1,196,959	1,196,959	1,196,959	-	1,179,181	1,179,181	1,179,181	-	
Transfers In	65,000	65,000	91,800	26,800	60,000	60,000	60,420	420	
Transfers Out			- ,	-,					
Cash and Cash Equivalents - End of Year	\$ 31,211	\$ 31,211	\$ 1,255,521	\$ 1,224,310	\$ 19,874	\$ 19,874	\$ 1,196,959	\$ 1,177,085	

## Linn County, Missouri Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis

## Assessment Fund For the Years Ended December 31, 2015 and 2014

	Original 2015 Budget	015 2015 Actual		Variance	Original 2014 Budget	Final 2014 Budget	Actual 2014	Variance	
Receipts									
Taxes - Sales	ş -	\$ -	ş -	\$ -	ş -	\$ -	\$ -	\$ -	
Taxes - Property	-	-	-	-	-	-	-	-	
Intergovernmental Revenues	200,743	200,743	212,758	12,015	198,258	198,258	210,276	12,018	
Charges for Services	-	-	7	7	300	300	6	(294)	
Interest Income	300	300	107	(193)	-	-	78	78	
Other	2,000	2,000	1,190	(810)	1,978	1,978	1,841	(137)	
Total Receipts	203,043	203,043	214,062	11,019	200,536	200,536	212,201	11,665	
<u>Disbursements</u>									
Assessor's annual salary	40,000	40,000	40,000	-	40,000	40,000	40,000	-	
Deputy and clerical annual salaries	86,543	86,543	85,682	(861)	76,337	76,337	73,109	(3,228)	
Fringe Benefits	8,500	8,500	9,104	604	8,500	8,500	8,108	(392)	
Office Supplies	12,500	12,500	10,936	(1,564)	12,500	12,500	10,796	(1,704)	
Equipment	23,500	23,500	17,895	(5,605)	24,000	24,000	18,656	(5,344)	
Mileage and Training	6,000	6,000	4,918	(1,082)	6,000	6,000	3,348	(2,652)	
Other	56,000	56,000	42,037	(13,963)	31,900	31,900	26,903	(4,997)	
Total Disbursements	233,043	233,043	210,572	(22,471)	199,237	199,237	180,920	(18,317)	
Excess (Deficiency) of Receipts									
Over Disbursements	(30,000)	(30,000)	3,490	33,490	1,299	1,299	31,281	29,982	
Cash and Cash Equivalents - Beginning of Year	164,337	164,337	164,337	-	133,057	133,057	133,056	(1)	
Transfers In	-	-	-	-	-	-	-	-	
Transfers Out	-	-	-		-	-	-	-	
Cash and Cash Equivalents - End of Year	\$ 134,337	\$ 134,337	\$ 167,827	\$ 33,490	\$ 134,356	\$ 134,356	\$ 164,337	\$ 29,981	

## Linn County, Missouri Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis Road and Bridge Fund For the Year Ended December 31, 2015 and 2014

Original Final Original Final 2015 2015 Actual 2014 2014 Actual Budget Budget 2015 Variance Budget Budget 2014 Variance **Receipts** Taxes - Sales Ş 645,000 S 645,000 S 686,801 s 41,801 S 550,000 S 550,000 S 782,677 S 232,677 64,000 64,000 60,000 67,415 7,415 Taxes - Property 68,864 4,864 60,000 1,181,440 1,181,440 1,278,158 96,718 820,640 820,640 449,528 (371, 112)Intergovernmental Revenues Charges for Services 67,688 67,688 Interest Income 450 450 927 477 1,500 1,500 597 (903) Other 7,054 7,054 2,350 2,350 19,382 17,032 1,890,890 1,890,890 150,914 1,434,490 1,434,490 (47, 203)Total Receipts 2,041,804 1,387,287 Disbursements Annual Salaries of all Road and Bridge Employees 170,000 170,000 153,389 (16,611) 160,000 160,000 155.589 (4, 411)Employee Fringe Benefits 57,500 57,500 44,757 (12,743)57,000 57,000 41,747 (15, 253)Supplies 20,250 20,250 6,566 (13, 684)19,250 19,250 5,002 (14, 248)8,000 8,000 5,351 (2,649)8,000 8,000 4,610 (3,390) Insurance Road and Bridge Materials 304,000 304,000 169,128 (134,872) 304,000 304,000 75,425 (228, 575)Equipment Purchases 145,750 145,750 81,235 (64, 515)145,750 145,750 2,211 (143,539) Construction, Repair and Maintenance 508,875 508,875 234,049 (274,826) 508,875 508,875 45,366 (463,509) Other 1,346,730 1,346,730 1,141,530 (205, 200)1,138,730 1,138,730 878,442 (260, 288)2,561,105 2,561,105 (725,100) 2,341,605 1,208,392 Total Disbursements 1,836,005 2,341,605 (1, 133, 213)Excess (Deficiency) of receipts Over Disbursements (670,215) (670,215) 205,799 876,014 (907,115) (907, 115)178,895 1,086,010 Cash and Cash Equivalents - Beginning of Year 1,444,893 1,444,893 1,444,893 1,326,418 1,326,418 1,326,418 Transfers In Transfers Out 128,306 128,306 91,800 (36,506) 102,969 102,969 60,420 (42, 549)646,372 1,558,892 912,520 316,334 1,444,893 1,128,559 Cash and Cash Equivalents - End of Year 646,372 316,334 S \$ \$ \$ \$ \$ Ş S

## Linn County, Missouri Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis Special Election Fund For the Years Ended December 31, 2015 and 2014

	Original 2015 Budget	Final 2015 Budget	Actual 2015	Variance	Original 2014 Budget	Final 2014 Budget	Actual 2014	Variance
Receipts								
Taxes - Sales	\$ -	ş -	\$ -	ş -	ş -	\$ -	\$ -	ş -
Taxes - Property	-	-	-	-	-	-	-	-
Intergovernmental Revenues	-	-	-	-	7,000	7,000	-	(7,000)
Charges for Services	3,000	3,000	2,854	(146)	27,000	27,000	4,781	(22,219)
Interest Income	10	10	20	10	30	30	11	(19)
Other	-	-	-	-	-	-	-	-
Total Receipts	3,010	3,010	2,874	(136)	34,030	34,030	4,792	(29,238)
Disbursements								
Equipment	10,000	10,000	-	(10,000)	25,000	25,000	-	(25,000)
Training	5,000	5,000	-	(5,000)	7,000	7,000	-	(7,000)
Total Disbursements	15,000	15,000	-	(15,000)	32,000	32,000	-	(32,000)
Excess (Deficiency) of Receipts								
Over Disbursements	(11,990)	(11,990)	2,874	14,864	2,030	2,030	4,792	2,762
	-	-	-	-	-	-	-	-
Cash and Cash Equivalents - Beginning of Year	27,936	27,936	27,936	-	23,144	23,144	23,144	-
Transfers In	-	-		-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Cash and Cash Equivalents - End of Year	\$ 15,946	\$ 15,946	\$ 30,810	\$ 14,864	\$ 25,174	\$ 25,174	\$ 27,936	\$ 2,762

## Linn County, Missouri Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis Check Collection Fund

## For the Year Ended December 31, 2015 and 2014

	Original 2015 Budget	Final 2015 Budget	Actual 2015	Variance	Original 2014 Budget	Final 2014 Budget	Actual 2014	Variance
Receipts								
Check Collection Fees For PA	\$ 20,000	\$ 20,000	\$ 6,931	\$ (13,069)	\$ 20,000	\$ 20,000	\$ 8,055	\$ (11,945)
Total Receipts	20,000	20,000	6,931	(13,069)	20,000	20,000	8,055	(11,945)
<u>Disbursements</u> Salaries	5,652	5,652	5,640	(12)	5,652	5,652	5,640	(12)
Payroll Taxes	432	432	431	(12)	432	432	431	(12) (1)
5	2,500	2,500	886	. ,	2,500		1,026	
Fee Expense				(1,614)		2,500		(1,474)
Total Disbursements	8,584	8,584	6,957	(1,627)	8,584	8,584	7,097	(1,487)
Excess (Deficiency) of Receipts								
Over Disbursements	11,416	11,416	(26)	(11,442)	11,416	11,416	958	(10,458)
Cash and Cash Equivalents - Beginning of Year	13,683	13,683	13,683	-	12,725	12,725	12,725	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-		-	-	-	-	-
Cash and Cash Equivalents - End of Year	\$ 25,099	\$ 25,099	\$ 13,657	\$ (11,442)	\$ 24,141	\$ 24,141	\$ 13,683	\$ (10,458)

## Linn County, Missouri Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis Sheriff Training Fund

## For the Years Ended December 31, 2015 and 2014

	Original 2015 Budget	Final 2015 Budget	Actual 2015	Variance	Original 2014 Budget	Final 2014 Budget	Actual 2014	Variance
Receipts								
Taxes - Sales	ş -	ş -	ş -	s -	\$ -	\$ -	\$ -	\$ -
Taxes - Property	-	-	-	-	-	-	-	-
Intergovernmental Revenues	-	-	-	-	1,500	1,500	-	(1,500)
Charges for Services	4,500	4,500	5,022	522	3,000	3,000	4,889	1,889
Interest Income	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Receipts	4,500	4,500	5,022	522	4,500	4,500	4,889	389
<u>Disbursements</u>								
Training and Education	6,000	6,000	5,965	(35)	4,500	4,500	5,216	716
Total Disbursements	6,000	6,000	5,965	(35)	4,500	4,500	5,216	716
Excess (Deficiency) of Receipts								
Over Disbursements	(1,500)	(1,500)	(943)	557	-	-	(327)	(327)
Cash and Cash Equivalents - Beginning of Year	6,488	6,488	6,488	-	6,815	6,815	6,815	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Cash and Cash Equivalents - End of Year	\$ 4,988	\$ 4,988	\$ 5,545	\$ 557	\$ 6,815	\$ 6,815	\$ 6,488	\$ (327)

## Linn County, Missouri Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis Prosecuting Attorney Training Fund For the Years Ended December 31, 2015 and 2014

	Original 2015 Budget	Final 2015 Budget	Actual 2015	Variance	Original 2014 Budget	Final 2014 Budget	Actual 2014	Variance	
<u>Receipts</u>									
Taxes - Sales	s -	\$ -	\$ -	s -	s -	\$ -	\$ -	s -	
Taxes - Property	-	-	_	-	_	-	-	-	
Intergovernmental Revenues	-	-		-				-	
Charges for Services	1,000	1,000	836	(164)	1,500	1,500	862	(638)	
Interest Income	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	
Total Receipts	1,000	1,000	836	(164)	1,500	1,500	862	(638)	
<u>Disbursements</u>									
Mileage & Training	1,500	1,500	391	(1,109)	1,500	1,500	1,357	(143)	
Total Disbursements	1,500	1,500	391	(1,109)	1,500	1,500	1,357	(143)	
Excess (Deficiency) of Receipts									
Over Disbursements	(500)	(500)	445	945	-	-	(495)	(495)	
Cash and Cash Equivalents - Beginning of Year	2,436	2,436	2,436	-	2,930	2,930	2,931	1	
Transfers In	_,	_,	_,	-	_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	_,> 0 0	_,> 0 1	-	
Transfers Out	-	-	-	-	-	-	-	-	
Cash and Cash Equivalents - End of Year	\$ 1,936	\$ 1,936	\$ 2,881	\$ 945	\$ 2,930	\$ 2,930	\$ 2,436	\$ (494)	

## Linn County, Missouri Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis Recorders Fund

## For the Years Ended December 31, 2015 and 2014

	Original 2015 Budget	Final 2015 Budget	Actual 2015	Variance	Original 2014 Budget	Final 2014 Budget	Actual 2014	Variance
<u>Receipts</u>								
Taxes - Sales	\$ -	\$ -	\$ -	ş –	\$ -	\$ -	\$ -	ş -
Taxes - Property	-	-	-	-	-	-	-	-
Intergovernmental Revenues	-	-	-	-	-	-	-	-
Charges for Services	6,300	6,300	6,616	316	6,800	6,800	6,575	(225)
Interest Income	10	10	19	9	15	15	10	(5)
Other	-	-	-	-	-	-	-	-
Total Receipts	6,310	6,310	6,635	325	6,815	6,815	6,585	(230)
<u>Disbursements</u>								
Computer Equipment and Maintenance	4,000	4,000	1,999	(2,001)	4,000	4,000	139	(3,861)
Maintenance	3,000	3,000	-	(3,000)	3,000	3,000	-	(3,000)
Book Binding	1,000	1,000	-	(1,000)	1,000	1,000	-	(1,000)
Fidlar- MicroFilming	8,000	8,000	4,350	(3,650)	8,000	8,000	1,950	(6,050)
Telephone	1,200	1,200	-	(1,200)	1,200	1,200	2	(1,198)
Training	1,500	1,500	748	(752)	1,500	1,500	1,673	173
Total Disbursements	18,700	18,700	7,097	(11,603)	18,700	18,700	3,764	(14,936)
Excess (Deficiency) of Receipts								
Over Disbursements	(12,390)	(12,390)	(462)	11,928	(11,885)	(11,885)	2,821	14,706
Cash and Cash Equivalents - Beginning of Year Transfers In	19,722	19,722	19,722	-	16,901	16,901	16,901 -	-
Transfers Out	-	-	-	-	-	-	-	-
Cash and Cash Equivalents - End of Year	\$ 7,332	\$ 7,332	\$ 19,260	\$ 11,928	\$ 5,016	\$ 5,016	\$ 19,722	\$ 14,706

## Linn County, Missouri Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis Shelter of Victims Fund For the Years Ended December 31, 2015 and 2014

	20	iginal 015 dget	:	Final 2015 udget		Actual 2015	Va	riance	:	riginal 2014 udget		Final 2014 Budget		Actual 2014	Va	riance
Receipts																
Taxes - Sales	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Taxes - Property		-		-		-		-		-		-		-		-
Intergovernmental Revenues		-		-		-		-		-		-		-		-
Charges for Services		275		275		335		60		300		300		275		(25)
Interest Income		-		-		-		-		-		-		-		-
Other		-		-		-		-		-		-		-		-
Total Receipts		275		275		335		60		300		300		275		(25)
Disbursements																
Shelter of Victims		275		275		250		(25)		700		700		700		-
Total Disbursements		275		275		250		(25)		700		700		700		-
Excess (Deficiency) of Receipts																
Over Disbursements		-	-	-	-	85	-	85	-	(400)	-	(400)	-	(425)	-	(25)
Cash and Cash Equivalents - Beginning of Year		275		275		275		-		700		700		700		_
Transfers In								-		-		-		.00		-
Transfers Out		-		-		-		-		-		-		-		-
Cash and Cash Equivalents - End of Year	\$	275	\$	275	\$	360	\$	85	\$	300	\$	300	\$	275	\$	(25)

## Linn County, Missouri Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis Tax Maintenance Fund

## For the Years Ended December 31, 2015 and 2014

	Original Final 2015 2015 Budget Budget		Actual 2015	Variance	Original 2014 Budget	Final 2014 Budget	Actual 2014	Variance	
Receipts									
Taxes - Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	ş -	\$ -	
Taxes - Property	-	-	-	-	-	-	-	-	
Intergovernmental Revenues	23,000	23,000	18,235	(4,765)	17,000	17,000	24,062	7,062	
Charges for Services	-	-	259	259	-	-	-	-	
Interest Income	10	10	19	9	30	30	13	(17)	
Other	-	-	-	-	-	-	-	-	
Total Receipts	23,010	- 23,010	18,513	(4,497)	17,030	17,030	24,075	7,045	
Disbursements									
Salary	2,000	2,000	1,720	(280)	-	-	-	-	
Fringe Benefits	500	500	120	(380)	-	-	-	-	
Medical Insurance	-	-	347	347	-	-	-	-	
Budgetd Allotments	32,500	32,500	17,503	(14,997)	25,000	25,000	23,050	(1,950)	
Total Disbursements	35,000	35,000	19,690	(15,310)	- 25,000	- 25,000	- 23,050	- (1,950)	
Excess (Deficiency) of Receipts									
Over Disbursements	(11,990)	(11,990)	(1,177)	10,813	(7,970)	(7,970)	1,025	8,995	
Cash and Cash Equivalents - Beginning of Year	27,726	27,726	27,726	-	26,701	26,701	26,701	-	
Transfers In	-	-	-	-	-	-	-	-	
Transfers Out	-	-	-	-	-	-	-	-	
Cash and Cash Equivalents - End of Year	\$ 15,736	\$ 15,736	\$ 26,549	\$ 10,813	\$ 18,731	\$ 18,731	\$ 27,726	\$ 8,995	

# Linn County, Missouri Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis Juvenile Officer Grant Fund For the Years Ended December 31, 2015 and 2014

	Original 2015 Budget	Final 2015 Budget	Actual 2015	Variance	Original 2014 Budget	Final 2014 Budget	Actual 2014	Variance
<u>Receipts</u>								
Taxes - Sales	ş -	\$ -	\$ -	\$ -	\$ -	ş -	\$ -	\$ -
Taxes - Property	-	-	-	-	-	-	-	-
Intergovernmental Revenues	79,023	79,023	44,818	(34,205)	74,908	74,908	61,969	(12,939)
Charges for Services	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Receipts	79,023	79,023	44,818	(34,205)	74,908	74,908	61,969	(12,939)
Disbursements							-	
Salaries	15,731	15,731	6,173	(9,558)	10,731	10,731	19,432	8,701
Payroll Taxes	650	650	472	(178)	650	650	1,487	837
Unemployment	220	220	20	(200)	220	220	253	33
Contracts & Services	32,624	32,624	33,540	916	32,624	32,624	32,137	(487)
Equipment	20,000	20,000	6,255	(13,745)	20,000	20,000	7,775	(12,225)
Total Disbursements	69,225	69,225	46,460	(22,765)	64,225	64,225	61,084	(3,141)
Excess (Deficiency) of Receipts								
Over Disbursements	9,798	9,798	(1,642)	(11,440)	10,683	10,683	885	(9,798)
Cash and Cash Equivalents - Beginning of Year Transfers In	(9,798)	(9,798)	(9,798)	-	(10,683)	(10,683)	(10,683)	-
Transfers Out	-	-	-	-	-	-	-	-
Cash and Cash Equivalents - End of Year	\$ -	\$ -	\$ (11,440)	\$ (11,440)	\$ -	\$ -	\$ (9,798)	\$ (9,798)

## Linn County, Missouri Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis Drug Court Grant Fund

# For the Years Ended December 31, 2015 and 2014

	Original 2015 Budget	Final 2015 Budget	Actual 2015	Variance	Original 2014 Budget	Final 2014 Budget	Actual 2014	Variance
Receipts								
Taxes - Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - Property	-	-	-	-	-	-	-	-
Intergovernmental Revenues	57,000	57,000	37,405	(19,595)	57,000	57,000	39,282	(17,718)
Charges for Services	8,000	8,000	7,872	(128)	8,000	8,000	6,861	(1,139)
Interest Income		-	-	-	-	-	-	-
Other	-	-	-	-	-	-	2,350	2,350
Total Receipts	65,000	65,000	45,277	(19,723)	65,000	65,000	48,493	(16,507)
				-				
<u>Disbursements</u>	12 (00	12 (00	25 405	-	12 (00	10 (00	12 500	000
Salaries/Personnel	42,600	42,600	37,485	(5,115)	42,600	42,600	43,500	900
FICA-MED	2,300	2,300	2,157	(143)	2,300	2,300	2,157	(143)
Unemployment/Wk comp	500	500	-	(500)	500	500	169	(331)
Travel/Training	3,500	3,500	3,316	(184)	3,500	3,500	-	(3,500)
Equipment	-	-	-	-	-	-		-
Drug Testing	6,500	6,500	-	(6,500)	6,500	6,500	3,319	(3,181)
Contracts/Services	4,000	4,000	457	(3,543)	4,000	4,000	483	(3,517)
Other	1,600	1,600	2,371	771	1,600	1,600	1,469	(131)
Total Disbursements	61,000	61,000	45,786	(15,214)	61,000	61,000	51,097	(9,903)
Excess (Deficiency) of Receipts								
Over Disbursements	4,000	4,000	(509)	(4,509)	4,000	4,000	(2,604)	(6,604)
Cash and Cash Equivalents - Beginning of Year Transfers In	5,633	5,633	5,633	-	8,237	8,237	8,237	-
I ransfers In Transfers Out	-	-	-	-	-	-	-	-
Cash and Cash Equivalents - End of Year	\$ 9,633	\$ 9,633	\$ 5,124	\$ (4,509)	\$ 12,237	\$ 12,237	\$ 5,633	\$ (6,604)

## Linn County, Missouri Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis Senior Citizens Services Fund

#### For the Years Ended December 31, 2015 and 2014

	Original 2015 Budget	Final 2015 Fund	Actual 2015	Variance with Final Budget 2015 Favorable (Unfavorable)	Original 2014 Budget	Final 2014 Fund	Actual 2014	Variance with Final Budget 2014 Favorable (Unfavorable)
Receipts								
Taxes - Sales	\$ -	ş -	s -	\$ -	\$ -	\$ -	s -	s -
Taxes - Property	72,800	72,800	71,528	(1,272)	71,000	71,000	72,176	1,176
Intergovernmental Revenues	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest Income	2	2	2	-	1	1	2	1
Other	-	-	-	-	-	-	-	-
Total Receipts	72,802	72,802	71,530	(1,272)	71,001	71,001	72,178	1,177
<u>Disbursements</u>								
Brookfield Site	34,000	34,000	31,720	(2,280)	32,500	32,500	32,500	-
Marceline Site	34,000	34,000	29,480	(4,520)	32,500	32,500	32,500	-
Serve Link	6,000	6,000	-	(6,000)	5,975	5,975	5,881	(94)
Newspaper Advertising	25	25	21	(4)	25	25	22	(3)
Total Disbursements	74,025	74,025	61,221	(12,804)	71,000	71,000	70,903	(97)
Excess (Deficiency) of Receipts Over Disbursements	(1,223)	(1,223)	10,309	11,532	1	1	1,275	1,274
Cash and Cash Equivalents - Beginning of Year	1,403	1,403	1,403	-	128	128	128	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Cash and Cash Equivalents - End of Year	\$ 180	\$ 180	\$ 11,712	\$ 11,532	\$ 129	\$ 129	\$ 1,403	\$ 1,274

#### Linn County, Missouri

Comparative Statement of Receipts, Disbursements and Changes in Cash

Budget and Actual, All Government Funds: Regulatory Basis

#### CLER Fund

#### For the Years Ended December 31, 2015 and 2014

	Orig 20 Bud	15	Fir 20 Fu	15	Actual 2015	Variance with Final Budget 2015 Favorable (Unfavorable)	Origina 2014 Budget		Final 2014 Fund		Actua 2014	1	Fina 2014	ance with Il Budget Favorable Yavorable)
Receipts														
Taxes - Sales	\$	-	Ş	-	ş -	\$ -	\$	-	\$	-	\$	-	Ş	-
Taxes - Property		-		-	-	-		-		-		-		-
Intergovernmental Revenues		-		-	-	-		-		-		-		-
Charges for Services		-		-	-	-		-		-		-		-
Interest Income		-		-	-	-		-		-		-		-
Clerf Fees		-		-	4,944	4,944		-		-		300		300
Total Receipts		-		-	4,944	4,944		-		-		300		300
Disbursements														
Other		-		-	-	-		-		-		-		-
Total Disbursements		-		-	-	-		-		-		-		-
Excess (Deficiency) of Receipts Over Disbursements		-		-	4,944	4,944		-		-		300		300
Cash and Cash Equivalents - Beginning of Year		-		-	300	300		-		-		-		-
Transfers In		-		-	-	-		-		-		-		-
Transfers Out		-		-	-	-		-		-		-		-
Cash and Cash Equivalents - End of Year	\$	-	\$	-	\$ 5,244	\$ 5,244	\$	-	\$	-	Ş	300	Ş	300

## Linn County, Missouri Comparative Statement of Receipts, Disbursements and Changes in Cash Budget and Actual, All Government Funds: Regulatory Basis

## Deputy Sheriff Fund For the Years Ended December 31, 2015 and 2014

	Original 2015 Budget	Final 2015 Fund	Actual 2015	Variance with Final Budget 2015 Favorable (Unfavorable)	Original 2014 Budget	Final 2014 Fund	Actual 2014	Variance with Final Budget 2014 Favorable (Unfavorable)
<u>Receipts</u>								
Taxes - Sales	\$ -	s -	s -	\$ -	ş -	ş -	s -	ş -
Taxes - Property	-	-	-	-	-	-	-	-
Intergovernmental Revenues	29,770	29,770	20,677	(9,093)	26,226	26,226	14,882	(11,344)
Charges for Services	7,000	7,000	7,489	489	12,600	12,600	7,158	(5,442)
Interest Income	-	-	-	-	-	-	-	-
Clerf Fees	-	-	-	-	-	-	-	-
Total Receipts	36,770	36,770	28,166	(8,604)	38,826	38,826	22,040	(16,786)
<u>Disbursements</u>								
Budgeted Allotment	12,600	12,600	5,684	(6,916)	12,600	12,600	5,560	(7,040)
Salaries	19,740	19,740	21,611	1,871	19,740	19,740	13,239	(6,501)
Payroll Taxes	3,016	3,016	1,653	(1,363)	3,016	3,016	1,013	(2,003)
Workmen's Compensation	805	805	2,520	1,715	805	805	172	(633)
Total Disbursements	36,161	36,161	31,468	(4,693)	36,161	36,161	19,984	(16,177)
Excess (Deficiency) of Receipts Over Disbursements	609	609	(3,302)	(3,911)	2,665	2,665	2,056	(609)
Cash and Cash Equivalents - Beginning of Year	(609)	(609)	(609)	-	(2,665)	(2,665)	(2,665)	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Cash and Cash Equivalents - End of Year	\$ -	ş -	\$ (3,911)	\$ (3,911)	ş -	ş -	\$ (609)	\$ (609)

## **NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Linn County, Missouri (the County) have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

#### Financial Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Linn County and Linn County Senior Citizens Services Board. Linn County's operations include tax assessments and collections, state and county courts, county recorder, police protection, transportation, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Linn County, Missouri, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise Linn County's legal entity. The Linn County Senior Citizens Services Board is controlled by a separate board and is included under the control of Linn County.

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

#### **BASIS OF PRESENTATION**

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Linn County, Missouri, and the comparisons of such information with the corresponding budgeted information for all funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Senior Citizens Services Board. The General Revenue Fund is the county's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

The Linn County SB40 Board, although a part of the county with a separate board, is separately audited by independent certified public accountants and, therefore, not included in the audit report. For a copy of the audited financial statements please contact the Linn County SB40 Board at (660)-258-2877.

#### **BASIS OF ACCOUNTING**

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If Linn County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

### **BUDGETS and BUDGETARY ACCOUNTING**

In accordance with Chapter 50 RSMo, Linn County adopts a budget for each governmental fund.

On or before January 15<sup>th</sup>, each elected officer and department director transmits to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

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 for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based on an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparison in these financial statements, however, does not present encumbered fund balances, but only compares budgeted and actual revenues and expenditures. During my audit, I noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The Sheriff Training Fund had expenses exceeding its budget for the year ended December 31, 2014.

A public hearing is conducted to obtain public comments. Prior to its approval by the County Commission, the budget document is available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

## **BUDGETS and BUDGETARY ACCOUNTING (continued)**

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

## CASH DEPOSITS and INVESTMENTS

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's Funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the fund's average daily cash balance. Cash equivalents 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 principle and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of 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 Linn County's name at third-party banking institutions. Details of these cash balances are presented in Note 3.

### NOTE 2 – STEWARDSHIP, COMPLIANCE and ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The County incurred no material violations of finance related legal and contractual provisions.

Net Assets / Fund Balance Deficit

For the two years ended December 31, 2015, the County's Juvenile Officer Grant Fund had a deficit balance.

Management indicated deficits occur because of timing issues with grants.

## NOTE 3 – CASH and INVESTMENTS

Linn County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

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 amount of Linn County's deposits were \$3,088,031 and \$2,901,384 respectively, and the bank balances were \$3,276,744 and \$3,329,250 respectively. At December 31, 2015 and 2014, 100% of Linn County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

The carrying amount of deposits and investments shown above are included in the financial statements at December 31, 2015 and 2014 as follows:

Total Deposits and Investments as of December 31, 2015	<u>\$3,088,031</u>
Total Deposits and Investments as of December 31, 2014	<u>\$2,901,384</u>

### Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. Linn County's investment policy does not include custodial credit risk requirements. Linn County's deposits were not exposed to custodial credit risk for the years ended December 31, 2015 and 2014.

### Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to Linn County or its agent but not in the government's name. Linn County does not have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of Linn County or of a type that are not exposed to custodial credit risk.

## NOTE 3 – CASH and INVESTMENTS (continued)

### **Investment Interest Rate Risk**

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Linn County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### **Concentration of Credit Risk**

Concentration of credit risk is required to be disclosed by Linn County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). Linn County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. Linn County's deposits were not exposed to concentration of investment credit risk for the years ended December 31, 2015 and 2014.

#### NOTE 4 – TAXES

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on October 1<sup>st</sup> and payable by December 31<sup>st</sup> of each year. Taxes paid after December 31 are delinquent and subject to penalties.

The assessed valuation of the tangible taxable property, included within Linn County's boundaries for the calendar years 2015 and 2014 for the purposes of County taxation was as follows:

	2015	2014
Real Estate	\$ 83,472,243	\$ 80,493,854
Personal Property	42,835,404	41,282,351
Railroad and Utilities	26,206,451	23,977,546
Total	\$ 152,514,098	\$ 145,753,751

The County also receives sales tax collected by the state and remitted based on the County's sales tax rate to the total sales tax collected in the County.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2015 and 2014 for purposes of County taxation was:

	2015	2014
General Revenue Fund	.0675	.0725
Senior Citizens Services Board	.0491	.0499
Total	.1166	.1224

#### NOTE 5 - COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees.

#### 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, county sheriffs covered under Sections 57.949 to 57.997, RSMo, circuit clerks and deputy circuit clerks covered under Missouri State Retirement System 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.

#### 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 by calculation 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 at age fifty-five with reduced benefit is allowed. 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 the these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, Missouri 65101, or by calling 1.877.632.2373.

### Funding Policy

In accordance with State Statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 have an option to contribute 2% of their annual salary, while employees hired after February 2002 are required to contribute 6% of their annual salary in order to participate in the CERF. During 2015 and 2014, the County collected and remitted to CERF, employee contributions of approximately \$36,957 and \$35,681, respectively for the years then ended.

### NOTE 6 – POST EMPLOYMENT BENEFITS

Linn 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.

#### NOTE 7 - CLAIMS, COMMITMENTS and CONTINGENCIES

#### **Litigation**

Linn County has a possible claim regarding a tax sale as of December 31, 2015, although no material losses are expected.

#### Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when preformed, 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.

#### Compensated Absences

The County provides employees with up to four weeks of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused vacation if vested and overtime if applicable. Unused sick time is not reimbursed. These have not been subjected to auditing procedures.

#### NOTE 8 – 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 amount of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage 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 to produce sufficient funds to meets its obligations, the risk pool is empowered with the ability to meet specific assessments. Members are jointly and severally liable for all claims against the risk pool.

#### NOTE 8 – RISK MANAGEMENT

The County is also a member of the Missouri Association of Counties Self-Injured 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 \$500,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

#### **NOTE 9 – INTERFUND TRANSFERS**

Transfers between funds for the years ended December 31, 2015 and 2014 are as follows:

		2015		2014
Fund	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	91,800	-	60,420	-
Road and Bridge Fund	-	91,800	-	60,420
Total	\$ 91,800	\$ 91,800	\$ 60,420	\$ 60,420

### NOTE 10 – 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 have been evaluated through July 13, 2016, the date the financial statements were available to be issued. Based up on this evaluation, it was determined that no subsequent events occurred that required recognition or additional disclosure in the financial statements.



5860 E. Osage Ridge Ln. Columbia, MO 65201

Ph./Fax (573) 474-4961 lcw@lisacwrightcpa.com

Member of the American Society of Certified Public Accountants

Member of the Missouri Society of Certified Public Accountants

# Lisa C. Wright, CPA, LLC

Certified Public Accountant & Consultant

## 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 <u>AUDITING STANDARDS</u>

To the County Commission and Officeholders of Linn County Linneus, Missouri

I 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 Linn County, Missouri as of and for the years ended December 31, 2015 and December 31, 2014 and the related notes to the financial statements, which collectively comprise Linn County, Missouri's basic financial statement, and have issued my report thereon, dated July 13, 2016.

## **Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements I considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, I do not express an opinion on the effectiveness of the County'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 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses.



#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my testing 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 questioned costs as item 15/14-1.

## Linn County's Response to Findings

The County's response to a finding identified in my audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, I express no opinion on it.

#### **Purpose of the Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entities 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.

Lisa C. Mright, CPA, LLC

Columbia, MO July 13, 2016



# Lisa C. Wright, CPA, LLC

Certified Public Accountant & Consultant

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR A MAJOR PROGRAM AND

ON INTERNAL CONTROL OVER COMPLIANCE IN REQUIRED BY

OMB CIRCULAR A-133

To the County Commission and Officeholders of Linn County Ph./Fax (573) 474-4961 lcw@lisacwrightcpa.com Linneus, Missouri

5860 E. Osage Ridge Ln. Columbia, MO 65201

Member of the American Accountants

Member of the Missouri Society of Certified Public Accountants

## Society of Certified Public Report on Compliance for A Major Federal Program

I have audited Linn County, Missouri's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on Linn County, Missouri's major federal program for the years ended December 31, 2015 and December 31, 2014. Linn County Missouri's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for the compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

#### Auditor's Responsibility

My responsibility is to express an opinion on compliance for the County's major federal program based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for the County's major federal program. However, my audit does not provide a legal determination of Linn County, Missouri's compliance.

#### **Opinion on Each Major Federal Program**

In my opinion, Linn County, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the years ended December 31, 2015 and December 31, 2014.



## **Report on Internal Control over Compliance**

Management of Linn County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the County's internal control over compliance.

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 entity'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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Purpose of Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

The report is intended solely for the information and use of management, County Commission, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lisa C. Wright, CAA, LLC

Columbia, MO July 13, 2016

## Linn County, Missouri Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2015

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM NAME	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures for Year Ended December 31, 2015
<b>U.S. Department of Justice</b> <b>Passed Through:</b> <b>State Department of Public Safety-</b> Program Name: Crime Victim Assistance	16.575		\$ 62,112
<b>U.S. Department of Transportation</b> <b>Passed through:</b> <b>Highway and Transportation Commission-</b> Program Name: Highway Planning and Construction	20.205	BRO-BO58(35) BRO-BO58(36) BRO-BO58(37)	28,733 36,099 550
General Services Administration Passed Through: Office of Secretary of State- Program Name: Election Reform Payments	39.011		3,567
Election Assistance Commission Passed Through: Office of Secretary Sate- Program Name: Help America Vote Act Requirements Payments	90.401		3,180
<b>U.S. Department of Health and Human</b> Services Passed Through: Department of Social Services- Program Name: Child Support Enforcement	93.563		104,804
<b>U.S. Department of Homeland Security</b> <b>Passed Through:</b> <b>State Department of Public Safety-</b> Program's Names: Disaster Grants- Public Assistance Grants Emergency Management Performance Grants <b>Total Expenditures of Federal Awards</b>	97.036 97.042	-	544,451 1,517 \$785,013

The accompanying notes are an integral part of this statement

## Linn County, Missouri Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2014

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM NAME	CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures for Year Ended December 31, 2014
<b>U.S. Department Justice</b> <b>Passed through:</b> <b>State Department of Public Safety-</b> Program Name: Crime Victim Assistance	16.575		\$ 63,621
U.S Department of Transportation Passed Through: Department of Public safety- Program Name: Interagency Hazardous Materials Public Sector Training and Planning Grants U.S. Department of Health and Human Services	20.703		2,810
Passed Through: Department of Social Services- Program Name: Child Support Enforcement	93.563		105,551
U.S. Department of Homeland Security Passed Through: State Department of Public Safety- Program Name: Emergency Management Performance Grants Total Expenditures of Federal Awards	97.042		2,683

The accompanying notes are an integral part of this statement

Linn County, Missouri Notes to Schedule of Expenditures of Federal Awards December 31, 2015 and December 31, 2014

#### Note 1- Summary of Significant Accounting Policies

The accompanying Schedules of Expenditures of Federal Awards summarizes activity of the County's federal award programs. The schedules have been prepared on the cash basis of accounting.

#### **Basis of Presentation**

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

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

### **Matching Requirements**

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the federally funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the schedule.

### Note: 2 Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2015 and 2014.

## Linn County, Missouri Schedule of Findings and Questioned Costs For the Years Ended December 31, 2015 and 2014

## Section 1 – Summary of Auditor's Results

<u>Financial Statement</u>	
Type of auditor's report issued	Unmodified Regulatory Basis
Internal control over financial reporting	
Material weakness(es) identified?	Yes X No
Significant deficiencies identified that were not considered to be material weaknesses?	Yes X No
Any noncompliance material to financial Statements noted?	<u>X</u> Yes No
<u>Federal Awards</u>	
Internal control over major programs:	
Material weakness(es) identified?	Yes X No
Significant deficiencies identified that were not considered to be material weaknesses?	YesX_No
Type of auditor's report issued on Compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?	<u>Y</u> es <u>X</u> No
Identification of Major Programs	
CFDA <u>Number</u>	Name of Federal Program or Cluster
97.036	Disaster Grants – Public Assistance Grants
Dollar threshold used to distinguish Between type A and type B programs:	<u>\$300,000</u>
Auditee modified as low-risk auditee?	Yes X No

Linn County, Missouri Schedule of Findings and Questioned Costs For the Years Ended December 31, 2015 and 2014

#### Section 2:

15/14-1 <u>Condition:</u> We noted an issue with the County's budgetary process. The Sheriff Training Fund had actual expenditures greater than budgeted expenditures for the year ended December 31, 2014.

<u>Effect:</u> Section 50.740 prohibits expenditures in excess of approved budgets. Additionally, case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), amendments should be made following the same process by which the annual budget is approved including holding public hearings and filing the amended budget with the State Auditor's Office.

#### Cause: Oversight

<u>Recommendation</u>: We recommend that the County ensure compliance with State Statutes by refraining 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 public meeting and formally adopted by the County Commission.

Management's Response: We will continue to assess the situation.

#### Section 3:

This section contains no audit findings that OMB Circular *A-133* requires to be reported for an audit of financial statements.

## Linn County, Missouri Follow-Up on Prior Audit Findings for an Audit of Financial

Statements performed in Accordance with Government Auditing Standards

13/12-1 <u>Condition:</u> During the current year, it was necessary for the auditors of the County to assist with the preparation of the external financial statements and the notes to financial statements.

<u>Effect:</u> Without the assistance of the auditors preparing the external financial statements, Management may be unable to review and take responsibility of the financial statements and notes.

<u>Cause:</u> Due to increasing financial reporting requirements management of the County is unable to prepare the external financial statements and notes without the assistance of the auditors.

<u>Recommendation:</u> I recommend the County either provide training to current management, hire additional staff who possess the accounting skills needed to prepare and review the external financial statements, or contract with an outside accountant to prepare and review the external financial statements.

<u>Management's Response</u>: No I am not a CPA or Accountant. I have worked diligently to compile all financial statements and provide accurate information for Auditors to do external financial statements. However due to more reporting requirements in regards financial footnotes or disclosers another source or accountant could be checked into. The commissioners will take this under consideration.

Status: Implemented

13/12-2Condition: During my audit, I noted one fund for 2012 and one fund for 2013 with actual<br/>expenditures that exceeded the budgeted expenditures. Also, the Senior Citizens Services Board<br/>had actual expenditures that exceeded the budgeted expenditures for 2012.

<u>Effect:</u> Missouri statutes and counties that prepare an annual budget and expenditures are not to exceed the budget. Due to exceeding budget in certain funds the County is in violation of Missouri Revised Statutes.

Cause: Oversight.

<u>Recommendation</u>: I recommend that the County periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

<u>Management's Response</u>: The County budgets are reviewed. Copies of expenditure are provided to offices at the beginning of the year with their approved budgets. Quarterly reports are provided to all offices and the Sheriff's departments receives reports monthly. We do go over the budgets however that happens in the last month in December which is year end. We close books earlier in December to get actual's and balance for the year end. We were unable time wise to amend the budget. We will continue to monitor and work on budgets and expenditures to comply with statutes.

Status: Partially implemented. See 15/14-1.