



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Livingston County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Livingston County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2016, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Stopp & VanHoy, Certified Public Accountants, and Business Advisors, LLC, is attached.

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA
State Auditor

August 2017
Report No. 2017-082

**The County of Livingston
Chillicothe, Missouri
Financial Statements, Independent Auditor's Reports and Supplementary Information
December 31, 2016 & 2015**



**The County of Livingston
Chillicothe, Missouri
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INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of Livingston County, Missouri

We have audited the accompanying financial statements of Livingston County, Missouri, as of and for the years ended December 31, 2016 and 2015, which collectively comprise the County's basic financial statements and the related notes to the financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1, the financial statements are prepared by Livingston 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Livingston County, Missouri, as of December 31, 2016 and 2015, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Livingston County, Missouri, as of December 31, 2016 and 2015, and their 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 Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Livingston County, Missouri’s basic financial statements. The other supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplemental information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 our opinion, the other supplemental information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2017, on our consideration of Livingston County, Missouri’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Livingston County, Missouri’s internal control over financial reporting and compliance.



Creve Coeur, Missouri
June 27, 2017

The County of Livingston
Chillicothe, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

<u>Fund</u>	Cash and Equivalents January 1, 2016	Receipts 2016	Disbursements 2016	Cash and Equivalents December 31, 2016
General Revenue	\$ 317,930	\$ 2,211,855	\$ 2,227,238	\$ 302,547
Road and Bridge	427,993	738,341	712,476	453,858
Law Enforcement Sales Tax	121,098	571,705	565,516	127,287
Use Tax	200,424	112,010	65,117	247,317
Assessment	40,845	239,117	233,204	46,758
Law Enforcement Training	1,339	4,949	4,048	2,240
Prosecuting Attorney Check	4,303	4,892	8,121	1,074
Special Election	-	54,408	54,408	-
Prosecuting Attorney Training	1,069	938	1,495	512
Child Abuse	71	1,525	-	1,596
Recorder Special	19,761	10,187	14,892	15,056
Local Emergency Planning Commission	452	3,491	3,943	-
Planning and Zoning	450	15,026	15,476	-
Enhanced 911	5,838	140,493	139,759	6,572
Election Services	16,871	20,301	15,953	21,219
Concealed Carry Weapon Permit	2,687	4,472	3,783	3,376
Civil Fees	6,696	18,834	14,260	11,270
Collector's Tax Maintenance	31,576	20,482	25,771	26,287
Inmate Security	8,089	9,567	9,500	8,156
Law Enforcement Restitution	10,848	9,997	8,763	12,082
Deputy Sheriff Supplemental Salary	248	28,185	26,037	2,396
Victim Advocate Grant	-	43,590	40,781	2,809
Senior Citizens Services	62,060	95,019	82,462	74,617
Senate Bill 40 Board	577,337	541,035	500,656	617,716
Total	<u>\$ 1,857,985</u>	<u>\$ 4,900,419</u>	<u>\$ 4,773,659</u>	<u>\$ 1,984,745</u>

See Notes to the Financial Statements

**The County of Livingston
Chillicothe, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2015**

<u>Fund</u>	Cash and Equivalents January 1, 2015	Receipts 2015	Disbursements 2015	Cash and Equivalents December 31, 2015
General Revenue	\$ 410,852	\$ 2,467,113	\$ 2,560,035	\$ 317,930
Road and Bridge	284,089	1,458,770	1,314,866	427,993
Law Enforcement Sales Tax	70,040	569,887	518,829	121,098
Use Tax	168,846	157,720	126,142	200,424
Assessment	353	280,022	239,530	40,845
Law Enforcement Training	1,830	4,258	4,749	1,339
Prosecuting Attorney Check	5,253	7,166	8,116	4,303
Special Election	-	36,804	36,804	-
Prosecuting Attorney Training	696	743	370	1,069
Child Abuse	580	1,491	2,000	71
Recorder Special	14,762	9,134	4,135	19,761
Local Emergency Planning Commission	(2,853)	7,104	3,799	452
Planning and Zoning	-	14,813	14,363	450
Enhanced 911	692	141,728	136,582	5,838
Election Services	31,635	11,222	25,986	16,871
Concealed Carry Weapon Permit	3,552	3,231	4,096	2,687
Civil Fees	5,379	17,492	16,175	6,696
Collector's Tax Maintenance	31,181	21,992	21,597	31,576
Inmate Security	9,563	8,026	9,500	8,089
Law Enforcement Restitution	8,857	8,991	7,000	10,848
Deputy Sheriff Supplemental Salary	343	26,218	26,313	248
Victim Advocate Grant	-	38,636	38,636	-
Senior Citizens Services	41,203	83,184	62,327	62,060
Senate Bill 40 Board	462,275	591,132	476,070	577,337
Total	<u>\$ 1,549,128</u>	<u>\$ 5,966,877</u>	<u>\$ 5,658,020</u>	<u>\$ 1,857,985</u>

See Notes to the Financial Statements

**The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015**

	General Revenue Fund			
	2016		2015	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	\$ 27,000	\$ 51,757	\$ 52,900	\$ 68,667
Sales Taxes	1,043,000	1,057,907	989,083	1,075,122
Intergovernmental	472,983	455,770	458,764	486,687
Charges for Services	489,000	479,708	856,818	792,665
Interest	2,000	2,114	1,600	3,073
Other	14,500	16,262	15,500	20,899
Transfers In	154,541	148,337	22,000	20,000
Total Receipts	<u>\$ 2,203,024</u>	<u>\$ 2,211,855</u>	<u>\$ 2,396,665</u>	<u>\$ 2,467,113</u>
Disbursements				
County Commission	\$ 162,377	\$ 160,792	\$ 149,967	\$ 161,588
County Clerk	113,713	114,565	111,067	110,032
Elections	133,311	105,225	98,755	59,375
Building and Grounds	160,071	151,456	200,073	140,526
Employee Fringe Benefits	13,700	11,409	12,000	10,135
County Treasurer	149,384	148,909	475,249	471,378
Recorder of Deeds	108,506	102,950	106,387	101,086
Circuit Clerk	26,560	18,602	31,160	15,481
Court Administration	15,100	8,618	13,100	9,839
Public Administrator	105,476	102,864	102,881	100,706
Sheriff	471,138	468,987	401,395	382,390
Jail	480,000	369,100	475,000	457,530
Prosecuting Attorney	142,013	135,980	133,964	128,997
Juvenile Officer	145,900	155,018	145,900	141,753
Health and Welfare	8,200	6,845	9,500	5,000
Other	154,185	142,571	161,246	160,086
Transfers Out	29,984	23,347	71,659	42,473
Emergency Fund	70,000	-	70,000	61,660
Total Disbursements	<u>\$ 2,489,618</u>	<u>\$ 2,227,238</u>	<u>\$ 2,769,303</u>	<u>\$ 2,560,035</u>
Receipts Over (Under)				
Disbursements	\$ (286,594)	\$ (15,383)	\$ (372,638)	\$ (92,922)
Cash and Cash Equivalents				
January 1	<u>317,930</u>	<u>317,930</u>	<u>410,852</u>	<u>410,852</u>
Cash and Cash Equivalents				
December 31	<u>\$ 31,336</u>	<u>\$ 302,547</u>	<u>\$ 38,214</u>	<u>\$ 317,930</u>

See Notes to the Financial Statements

**The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015**

	Road and Bridge Fund			
	2016		2015	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	1,622,850	734,852	1,617,040	1,452,745
Charges for Services	-	-	-	-
Interest	1,400	2,712	-	1,742
Other	4,000	777	1,500	4,283
Transfers In	-	-	-	-
Total Receipts	\$ 1,628,250	\$ 738,341	\$ 1,618,540	\$ 1,458,770
Disbursements				
Salaries	\$ 86,109	\$ 79,999	\$ 84,417	\$ 84,417
Employee Fringe Benefits	42,000	38,941	37,138	36,048
Supplies	24,600	15,878	24,100	14,236
Insurance	11,800	6,784	13,000	15,660
Road and Bridge Materials	107,500	80,292	107,500	55,190
Equipment Repairs	10,000	9,894	10,000	6,399
Rentals	2,500	8,783	2,500	1,275
Equipment Purchases	20,000	57,864	22,000	19,544
Road and Bridge Construction	1,335,000	368,290	1,335,000	1,081,125
Other	21,500	5,751	21,500	972
Transfers Out	40,000	40,000	-	-
Total Disbursements	\$ 1,701,009	\$ 712,476	\$ 1,657,155	\$ 1,314,866
Receipts Over (Under) Disbursements	\$ (72,759)	\$ 25,865	\$ (38,615)	\$ 143,904
Cash and Cash Equivalents January 1	427,993	427,993	284,089	284,089
Cash and Cash Equivalents December 31	\$ 355,234	\$ 453,858	\$ 245,474	\$ 427,993

See Notes to the Financial Statements

**The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015**

	Law Enforcement Sales Tax Fund			
	2016		2015	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	521,388	528,962	494,535	537,513
Intergovernmental	9,000	10,604	9,000	14,548
Charges for Services	-	-	-	-
Interest	250	510	150	264
Other	500	22,129	10,000	8,062
Transfers In	9,500	9,500	11,500	9,500
Total Receipts	<u>\$ 540,638</u>	<u>\$ 571,705</u>	<u>\$ 525,185</u>	<u>\$ 569,887</u>
<u>Disbursements</u>				
Sheriff	\$ 315,609	\$ 302,032	\$ 369,324	\$ 333,555
Prosecuting Attorney	30,162	25,819	29,858	23,280
Coroner	34,482	40,722	33,036	27,470
Employee Fringe Benefits	37,069	34,593	57,671	52,005
Other	52,700	54,376	66,500	62,519
Transfers Out	113,541	107,974	20,000	20,000
Emergency Fund	30,000	-	-	-
Total Disbursements	<u>\$ 613,563</u>	<u>\$ 565,516</u>	<u>\$ 576,389</u>	<u>\$ 518,829</u>
Receipts Over (Under) Disbursements	\$ (72,925)	\$ 6,189	\$ (51,204)	\$ 51,058
Cash and Cash Equivalents January 1	<u>121,098</u>	<u>121,098</u>	<u>70,040</u>	<u>70,040</u>
Cash and Cash Equivalents December 31	<u><u>\$ 48,173</u></u>	<u><u>\$ 127,287</u></u>	<u><u>\$ 18,836</u></u>	<u><u>\$ 121,098</u></u>

See Notes to the Financial Statements

The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Use Tax Fund				Assessment Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	100,000	111,315	97,000	113,028	-	-	-	-
Intergovernmental	-	-	44,100	44,100	237,000	230,687	226,000	246,567
Charges for Services	-	-	-	-	-	-	-	-
Interest	500	695	500	592	200	419	200	218
Other	-	-	-	-	8,000	8,011	5,000	13,237
Transfers In	-	-	-	-	-	-	44,417	20,000
Total Receipts	<u>\$ 100,500</u>	<u>\$ 112,010</u>	<u>\$ 141,600</u>	<u>\$ 157,720</u>	<u>\$ 245,200</u>	<u>\$ 239,117</u>	<u>\$ 275,617</u>	<u>\$ 280,022</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 135,120	\$ 128,431	\$ 136,505	\$ 134,291
Employee Fringe Benefits	-	-	-	-	37,834	36,420	40,465	38,333
Materials and Supplies	-	-	-	-	22,200	11,879	24,650	16,515
Services and Other	55,000	3,717	55,000	1,096	16,900	15,777	15,950	12,584
Capital Outlay	-	-	76,000	62,350	50,500	40,697	56,400	37,807
Debt Service	61,404	61,400	62,697	62,696	-	-	-	-
Transfers Out	-	-	-	-	-	-	2,000	-
Total Disbursements	<u>\$ 116,404</u>	<u>\$ 65,117</u>	<u>\$ 193,697</u>	<u>\$ 126,142</u>	<u>\$ 262,554</u>	<u>\$ 233,204</u>	<u>\$ 275,970</u>	<u>\$ 239,530</u>
Receipts Over (Under)								
Disbursements	\$ (15,904)	\$ 46,893	\$ (52,097)	\$ 31,578	\$ (17,354)	\$ 5,913	\$ (353)	\$ 40,492
Cash and Cash Equivalents								
January 1	<u>200,424</u>	<u>200,424</u>	<u>168,846</u>	<u>168,846</u>	<u>40,845</u>	<u>40,845</u>	<u>353</u>	<u>353</u>
Cash and Cash Equivalents								
December 31	<u>\$ 184,520</u>	<u>\$ 247,317</u>	<u>\$ 116,749</u>	<u>\$ 200,424</u>	<u>\$ 23,491</u>	<u>\$ 46,758</u>	<u>\$ -</u>	<u>\$ 40,845</u>

See Notes to the Financial Statements

The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Law Enforcement Training Fund				Prosecuting Attorney Check Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	3,900	4,946	4,005	4,253	5,950	4,890	5,700	7,160
Interest	2	3	-	5	5	2	-	6
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 3,902</u>	<u>\$ 4,949</u>	<u>\$ 4,005</u>	<u>\$ 4,258</u>	<u>\$ 5,955</u>	<u>\$ 4,892</u>	<u>\$ 5,700</u>	<u>\$ 7,166</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 5,121	\$ 5,121	\$ 5,019	\$ 5,019
Employee Fringe Benefits	-	-	-	-	2,460	2,415	2,422	2,322
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	4,200	4,048	4,750	4,749	1,000	585	1,100	775
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 4,200</u>	<u>\$ 4,048</u>	<u>\$ 4,750</u>	<u>\$ 4,749</u>	<u>\$ 8,581</u>	<u>\$ 8,121</u>	<u>\$ 8,541</u>	<u>\$ 8,116</u>
Receipts Over (Under)								
Disbursements	\$ (298)	\$ 901	\$ (745)	\$ (491)	\$ (2,626)	\$ (3,229)	\$ (2,841)	\$ (950)
Cash and Cash Equivalents								
January 1	<u>1,339</u>	<u>1,339</u>	<u>1,830</u>	<u>1,830</u>	<u>4,303</u>	<u>4,303</u>	<u>5,253</u>	<u>5,253</u>
Cash and Cash Equivalents								
December 31	<u>\$ 1,041</u>	<u>\$ 2,240</u>	<u>\$ 1,085</u>	<u>\$ 1,339</u>	<u>\$ 1,677</u>	<u>\$ 1,074</u>	<u>\$ 2,412</u>	<u>\$ 4,303</u>

See Notes to the Financial Statements

The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Special Election Fund				Prosecuting Attorney Training Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	82,845	54,408	39,750	36,804	-	-	-	-
Charges for Services	-	-	-	-	700	936	600	741
Interest	-	-	-	-	2	2	-	2
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 82,845</u>	<u>\$ 54,408</u>	<u>\$ 39,750</u>	<u>\$ 36,804</u>	<u>\$ 702</u>	<u>\$ 938</u>	<u>\$ 600</u>	<u>\$ 743</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	21,000	16,538	7,200	10,395	-	-	-	-
Services and Other	61,845	37,870	32,550	26,409	1,600	1,495	600	370
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 82,845</u>	<u>\$ 54,408</u>	<u>\$ 39,750</u>	<u>\$ 36,804</u>	<u>\$ 1,600</u>	<u>\$ 1,495</u>	<u>\$ 600</u>	<u>\$ 370</u>
Receipts Over (Under)								
Disbursements	\$ -	\$ -	\$ -	\$ -	\$ (898)	\$ (557)	\$ -	\$ 373
Cash and Cash Equivalents								
January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,069</u>	<u>1,069</u>	<u>696</u>	<u>696</u>
Cash and Cash Equivalents								
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171</u>	<u>\$ 512</u>	<u>\$ 696</u>	<u>\$ 1,069</u>

See Notes to the Financial Statements

The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Child Abuse Fund				Recorder Special Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	1,300	1,522	1,470	1,490	8,600	10,125	9,500	9,088
Interest	1	3	-	1	40	62	25	46
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,301</u>	<u>\$ 1,525</u>	<u>\$ 1,470</u>	<u>\$ 1,491</u>	<u>\$ 8,640</u>	<u>\$ 10,187</u>	<u>\$ 9,525</u>	<u>\$ 9,134</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	1,000	-	2,000	2,000	17,760	14,892	24,050	4,135
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 17,760</u>	<u>\$ 14,892</u>	<u>\$ 24,050</u>	<u>\$ 4,135</u>
Receipts Over (Under)								
Disbursements	\$ 301	\$ 1,525	\$ (530)	\$ (509)	\$ (9,120)	\$ (4,705)	\$ (14,525)	\$ 4,999
Cash and Cash Equivalents								
January 1	<u>71</u>	<u>71</u>	<u>580</u>	<u>580</u>	<u>19,761</u>	<u>19,761</u>	<u>14,762</u>	<u>14,762</u>
Cash and Cash Equivalents								
December 31	<u>\$ 372</u>	<u>\$ 1,596</u>	<u>\$ 50</u>	<u>\$ 71</u>	<u>\$ 10,641</u>	<u>\$ 15,056</u>	<u>\$ 237</u>	<u>\$ 19,761</u>

See Notes to the Financial Statements

The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Local Emergency Planning Commission Fund				Planning and Zoning Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	3,360	3,477	7,400	7,103	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	1	-	-	-	-
Other	-	-	-	-	5,000	900	8,000	449
Transfers In	500	14	500	-	20,277	14,126	21,167	14,364
Total Receipts	<u>\$ 3,860</u>	<u>\$ 3,491</u>	<u>\$ 7,900</u>	<u>\$ 7,104</u>	<u>\$ 25,277</u>	<u>\$ 15,026</u>	<u>\$ 29,167</u>	<u>\$ 14,813</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 12,143	\$ 11,142	\$ 11,924	\$ 10,924
Employee Fringe Benefits	-	-	-	-	2,434	2,165	2,343	2,146
Materials and Supplies	-	-	-	-	700	290	700	209
Services and Other	4,099	3,943	4,299	3,799	10,450	1,879	14,200	1,084
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 4,099</u>	<u>\$ 3,943</u>	<u>\$ 4,299</u>	<u>\$ 3,799</u>	<u>\$ 25,727</u>	<u>\$ 15,476</u>	<u>\$ 29,167</u>	<u>\$ 14,363</u>
Receipts Over (Under)								
Disbursements	\$ (239)	\$ (452)	\$ 3,601	\$ 3,305	\$ (450)	\$ (450)	\$ -	\$ 450
Cash and Cash Equivalents								
January 1	<u>452</u>	<u>452</u>	<u>(2,853)</u>	<u>(2,853)</u>	<u>450</u>	<u>450</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents								
December 31	<u>\$ 213</u>	<u>\$ -</u>	<u>\$ 748</u>	<u>\$ 452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450</u>

See Notes to the Financial Statements

The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Enhanced 911 Fund				Election Services Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	21,228	15,108	7,794	9,453
Charges for Services	-	-	-	-	8,060	5,129	1,400	1,685
Interest	25	25	20	28	80	64	70	84
Other Taxes	144,400	140,468	161,500	141,700	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 144,425</u>	<u>\$ 140,493</u>	<u>\$ 161,520</u>	<u>\$ 141,728</u>	<u>\$ 29,368</u>	<u>\$ 20,301</u>	<u>\$ 9,264</u>	<u>\$ 11,222</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	150,000	139,759	160,000	136,582	28,025	6,342	9,750	5,986
Capital Outlay	-	-	-	-	3,200	9,611	20,400	20,000
Debt Service	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 150,000</u>	<u>\$ 139,759</u>	<u>\$ 160,000</u>	<u>\$ 136,582</u>	<u>\$ 31,225</u>	<u>\$ 15,953</u>	<u>\$ 30,150</u>	<u>\$ 25,986</u>
Receipts Over (Under)								
Disbursements	\$ (5,575)	\$ 734	\$ 1,520	\$ 5,146	\$ (1,857)	\$ 4,348	\$ (20,886)	\$ (14,764)
Cash and Cash Equivalents								
January 1	<u>5,838</u>	<u>5,838</u>	<u>692</u>	<u>692</u>	<u>16,871</u>	<u>16,871</u>	<u>31,635</u>	<u>31,635</u>
Cash and Cash Equivalents								
December 31	<u>\$ 263</u>	<u>\$ 6,572</u>	<u>\$ 2,212</u>	<u>\$ 5,838</u>	<u>\$ 15,014</u>	<u>\$ 21,219</u>	<u>\$ 10,749</u>	<u>\$ 16,871</u>

See Notes to the Financial Statements

The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Concealed Carry Weapon Permit Fund				Civil Fees Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	3,000	4,456	2,600	3,220	16,000	18,804	15,000	17,471
Interest	10	16	5	11	10	30	-	21
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 3,010</u>	<u>\$ 4,472</u>	<u>\$ 2,605</u>	<u>\$ 3,231</u>	<u>\$ 16,010</u>	<u>\$ 18,834</u>	<u>\$ 15,000</u>	<u>\$ 17,492</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	100	100	1,500	213	7,100	4,919	6,400	9,036
Services and Other	3,683	3,683	2,800	3,883	9,200	9,341	12,500	7,139
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 3,783</u>	<u>\$ 3,783</u>	<u>\$ 4,300</u>	<u>\$ 4,096</u>	<u>\$ 16,300</u>	<u>\$ 14,260</u>	<u>\$ 18,900</u>	<u>\$ 16,175</u>
Receipts Over (Under)								
Disbursements	\$ (773)	\$ 689	\$ (1,695)	\$ (865)	\$ (290)	\$ 4,574	\$ (3,900)	\$ 1,317
Cash and Cash Equivalents								
January 1	<u>2,687</u>	<u>2,687</u>	<u>3,552</u>	<u>3,552</u>	<u>6,696</u>	<u>6,696</u>	<u>5,379</u>	<u>5,379</u>
Cash and Cash Equivalents								
December 31	<u>\$ 1,914</u>	<u>\$ 3,376</u>	<u>\$ 1,857</u>	<u>\$ 2,687</u>	<u>\$ 6,406</u>	<u>\$ 11,270</u>	<u>\$ 1,479</u>	<u>\$ 6,696</u>

See Notes to the Financial Statements

The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Collector's Tax Maintenance Fund				Inmate Security Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	21,000	20,339	22,000	21,874	8,000	9,567	3,500	8,026
Interest	100	143	-	118	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 21,100</u>	<u>\$ 20,482</u>	<u>\$ 22,000</u>	<u>\$ 21,992</u>	<u>\$ 8,000</u>	<u>\$ 9,567</u>	<u>\$ 3,500</u>	<u>\$ 8,026</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	30,000	25,771	30,000	21,597	-	-	1,500	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	9,500	9,500	9,500	9,500
Total Disbursements	<u>\$ 30,000</u>	<u>\$ 25,771</u>	<u>\$ 30,000</u>	<u>\$ 21,597</u>	<u>\$ 9,500</u>	<u>\$ 9,500</u>	<u>\$ 11,000</u>	<u>\$ 9,500</u>
Receipts Over (Under)								
Disbursements	\$ (8,900)	\$ (5,289)	\$ (8,000)	\$ 395	\$ (1,500)	\$ 67	\$ (7,500)	\$ (1,474)
Cash and Cash Equivalents								
January 1	<u>31,576</u>	<u>31,576</u>	<u>31,181</u>	<u>31,181</u>	<u>8,089</u>	<u>8,089</u>	<u>9,563</u>	<u>9,563</u>
Cash and Cash Equivalents								
December 31	<u>\$ 22,676</u>	<u>\$ 26,287</u>	<u>\$ 23,181</u>	<u>\$ 31,576</u>	<u>\$ 6,589</u>	<u>\$ 8,156</u>	<u>\$ 2,063</u>	<u>\$ 8,089</u>

See Notes to the Financial Statements

The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Law Enforcement Restitution Fund				Deputy Sheriff Supplemental Salary Fund			
	2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	8,900	9,949	9,500	8,968	21,641	19,742	26,750	17,625
Charges for Services	-	-	-	-	9,500	8,443	-	8,593
Interest	-	48	5	23	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 8,900</u>	<u>\$ 9,997</u>	<u>\$ 9,505</u>	<u>\$ 8,991</u>	<u>\$ 31,141</u>	<u>\$ 28,185</u>	<u>\$ 26,750</u>	<u>\$ 26,218</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 18,167	\$ 15,325	\$ 14,150	\$ 14,970
Employee Fringe Benefits	-	-	-	-	3,474	2,829	2,907	2,750
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	1,000	1,000	1,000	1,000	9,500	7,883	9,700	8,593
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Transfers Out	8,400	7,763	8,000	6,000	-	-	-	-
Total Disbursements	<u>\$ 9,400</u>	<u>\$ 8,763</u>	<u>\$ 9,000</u>	<u>\$ 7,000</u>	<u>\$ 31,141</u>	<u>\$ 26,037</u>	<u>\$ 26,757</u>	<u>\$ 26,313</u>
Receipts Over (Under)								
Disbursements	\$ (500)	\$ 1,234	\$ 505	\$ 1,991	\$ -	\$ 2,148	\$ (7)	\$ (95)
Cash and Cash Equivalents								
January 1	<u>10,848</u>	<u>10,848</u>	<u>8,857</u>	<u>8,857</u>	<u>248</u>	<u>248</u>	<u>343</u>	<u>343</u>
Cash and Cash Equivalents								
December 31	<u>\$ 10,348</u>	<u>\$ 12,082</u>	<u>\$ 9,362</u>	<u>\$ 10,848</u>	<u>\$ 248</u>	<u>\$ 2,396</u>	<u>\$ 336</u>	<u>\$ 248</u>

See Notes to the Financial Statements

The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015

	Victim Advocate Grant Fund			
	2016		2015	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	27,500	26,983	35,478	24,527
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Transfers In	16,607	16,607	11,575	14,109
Total Receipts	<u>\$ 44,107</u>	<u>\$ 43,590</u>	<u>\$ 47,053</u>	<u>\$ 38,636</u>
 <u>Disbursements</u>				
Salaries	\$ 26,520	\$ 25,296	\$ 26,000	\$ 25,100
Employee Fringe Benefits	11,922	11,291	11,541	10,996
Materials and Supplies	3,330	2,245	1,300	770
Services and Other	2,335	1,949	3,200	1,770
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 44,107</u>	<u>\$ 40,781</u>	<u>\$ 42,041</u>	<u>\$ 38,636</u>
Receipts Over (Under)				
Disbursements	\$ -	\$ 2,809	\$ 5,012	\$ -
Cash and Cash Equivalents				
January 1	-	-	-	-
Cash and Cash Equivalents				
December 31	<u>\$ -</u>	<u>\$ 2,809</u>	<u>\$ 5,012</u>	<u>\$ -</u>

See Notes to the Financial Statements

**The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015**

	Senior Citizens Services Fund			
	2016		2015	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ 87,547	\$ 94,983	\$ 80,800	\$ 83,184
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	-	36	-	-
Other	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 87,547</u>	<u>\$ 95,019</u>	<u>\$ 80,800</u>	<u>\$ 83,184</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	500	424	200	57
Services and Other	87,047	82,038	72,600	62,270
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Emergency Fund	25,000	-	8,000	-
Total Disbursements	<u>\$ 112,547</u>	<u>\$ 82,462</u>	<u>\$ 80,800</u>	<u>\$ 62,327</u>
Receipts Over (Under)				
Disbursements	\$ (25,000)	\$ 12,557	\$ -	\$ 20,857
Cash and Cash Equivalents				
January 1	<u>62,060</u>	<u>62,060</u>	<u>41,203</u>	<u>41,203</u>
Cash and Cash Equivalents				
December 31	<u>\$ 37,060</u>	<u>\$ 74,617</u>	<u>\$ 41,203</u>	<u>\$ 62,060</u>

See Notes to the Financial Statements

**The County of Livingston
Chillicothe, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2016 & 2015**

	Senate Bill 40 Board Fund			
	2016		2015	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ 160,000	\$ 162,482	\$ 160,000	\$ 178,451
Intergovernmental	-	-	-	-
Charges for Services	360,000	376,047	330,000	403,579
Interest	2,000	2,506	100	2,751
Other	-	-	-	6,351
Transfers In	-	-	-	-
Total Receipts	<u>\$ 522,000</u>	<u>\$ 541,035</u>	<u>\$ 490,100</u>	<u>\$ 591,132</u>
<u>Disbursements</u>				
Salaries	\$ 235,000	\$ 239,835	\$ 215,000	\$ 212,350
Employee Fringe Benefits	40,800	28,756	35,800	28,993
Materials and Supplies	25,000	3,211	10,000	3,894
Services and Other	169,000	208,375	159,500	211,918
Capital Outlay	5,000	-	10,000	-
Other	34,800	20,479	51,800	18,915
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 509,600</u>	<u>\$ 500,656</u>	<u>\$ 482,100</u>	<u>\$ 476,070</u>
Receipts Over (Under) Disbursements	\$ 12,400	\$ 40,379	\$ 8,000	\$ 115,062
Cash and Cash Equivalents January 1	<u>577,337</u>	<u>577,337</u>	<u>462,275</u>	<u>462,275</u>
Cash and Cash Equivalents December 31	<u><u>\$ 589,737</u></u>	<u><u>\$ 617,716</u></u>	<u><u>\$ 470,275</u></u>	<u><u>\$ 577,337</u></u>

See Notes to the Financial Statements

**The County of Livingston
Chillicothe, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 1 - Summary of Significant Accounting Policies

Organized in 1837, the county of Livingston was named after the Honorable Edward Livingston, the 11th Secretary of State of the United States under President Andrew Jackson. Livingston County's government is a township-organized, third-class county. The county seat is Chillicothe. Livingston County's government is composed of a three-member county commission and the following separately elected Constitutional Officers: County Clerk, Collector-Treasurer, Circuit Clerk, Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Livingston County, Missouri, the Livingston County Senior Citizens Service Board, and the Livingston County Senate Bill 40 Board.

Livingston County's operations include tax assessments and collections, state/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 Livingston County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise Livingston County's legal entity. The Livingston County Senior Citizens Service Board and the Livingston County Senate Bill 40 Board are controlled by separate boards and are also included under the control of Livingston 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 an 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 Livingston 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 or an elected county official. 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.

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.

**The County of Livingston
Chillicothe, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

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 Livingston 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 financials would be presented on the accrual basis of accounting.

Budget and Budgetary Accounting

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

On or before January 15th, each elected officer and department director will transmit 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 upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. 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.

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.

Budgets are prepared and adopted on the cash basis of accounting.

**The County of Livingston
Chillicothe, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

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

	<u>2016</u>	<u>2015</u>
Real Estate	\$ 122,579,990	\$ 121,343,630
Personal Property	42,533,246	41,722,872
Railroad and Utilities	10,081,812	9,962,022
	<u>\$ 175,195,048</u>	<u>\$ 173,028,524</u>

The tax levy per \$100 assessed valuation of tangible taxable property for the calendar year 2016 and 2015, respectively, for the purpose of County taxation, was as follows:

	<u>2016</u>	<u>2015</u>
General Revenue Fund	\$ 0.0307	\$ 0.0172
Senior Citizens Services Fund	0.0510	0.0510
Senate Bill 40 Board Fund	0.1000	0.1000

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.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Collector-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 funds' 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 principal 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 Livingston County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

**The County of Livingston
Chillicothe, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

Note 2 - Deposits and Investments

Livingston 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".

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

The carrying values and bank balances of deposits and investments shown above are included in the financial statements at December 31, 2016, as follows:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits	\$ 1,603,673	\$ 1,753,369
Investments	<u>381,072</u>	<u>381,072</u>
Total Deposits and Investments as of December 31, 2016	<u>\$ 1,984,745</u>	<u>\$ 2,134,441</u>

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

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits	\$ 1,479,392	\$ 1,572,835
Investments	<u>378,593</u>	<u>378,593</u>
Total Deposits and Investments as of December 31, 2015	<u>\$ 1,857,985</u>	<u>\$ 1,951,428</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 to it. At December 31, 2016, 100% of Livingston County's deposits and investments were covered by the Federal Deposit Insurance Company (FDIC) or were collateralized. At December 31, 2015, \$24,276 of the Senate Bill 40 Board's deposits and investments were not covered by the Federal Deposit Insurance Company (FDIC) and were not collateralized.

**The County of Livingston
Chillicothe, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 2 - Deposits and Investments (continued)

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 Livingston County or its agent but not in the government's name. Livingston 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 Livingston County or of a type that are not exposed to custodial credit risk.

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. Livingston 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 Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by Livingston 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). Livingston 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.

The following investments represent more than 5%, individually, of total investments:

Issuer	Investment Type	2016 Balance	% of Portfolio	2015 Balance	% of Portfolio
Citizens Bank & Trust	Cert. of Deposit	\$ 72,645	19.06%	\$ 72,500	19.15%
BTC Bank	Cert. of Deposit	206,489	54.19%	204,289	53.96%
Bank Midwest	Cert. of Deposit	101,938	26.75%	101,804	26.89%

Note 3 - Long Term Debt

On April 17, 2012, the County entered into a lease agreement with UMB Bank for Series 2012 Refunding Certificates of Participation (COP's) to be used to refund the Series 2006 COP's. The original principal amount of \$460,000 has an interest rate of 2.350% payable in semiannual installments. The maturity date of the COP's is June 1, 2021.

On January 24, 2014, the County entered into a capital lease agreement with Caterpillar Financial Services Corporation for the purpose of purchasing a backhoe loader. The original principal amount of \$74,597 is payable in installments of \$19,544 annually at an interest rate of 3.2% with a final payment of \$19,545. The maturity date of the capital lease is January 24, 2017.

<u>Debt</u>	Balance at 1/1/2016	Amount Borrowed	Amount Repaid	Balance at 12/31/2016	Interest Paid During Year
2012 COP's	\$ 300,000	\$ -	\$ 55,000	\$ 245,000	\$ 6,404
Backhoe Loader	37,299	-	37,299	-	1,791
	<u>\$ 337,299</u>	<u>\$ -</u>	<u>\$ 92,299</u>	<u>\$ 245,000</u>	<u>\$ 8,195</u>

**The County of Livingston
Chillicothe, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 3 - Long Term Debt (continued)

Debt	Balance at 1/1/2015	Amount Borrowed	Amount Repaid	Balance at 12/31/2015	Interest Paid During Year
2012 COP's	\$ 355,000	\$ -	\$ 55,000	\$ 300,000	\$ 7,696
Backhoe Loader	55,053	-	17,754	37,299	1,790
	<u>\$ 410,053</u>	<u>\$ -</u>	<u>\$ 72,754</u>	<u>\$ 337,299</u>	<u>\$ 9,486</u>

2016 Amortizations:

Year	Series 2012 Certificates of Participation Schedule		
	Principal	Interest	Total
2017	\$ 55,000	\$ 5,111	\$ 60,111
2018	55,000	3,819	58,819
2019	60,000	2,468	62,468
2020	60,000	1,057	61,057
2021	15,000	176	15,176
Total	<u>\$ 245,000</u>	<u>\$ 12,631</u>	<u>\$ 257,631</u>

2015 Amortizations:

Year	Series 2012 Certificates of Participation Schedule			Backhoe Loader		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 55,000	\$ 6,404	\$ 61,404	\$ 18,331	\$ 1,213	\$ 19,544
2017	55,000	5,111	60,111	18,968	577	19,545
2018	55,000	3,819	58,819	-	-	-
2019	60,000	2,468	62,468	-	-	-
2020-2021	75,000	1,233	76,233	-	-	-
Total	<u>\$ 300,000</u>	<u>\$ 19,035</u>	<u>\$ 319,035</u>	<u>\$ 37,299</u>	<u>\$ 1,790</u>	<u>\$ 39,089</u>

Payments on long-term debt balances are made from the Use Tax Fund and Road and Bridge Fund.

Note 4 - Interfund Transfers

Transfers between funds for the years ended December 31, 2016 and 2015 are as follows:

Fund	2016		2015	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue	\$ 148,337	\$ 23,347	\$ 20,000	\$ 42,473
Road and Bridge	-	40,000	-	-
Law Enforcement Sales Tax	9,500	107,974	9,500	20,000
Assessment	-	-	20,000	-
Local Emerg. Planning Commission	14	-	-	-
Planning and Zoning	14,126	-	14,364	-
Inmate Security	-	9,500	-	9,500
Law Enforcement Restitution	-	7,763	-	6,000
Victim Advocate Grant	16,607	-	14,109	-
Total	<u>\$ 188,584</u>	<u>\$ 188,584</u>	<u>\$ 77,973</u>	<u>\$ 77,973</u>

**The County of Livingston
Chillicothe, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 5 - Local Government Employees Retirement System (LAGERS)

Plan Description

The County's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The County participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	2016 Valuation
Benefit Multiplier	1.25%
Final Average Salary	3 years
Member Contributions	0%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

At June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	23
Active employees	35
	88
	88

**The County of Livingston
Chillicothe, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 5 - Local Government Employees Retirement System (LAGERS) (continued)

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 10.1% (General) and 9.3% (Police) of annual covered payroll.

For the year ended December 31, 2016 and 2015, the County recognized pension expense of \$95,743 and \$91,479, respectively.

Net Pension Liability

The employer's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2016.

Actuarial Assumptions

The total pension liability in the February 29, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increase	3.25% - 6.55% including wage inflation
Investment Rate of Return	7.25%, net of investment and administrative expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period based year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 29, 2016 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**The County of Livingston
Chillicothe, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 5 - Local Government Employees Retirement System (LAGERS) (continued)

Actuarial Assumptions (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.00%	5.29%
Fixed Income	26.00%	2.23%
Real Assets	21.00%	3.31%
Strategic Assets	10.00%	5.73%

Discount Rate

The discount rates used to measure the total pension liability are 7.25% (General) and 7.25% (Police). The projection of cash flows used to determine the discount rates assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at 6/30/2015	\$ 3,708,022	\$ 3,764,751	\$ (56,729)
Changes for the year:			
Service cost	76,597	-	76,597
Interest	266,073	-	266,073
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(101,246)	-	(101,246)
Contributions - employer	-	114,201	(114,201)
Contributions - employee	-	-	-
Net investment income	-	(12,559)	12,559
Benefit payments, including refunds	154,053	154,053	-
Administrative expense	-	6,561	(6,561)
Other changes	153,634	(5,790)	159,424
Net changes	241,005	(64,762)	305,767
Balances at 6/30/2016	<u>\$ 3,949,027</u>	<u>\$ 3,699,989</u>	<u>\$ 249,038</u>

**The County of Livingston
Chillicothe, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 5 - Local Government Employees Retirement System (LAGERS) (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25% (General) and 7.25% (Police), as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower or one percentage point higher than the current rates.

	Current Single Discount		
	1% Decrease	Current Rate	1% Increase
	6.25%	7.25%	8.25%
Total Pension Liability	\$ 4,505,429	\$ 3,949,027	\$ 3,490,645
Plan Fiduciary Net Position	(3,699,989)	(3,699,989)	(3,699,989)
Net Pension Liability	<u>\$ 805,440</u>	<u>\$ 249,038</u>	<u>\$ (209,344)</u>

Note 6 - State of Missouri County Employees Retirement Fund (CERF)

Plan Description

Benefit eligible employees of the County are provided with pensions through County Employees' Retirement Fund (CERF) – a mandatory cost-sharing, multiple-employer defined benefit pension plan established in 1994. Laws governing CERF are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes. As such, it is CERF's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of CERF is vested in the Board of Directors consisting of eleven members. CERF issues a publicly available Annual Financial Report that can be obtained at www.mocerf.org.

Benefits Provided

CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost of living adjustments, not to exceed 1%, are provided for eligible retirees of survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature.

**The County of Livingston
Chillicothe, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 6 - State of Missouri County Employees Retirement Fund (CERF) (continued)

Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Livingston County pays 2% on behalf of employees.

In addition to the above contributions required of employees, the following fees and penalties prescribed under Missouri law are required to be collected and remitted to CERF by counties covered by the plan:

- Late fees on filing of personal property tax declarations,
- Twenty dollars on each merchants and manufacturers license issued,
- Six dollars on each document recorded or filed with county recorders of deeds, with an additional one on each document recorded,
- Three sevenths of the fee on delinquent property taxes, and
- Interest earned on investment of the above collections prior to remittance to CERF.

Further information related to required contributions, pension benefits, other plan terms, and investments and related return and financial information can be found in the notes to the financial statements of CERF's Annual Financial Report.

The County's required contribution rate for the year ended December 31, 2016 and 2015, was 4% of annual payroll. Contributions and statutory charges remitted to the pension plan from the County were \$27,744 and \$54,963, respectively, for the year ended December 31, 2016 and \$28,744 and \$54,798, respectively, for the year ended December 31, 2015.

At December 31, 2016, the County had a liability of \$539,816 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and was based on the most recent actuarial valuation by CERF's independent actuary as of December 31, 2014 projected forward to December 31, 2015, and financial information of the Plan as of December 31, 2015.

The County's proportion of the net pension liability was based on the County's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for CERF's plan year ended December 31, 2015. At December 31, 2015, the County's proportion was 0.27918%, which decreased by 0.0062% from the percentage used to allocate the liability as of December 31, 2014.

There were no changes in benefit terms during the CERF plan year ended December 31, 2016, that affected the measurement of total pension liability.

For the year ended December 31, 2016 and 2015, the County recognized pension expense of \$12,679 and \$14,372, respectively.

**The County of Livingston
Chillicothe, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 6 - State of Missouri County Employees Retirement Fund (CERF) (continued)

Actuarial Assumptions

The total pension liability in the December 31, 2015, actuarial valuation, which is also the date of measurement, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Compensation increases	2.5% plus merit
Inflation	2.5%
Investment rate of return	7.5%

Mortality rates were based on the RP-2000 Combined Mortality projected to 2010 using Scale AA.

The following actuarial assumptions and methods were changed for the actuarial valuation used for the reporting period: a) compensation increases were changed from inflation plus an age-graded allowance for merit, promotion, and seniority (total average increases, including inflation, were approximately 5.3% to 2.5%, plus merit, as indicated above; b) inflation was reduced from 3% to 2.5%, as indicated above; c) the investment rate of return was reduced from 8% to 7.5% as indicated above; and mortality rates were changed from the RP-2000 Separate Mortality projected to 2010 to the RP-2000 Combined Mortality projected to 2010, as indicated above.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 to December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of pension plan investment expense and tuition) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in CERF target asset allocation as of December 31, 2015 are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Plus	15.00%	2.66%
Absolute Return	15.00%	4.18%
U.S. Large Cap Equity	25.00%	6.38%
U.S. Small Cap Equity	10.00%	6.96%
Non-U.S. Equity	15.00%	6.58%
Long/Short Equity	10.00%	6.85%
Private Equity	5.00%	7.34%
Core Real Estate	5.00%	5.10%

**The County of Livingston
Chillicothe, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 6 - State of Missouri County Employees Retirement Fund (CERF) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current statutory rates and that contributions from employers will be made based on the Plan's current revenue sources (various fees and penalties collected by the counties). Such revenue was assumed to increase at the rate of 1% per year. This increase assumption has been used by the Plan in prior funding status projections. Historically, revenue increases have averaged more than 1% per year. Based on the assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. The projections covered an 80-year period into the future. The long-term expected rate of return on the Plan's investments was applied to projected benefit payments.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	Current Single Discount		
	1% Decrease (6.5%)	Rate Assumption (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability	\$ 767,766	\$ 539,816	\$ 349,922

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERF Annual Financial Report.

Note 7 - Prosecuting Attorney Retirement Fund

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

Note 8 - Post Employment Benefits

Livingston 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 Primary Government.

Note 9 - Claims, Commitments, and Contingencies

Litigation

The County is not involved in pending litigation as of the audit report date.

**The County of Livingston
Chillicothe, Missouri
Notes to the Financial Statements
For the years ended December 31, 2016 & 2015**

Note 9 - Claims, Commitments, and Contingencies (continued)

Compensated Absences

The County provides employees with up to three 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 and overtime, if applicable. Unused sick time is not reimbursed. These have not been subjected to auditing procedures.

Other Commitments

Part of the County's taxing district contains a redevelopment area subject to a TIF plan where the County must remit certain economic activity taxes to a local City for the purpose of reimbursing certain costs of development. The County is committed to remitting these taxes through the year ended December 31, 2028; future amounts are based on overall taxes collected for the development area and cannot be estimated. Payments remitted for the years ended December 31, 2016 and 2015 totaled \$76,683 and \$86,625, respectively.

Federal and State Assisted Programs

The County receives proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned. Such audits could result in refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Note 10 - Risk Management

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

The County is a member participant in a public entity risk pool which is a corporate and political body. The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make specific assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-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 11 - Subsequent Events

The County has evaluated events subsequent to December 31, 2016 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through June 27, 2017, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

Supplementary Information

**The County of Livingston
Chillicothe, Missouri
Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 Fiscal Years
Missouri Local Government Employees Retirement System (LAGERS)**

<i>Fiscal year ending June 30,</i>	<u>2016</u>	<u>2015</u>
Total Pension Liability		
Service Cost	\$ 76,597	\$ 73,606
Interest on the Total Pension Liability	266,073	254,307
Benefit Changes	-	-
Difference between expected and actual experience	(101,246)	(6,769)
Assumption Changes	153,634	-
Benefit Payments	(154,053)	(166,391)
Refunds	-	-
Net Changes in Total Pension Liability	<u>241,005</u>	<u>154,753</u>
Total Pension Liability beginning	<u>3,708,022</u>	<u>3,553,269</u>
Total Pension Liability ending	<u>\$ 3,949,027</u>	<u>\$ 3,708,022</u>
Plan Fiduciary Net Position		
Contributions-employer	\$ 114,201	\$ 113,765
Contributions-employee	-	-
Pension Plan Net Investment income	(12,559)	73,090
Benefit Payments	(154,053)	(166,391)
Refunds	-	-
Pension Plan Administrative expense	(6,561)	(6,897)
Other	(5,790)	(23,517)
Net Change in Plan Fiduciary Net Position	<u>(64,762)</u>	<u>(9,950)</u>
Plan Fiduciary Net Position beginning	<u>3,764,751</u>	<u>3,774,701</u>
Plan Fiduciary Net Position ending	<u>\$ 3,699,989</u>	<u>\$ 3,764,751</u>
Employer Net Pension Liability	\$ 249,038	\$ (56,729)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	93.69%	101.53%
Covered Employee Payroll	\$ 1,148,666	\$ 1,043,520
Employer's Net Pension Liability as a percentage of covered employee payroll	21.68%	-5.44%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**The County of Livingston
Chillicothe, Missouri
Schedule of Pension Contributions - Last 10 Fiscal Years
Missouri Local Government Employees Retirement System (LAGERS)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined pension contribution	\$ 114,370	\$ 112,280	\$ 117,954	\$ 135,410	\$ 165,150	\$ 148,785	\$ 174,134	\$ 165,735	\$ 163,020	\$ 124,663
Contributions in relation to the actuarially determined contributions	<u>114,370</u>	<u>112,280</u>	<u>117,954</u>	<u>135,410</u>	<u>165,150</u>	<u>148,785</u>	<u>174,134</u>	<u>165,735</u>	<u>163,019</u>	<u>124,664</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (1)</u>
Covered Employee Payroll	\$ 1,158,840	\$ 1,096,625	\$ 1,072,204	\$ 1,090,780	\$ 1,328,198	\$ 1,212,950	\$ 1,215,557	\$ 1,222,446	\$ 1,261,283	\$ 1,074,982
Contributions as a percentage of covered employee payroll	9.87%	10.24%	11.00%	12.41%	12.43%	12.27%	14.33%	13.56%	12.92%	11.60%

Notes to Schedule:

Valuation date: February 29, 2016 - Actuarially determined contribution rates are calculated as of February 29, prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 13 to 19 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary increases	3.25% - 6.55% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.
Other Information	New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.

**The County of Livingston
Chillicothe, Missouri**
Schedule of the County's Proportionate Share of the Net Pension Liability - Last 10 Fiscal Years
County Employees' Retirement Fund (CERF)

	2016	2015
County's proportion of the net pension liability	0.2792%	0.2910%
County's proportionate share of the net pension liability	\$ 539,816	\$ 339,623
County's covered-employee payroll	\$ 1,070,541	\$ 1,013,314
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	50.42%	33.52%
Plan fiduciary net position as a percentage of the total pension liability	69.11%	78.83%

Notes:

Information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is January 1 prior to the end of the fiscal year.

The County of Livingston
Chillicothe, Missouri
Schedule of Pension Contributions - Last 10 Fiscal Years
County Employees' Retirement Fund (CERF)

	2016	2015
Required contribution	\$ 55,749	\$ 57,569
Contributions in relation to the required contribution	55,749	57,569
Contribution deficiency (excess)	\$ -	\$ -
County's covered employee payroll	\$ 1,070,541	\$ 1,013,314
Contributions as a percentage of covered-employee payroll	5.21%	5.68%

Notes:

Information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is January 1 prior to the end of the fiscal year.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission and
Officeholders of Livingston County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Livingston County, Missouri, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise Livingston County, Missouri's basic financial statements and have issued our report thereon dated June 27, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies: 16/15-001, 16/15-002, and 16/15-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Livingston County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do

not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Livingston County, Missouri's Response to Findings

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

Purpose of this Report

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



Creve Coeur, Missouri
June 27, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the County Commission and
Officeholders of Livingston County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Livingston County, Missouri's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Livingston County, Missouri's major federal programs for the years ended December 31, 2016 and 2015. Livingston County, Missouri's major federal programs are 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 compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Livingston County, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we 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 Livingston County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Livingston County, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, Livingston 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 each of its major federal programs for the years ended December 31, 2016 and 2015.

Report on Internal Control Over Compliance

Management of Livingston 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 our audit of compliance, we considered Livingston County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the

purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Livingston County, Missouri's internal control over compliance.

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

Our 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in black ink that reads "Stopp & VanHoy".

Creve Coeur, Missouri
June 27, 2017

**The County of Livingston
Chillicothe, Missouri
Schedule of Expenditures of Federal Awards
For the years ended December 31, 2016 & 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31,	
			2016	2015
U.S. Department of Transportation				
Passed through state:				
Missouri Highway and Transportation Commission -				
Highway Planning and Construction	20.205	BRO-059(24)	\$ 30,588	\$ -
Highway Planning and Construction	20.205	BRO-059(21)	-	403,010
Highway Planning and Construction	20.205	BRO-059(22)	-	354,879
Total Highway Planning and Construction			<u>30,588</u>	<u>757,889</u>
Missouri Traffic Highway Safety Division -				
Highway Safety Cluster				
State & Community Highway Safety	20.600	16-PT-02-111	2,590	-
State & Community Highway Safety	20.600	15-PT-02-047	-	2,105
National Priority Safety Programs	20.616	15-M5HVE-03-035	-	1,539
Total Highway Safety Cluster			<u>2,590</u>	<u>3,644</u>
Missouri Traffic Highway Safety Division -				
Alcohol Open Container Requirements	20.607	16-154-AL-125	2,610	-
Alcohol Open Container Requirements	20.607	15-154-AL-049	-	1,690
Total U.S. Department of Transportation			<u>35,788</u>	<u>763,223</u>
U.S. Department of Housing and Urban Development				
Passed through state:				
Missouri Department of Social Services -				
Emergency Solutions Grant Program	14.231	14-757-S	24,814	103,117
U.S. Department of Justice				
Passed through state:				
Missouri Department of Public Safety -				
Crime Victim Assistance	16.575	2016-VOCA-032-NC	26,983	-
Crime Victim Assistance	16.575	2011-VOCA-069-NW	-	24,527
Edward Byrne Memorial Justice Assistance Grant	16.738	2015-LLEBG-059	8,999	-
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-LLEBG-054	-	9,000
Total U.S. Department of Justice			<u>35,982</u>	<u>33,527</u>
Election Assistance Commission				
Passed through State:				
Missouri Office of Secretary of State -				
Help America Vote Act Requirements Payments	90.401	N/A	4,076	1,738
U.S. Department of Health and Human Services				
Passed through State:				
Missouri Department of Social Services -				
Child Support Enforcement	93.563	04MO4005	437	442
Total Expenditures of Federal Awards			<u>\$ 101,097</u>	<u>\$ 902,047</u>

See Notes to the Schedule of Expenditures of Federal Awards

The County of Livingston
Chillicothe, Missouri
Notes to the Schedule of Expenditures of Federal Awards
For the years ended December 31, 2016 & 2015

Note 1 - Summary of Significant Accounting Policies

Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Uniform Guidance requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA number is not available.

This schedule includes all federal awards administered by Livingston County, Missouri.

Basis of Presentation

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* includes these definitions, which govern the contents of the schedule:

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.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Livingston County, Missouri has not elected to use the 10% de minimis indirect cost rate.

Note 2 - Subrecipients

Livingston County, Missouri provided no federal awards to subrecipients during the years ended December 31, 2016 and 2015.

**The County of Livingston
Chillicothe, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2016 & 2015**

Section 1 - Summary of Auditor's Results

Financial Statements

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 are not considered to be material weaknesses?

 X Yes _____ None Reported

Any noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

_____ Yes X None Reported

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 2 CFR section 200.516(a)?

_____ Yes X No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs:

 \$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

**The County of Livingston
Chillicothe, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2016 & 2015**

Section 2 - Financial Statement Findings

16/15-001 **Criteria:** Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

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

Effect: Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Management has not prepared documentation of internal controls.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: Livingston County has an Internal Control Narrative in place that we feel describes the duties and management of the county. Past audits found the Internal Control Narrative to be effective and sufficient. We have implemented several check and balance practices among the county offices that prevent unethical actions from occurring. Upon the finding of the auditor, the county will review the Internal Control Narrative and determine if they agree that the county will need to revise and adopt a new Internal Control Narrative. The County Clerk's phone number is (660) 646-8000.

16/15-002 **Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Effect: Lack of an appropriate fraud risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identifying risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.

Management's Response: Livingston County occasionally discusses risk management and areas of fraud risk. These discussions are reflected in the commission minutes. The commissioners will research fraud risk management procedures and policies and will implement a formal plan as soon as possible. The County Clerk's phone number is (660) 646-8000.

The County of Livingston
Chillicothe, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2016 & 2015

Section 2 - Financial Statement Findings (Continued)

16/15-003 **Criteria:** Management of the Senior Citizen Services Fund is responsible for establishing and maintaining internal controls in the financial reporting system and for the fair presentation of the financial statements.

Condition: During our audit we were required to make several material audit adjustments to cash and revenue to ensure the financial statements of the Senior Citizen Sales Tax Fund were not misstated.

Effect: Due to errors reported in cash and revenue, the 2016 and 2015 financial statements of the Senior Citizen Services Fund were misstated.

Cause: Lack of controls over financial reporting.

Recommendation: We recommend management of the Senior Citizen Services Fund develop controls over financial reporting to ensure cash and revenue are be accurately reported.

Management's Response: The Livingston County Commissioners discussed the finding with the Senior Citizen Services Fund board chairperson. She assured the county commissioners that the issue has been resolved and will not happen in the future. The County Commission will require more accountability from the board and provide more oversight. The County Clerk's phone number is (660) 646-8000.

Section 3 - Federal Award Findings and Questioned Costs

None

**The County of Livingston
Chillicothe, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Livingston County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2014.

Prior Year Financial Statement Findings

FS 2014-001 **Criteria:** Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

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

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: This finding states that documentation of the County's internal controls has not been prepared. The county does in fact have an Internal Control Policy that has been in effect for approximately five years. The county has received two prior audits and the previous auditors found the county's internal control policy to be effective and sufficient. After reviewing the existing and previously audited internal control policies, the county officials believe the current policies and procedures are sufficient to meet the requirements of the Missouri Law and do not warrant modification at this time.

Status: Management has not corrected this issue and the finding is repeated as finding 16/15-001 in the current year.

FS 2014-002 **Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

**The County of Livingston
Chillicothe, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Prior Year Financial Statement Findings (continued)

FS 2014-002 **Effect:** Lack of an appropriate risk assessment process may result in certain risks not being identified by County's
cont. management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management
without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating
controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of
fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of responsible officials and planned corrective actions: The County frequently discusses risk management
and areas of fraud risk. These discussions are reflected in the commission minutes. After reviewing the existing and
previously audited fraud risk management procedures, the county officials believe the current procedures are
sufficient to meet the requirements of the Missouri Law and do not warrant modification at this time.

Status: Management has not corrected this issue and the finding is repeated as finding 16/15-002 in the current year.

FS 2014-003 **Criteria:** SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No.
78, *Consideration of Internal Control in a Financial Statement Audit*: An Amendment to SAS No. 55.

Condition: Because of a limited number of available personnel within the Recorder's office, it is not always
possible to adequately segregate certain incompatible duties so that no one employee has access to both physical
assets and the related accounting records, or to all phases of a transaction.

Context: Duties should be segregated within the Recorder's office so that no one employee has access to both
physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements
may occur and not be detected within a timely period by employees in the normal course of performing their
assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to
achieve a proper segregation of duties; however, our professional standards require that we bring this lack of
segregation of duties to your attention in this report.

Views of responsible officials and planned corrective actions: A review of the duties within the Recorder of
Deeds office, along with prior recent audits finds that duties are properly segregated within the County. An elected
official has ultimate responsibility to oversee that all duties are performed properly or to perform those duties
themselves within their elected office.

Status: This is no longer considered a significant deficiency.

**The County of Livingston
Chillicothe, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Prior Year Financial Statement Findings (continued)

FS 2014-004 **Criteria:** Reconciliations must be performed to ensure proper cash handling and cash management for all funds.

Condition: During our testing, we noted that the Local Emergency Planning Commission Fund, had a deficit cash balance at December 31, 2014, and we noted that the Law Enforcement Training Fund, Civil Fees Fund, and the Deputy Sheriff Supplemental Salary Fund, had deficit cash balances at December 31, 2013.

Context: This deficiency became apparent through our testing of cash accounts for the County's accounts.

Effect: Not monitoring accurate cash balances can create a negative balance which could hinder the financial reporting process and cause funds to not be maintained properly.

Cause: Management does not maintain proper bank reconciliations to ensure the positive fund balances.

Recommendation: We recommend that management maintain positive fund balances within all governmental funds.

Views of Responsible Officials and Planned Corrective Actions: The county commission, the county clerk and other relevant elected officials were aware of the deficit cash balances in the respective years. Once the budget is set and expenditures are allowed, the county commission and the county clerk are not authorized to restrict the budgeted expenditures within each fund that is under the direct authority of other elected officials. The cause of this finding states that Management does not maintain proper bank reconciliations to ensure the positive fund balances. This is entirely inaccurate. The management DOES indeed maintain proper bank reconciliation. In fact, the County Clerk balances the funds each month, as does the Collector-Treasurer. There are various reasons that the revenues did not support the expenditures. Management maintains that if the elected official chooses to expend the funds budgeted regardless of the revenues collected, general revenue will not supplement the fund and the difference will be recouped the following year.

Status: This issue has been corrected.

FS 2014-005 **Criteria:** According to the Missouri Revised Statutes, the County is allowed to collect fees for the maintenance and duty of collecting tax revenue on behalf of other governmental entities.

Condition: During our testing, we noted that an incorrect collection rate was used by the Collector on the fees to be collected for taxes. This resulted in an over-collection of fees totaling \$326,817.43 which then had to be remitted back to the taxing entities.

Context: This deficiency became apparent through our testing of revenue accounts for the Collector's fees.

Effect: If tax collection fees are not calculated correctly, it can result in an overpayment of taxes to the County that should have been remitted to the actual recipient of the tax revenue. This overstates revenue for the County while understating revenue for the taxing entity.

Recommendation: We recommend another review process to ensure the percentages used in collecting tax fees are accurate per state statute.

**The County of Livingston
Chillicothe, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Prior Year Financial Statement Findings (continued)

FS 2014-005 **Views of Responsible Officials and Planned Corrective Actions:** This was the first year for the new Collector-Treasurer. The \$326,817.43 was distributed back to the applicable entities. The Collector-Treasurer is no longer assuming proper calculation is performed by the software and an extra review process has been added. The County is now using the correct tax collection rates per state statute.

Status: This issue has been corrected.

Prior Year Federal Award Findings and Questioned Cost

SA 2014-001 **Federal Grantor:** U.S. Department of Homeland Security
Pass-Through Grantor: Missouri Department of Public Safety
Federal CFDA Number 97.042
Program Title: Emergency Management Performance Grant
Award Year: 2013
Type of Finding: Other Information - Significant Deficiency

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: The County was unable to provide documentation to support the 2013 Emergency Management Performance Grant in the amount of \$6,300 on the Schedule of Expenditures of Federal Awards (SEFA).

Questioned Costs: Not applicable

Context: During the audit of federal programs, we were not provided supporting documentation for the 2013 Emergency Management Performance Grant in the amount of \$6,300.

Effect: No control monitoring or control over federal expenditures reporting, as required by Governmental Accounting and Financial Reporting Standards.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements and supporting documentation is maintained.

View of the Responsible Official: The County Clerk reported an Expenditure of \$6,300.00 on the 2013 Schedule of Federal Expenditures and Awards. The expenditure information was provided to the County Clerk by former Presiding Commissioner, Eva Danner Horton, however; adequate grant documentation and expenditure information was not provided to the County Clerk. The County Clerk, being uncertain of the portion of the expenditures for this line item that was funded by a grant, reported \$6,300.00 with the understanding that over reporting was more acceptable than under reporting.

**The County of Livingston
Chillicothe, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Prior Year Federal Award Findings and Questioned Cost (continued)

SA 2014-001 **Planned Corrective Action:** In the future, more definitive grant documentation and expenditure document will be requested by the County Clerk before reporting on the Schedule of Federal Expenditures and Awards. There are times, however; that the clerk does not receive documentation that is requested, but the grant funds are still received and disbursed. It is the goal of the County Clerk to be as transparent as possible.

Status: This issue has been corrected.