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**THE COUNTY OF JEFFERSON, MISSOURI**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORTS  
AND SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2013**

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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable County Executive and  
Members of the County Council  
The County of Jefferson, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The County of Jefferson, Missouri, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County of Jefferson, Missouri's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions 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 and the provisions of U.S. Office of Management and Budget ("OMB") Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*." 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 auditors' 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.

#### MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • MISSOURI SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS  
AICPA GOVERNMENTAL AUDIT QUALITY CENTER • AICPA EMPLOYEE BENEFIT PLAN AUDIT QUALITY CENTER

"SCHOWALTER & JABOURI, P.C. IS A MEMBER OF NEXIA INTERNATIONAL, A WORLDWIDE NETWORK OF INDEPENDENT ACCOUNTING AND CONSULTING FIRMS"

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of The County of Jefferson, Missouri, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting, require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Disclaimer of Opinion on Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information on pages 32 through 49 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The County of Jefferson, Missouri's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and related information on pages 50 through 53 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

## **Other Matters (continued)**

### *Other Information (continued)*

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2014 on our consideration of The County of Jefferson, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The County of Jefferson, Missouri's internal control over financial reporting and compliance.



Schowalter & Jabouri, P.C.  
SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri  
June 10, 2014

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**Basic Financial Statements**

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**THE COUNTY OF JEFFERSON, MISSOURI**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**DECEMBER 31, 2013**

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	<b>Total Governmental Activities</b>
<b>-- ASSETS --</b>	
Cash and cash equivalents	\$ 28,108,324
Investments	13,674,219
Due from Collector of Revenue	3,407,432
Restricted cash and investments	<u>904,785</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 46,094,760</u></b>
<b>-- LIABILITIES AND NET POSITION --</b>	
<b>LIABILITIES:</b>	
Due to various taxing authorities and others	<u>924,649</u>
<b>Total Liabilities</b>	<b><u>924,649</u></b>
<b>NET POSITION:</b>	
Restricted for:	
Neighborhood Improvement District bond payment and reserve funds	649,918
Certificates of Participation payment and reserve funds	266,119
Special revenue funds restricted by state statute	22,838,365
Unrestricted	<u>21,415,709</u>
<b>Total Net Position</b>	<b><u>45,170,111</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 46,094,760</u></b>

## THE COUNTY OF JEFFERSON, MISSOURI

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating Grants		Capital Grants and Contributions	Total Governmental Activities	
		Charges for Services	Contributions and Debt Proceeds		Total	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES:</b>						
General county government	\$ 12,220,557	\$ 1,165,307	\$ 81,593	\$ 16,470	\$ (10,957,187)	
Financial administration	900,496	3,302,417	-	-	2,401,921	
Property valuation and recording	2,237,984	1,370,980	334,184	-	(532,820)	
Administration of justice and law enforcement	22,318,114	6,274,326	3,785,742	12,498	(12,245,548)	
Health and welfare	2,622,593	-	124,958	-	(2,497,635)	
Maintenance of roads	15,780,800	4,013	450,357	2,205,022	(13,121,408)	
Parks and recreation	928,219	163,318	424	-	(764,477)	
Community and economic development	1,200,256	-	-	1,884,472	684,216	
Debt service:						
Principal payments	2,090,763	-	-	305,415	(1,785,348)	
Interest and fiscal charges	835,495	-	-	-	(835,495)	
Costs of issuance	-	-	-	-	-	
Payment to refunding escrow agent	446,444	-	445,000	-	(1,444)	
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>						
General revenues:						
Taxes:						
Property taxes, levied for:						
General purposes	999,588					
Road and bridge	5,793,802					
Park	936,858					
Assessment	1,541,802					
Mental health	2,997,023					
Sales tax for:						
General purposes	10,311,452					
Road and bridge	8,071,107					
Law enforcement	10,344,907					
Other taxes	5,091,915					
Interest	118,817					
Proceeds from sale of capital assets	22,738					
Lawsuit Settlement	186					
Miscellaneous	101,033					
Total General Revenues	46,231,228					
Change in Net Position	6,676,003					
Net Position, Beginning of Year	38,494,108					
Net Position, End of Year	\$ 45,170,111					

See accompanying notes to the basic financial statements

**THE COUNTY OF JEFFERSON, MISSOURI**

**BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2013**

	Major Funds						Non-Major Governmental Funds	Total Governmental Funds
	General	Road and Bridge	Law Enforcement	Road Tax	Assessment	Parks and Recreation		
<b>-- ASSETS --</b>								
Cash and cash equivalents	\$ 4,906,493	\$ 5,302,955	\$ 1,632,847	\$ 9,846,137	\$ 614,600	\$ 754,832	\$ 1,531,540	\$ 28,108,324
Investments	5,838,200	-	-	-	-	-	7,346,019	490,000 13,674,219
Due from Collector of Revenue	778,252	1,185,051	-	-	489,750	244,754	-	698,372 3,407,432
Restricted cash and investments	-	-	-	-	-	-	266,119	638,665 1 904,785
<b>TOTAL ASSETS</b>	<b>\$ 11,522,945</b>	<b>\$ 6,488,006</b>	<b>\$ 1,632,847</b>	<b>\$ 9,846,137</b>	<b>\$ 1,104,350</b>	<b>\$ 999,586</b>	<b>\$ 9,143,678</b>	<b>\$ 649,918 \$ 4,707,293 \$ 46,094,760</b>
<b>-- LIABILITIES AND FUND BALANCES --</b>								
<b>LIABILITIES:</b>								
Due to various taxing authorities and others	\$ 871,089	\$ 14,127	\$ 14,766	\$ -	\$ (105)	\$ 816	\$ -	\$ 23,956 \$ 924,649
<b>Total Liabilities</b>	<b>\$ 871,089</b>	<b>\$ 14,127</b>	<b>\$ 14,766</b>	<b>\$ -</b>	<b>\$ (105)</b>	<b>\$ 816</b>	<b>\$ -</b>	<b>\$ 23,956 \$ 924,649</b>
<b>FUND BALANCES:</b>								
Restricted	-	6,473,879	-	9,846,137	1,104,455	998,770	266,119	4,415,124 23,754,402
Assigned	2,981,013	-	1,618,081	-	-	-	8,877,559	- 268,213 13,744,866
Unassigned	7,670,843	-	-	-	-	-	-	- 7,670,843
<b>Total Fund Balances</b>	<b>10,651,856</b>	<b>6,473,879</b>	<b>1,618,081</b>	<b>9,846,137</b>	<b>1,104,455</b>	<b>998,770</b>	<b>9,143,678</b>	<b>649,918 4,683,337 45,170,111</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>								
	<b>\$ 11,522,945</b>	<b>\$ 6,488,006</b>	<b>\$ 1,632,847</b>	<b>\$ 9,846,137</b>	<b>\$ 1,104,350</b>	<b>\$ 999,586</b>	<b>\$ 9,143,678</b>	<b>\$ 649,918 \$ 4,707,293 \$ 46,094,760</b>

**THE COUNTY OF JEFFERSON, MISSOURI**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	and Bridge	Enforcement	Tax	Assessment	Recreation	Improvement	Service	Funds	Funds
<b>REVENUES:</b>										
Property taxes	\$ 1,072,855	\$ 6,247,535	\$ -	\$ -	\$ 1,632,610	\$ 1,002,516	\$ -	\$ 192,046	\$ 3,211,019	\$ 13,166,535
Special assessments	-	692,364	10,344,907	7,378,743	-	-	-	-	-	192,046
Sales tax	10,311,455	2,955,014	-	-	9,846	6,058	-	-	-	192,046
Other taxes	755,978	2,222,387	2,141,296	-	334,184	424	313,152	-	3,784	28,727,469
Grants, distributions and reimbursements	1,992,036	413,951	617,985	-	9,183	163,318	-	-	1,306,485	3,730,680
Fees, licenses and permits	10,698,260	4,722	1,074	5,468	407	482	74,853	-	1,322,202	8,309,964
Interest	26,780	22,415	24,142	106,177	-	-	223	223	4,808	13,24,899
Other	-	-	-	-	-	-	113,375	53,280	118,817	19,389
<b>Total Revenues</b>	<b>24,879,779</b>	<b>12,560,115</b>	<b>13,211,439</b>	<b>7,384,211</b>	<b>1,986,230</b>	<b>1,172,598</b>	<b>388,005</b>	<b>305,644</b>	<b>5,901,578</b>	<b>67,789,799</b>
<b>EXPENDITURES:</b>										
Current:										
General county government	11,755,201	-	-	-	-	-	-	-	49,016	11,804,217
Financial administration	575,370	-	-	-	-	-	-	-	246,720	822,090
Property valuation and recording	274,175	-	-	-	1,669,081	-	-	-	285,123	2,228,379
Administration of justice and law enforcement	6,502,969	-	15,091,364	-	-	-	-	-	489,887	22,084,220
Health and welfare	18,192	-	9,526,154	-	-	-	-	-	2,604,401	2,622,593
Maintenance of roads	-	-	-	-	-	921,712	-	-	-	9,526,154
Parks and recreation	-	-	-	-	-	-	-	-	-	921,712
Community Development	-	-	-	-	-	-	-	-	-	1,200,256
Debt service:	840,762	-	-	-	-	-	1,105,000	145,001	-	2,090,763
Principal payments	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges - includes cost of issuance related to 2013 NIDS	36,330	-	-	-	-	-	687,781	111,384	-	835,495
Costs of issuance	-	-	-	-	-	-	-	-	-	-
Capital outlay:										
Construction of roads and bridges	383,811	3,863,759	-	1,892,307	-	-	-	-	-	5,756,066
Property, equipment and buildings	490,078	490,078	124,296	8,501	417	6,507	-	-	-	1,243,332
<b>Total Expenditures</b>	<b>20,386,810</b>	<b>13,879,991</b>	<b>15,215,660</b>	<b>1,900,808</b>	<b>1,669,498</b>	<b>928,219</b>	<b>1,792,781</b>	<b>256,385</b>	<b>5,105,125</b>	<b>61,135,277</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>										
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfers in	-	238,863	2,019,745	-	122,365	-	784,068	-	13,242	3,178,283
Transfers out	(2,933,155)	-	-	(238,863)	-	-	-	-	(6,265)	(3,178,283)
Lawsuit settlement	186	-	-	-	-	-	-	-	-	186
Redemption of temporary municipal notes	-	-	-	-	-	-	(446,444)	-	-	(446,444)
Proceeds from sale of bonds	-	-	-	-	-	-	445,000	-	-	445,000
Proceeds from the sale of property	9,933	10,195	85	-	-	2,526	-	-	-	22,739
<b>Total Other Financing Sources (Uses)</b>	<b>(2,923,036)</b>	<b>249,058</b>	<b>2,019,830</b>	<b>(238,863)</b>	<b>122,365</b>	<b>2,526</b>	<b>784,068</b>	<b>(1,444)</b>	<b>6,977</b>	<b>21,481</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,569,933</b>	<b>(1,070,818)</b>	<b>15,609</b>	<b>5,244,540</b>	<b>439,097</b>	<b>247,105</b>	<b>(620,708)</b>	<b>47,815</b>	<b>803,430</b>	<b>6,676,003</b>
<b>FUND BALANCES - BEGINNING</b>										
OF YEAR	<b>9,081,923</b>	<b>7,544,697</b>	<b>1,602,472</b>	<b>4,601,597</b>	<b>665,358</b>	<b>751,665</b>	<b>9,764,386</b>	<b>602,103</b>	<b>3,879,907</b>	<b>38,494,108</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 10,651,856</b>	<b>\$ 6,473,879</b>	<b>\$ 1,618,081</b>	<b>\$ 9,846,137</b>	<b>\$ 1,104,455</b>	<b>\$ 998,770</b>	<b>\$ 9,143,678</b>	<b>\$ 649,918</b>	<b>\$ 4,683,337</b>	<b>\$ 45,170,111</b>

See accompanying notes to the basic financial statements

**THE COUNTY OF JEFFERSON, MISSOURI**

**STATEMENT OF FIDUCIARY NET POSITION  
MODIFIED CASH BASIS - AGENCY FUNDS  
DECEMBER 31, 2013**

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	<b>Agency Funds</b>
<b>-- ASSETS --</b>	
Cash and cash equivalents	\$ 60,474,202
Due from Collector of Revenue	<u>4,524,483</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 64,998,685</u></b>
<b>-- LIABILITIES --</b>	
Due to various taxing authorities and others	\$ 55,123,912
Protested taxes	1,901,767
Funds held in trust	41,091
Due to other funds	<u>7,931,915</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 64,998,685</u></b>

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013**

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#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Jefferson, Missouri (“County”) (“Jefferson County”) was established in 1818 by an Act of the Missouri Territory.

The County is governed by a seven member county council and a county executive.

As discussed further in Note 1, these financial statements are presented on the modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements.

##### **A. Reporting Entity**

As required by generally accepted accounting principles, as applicable to the modified cash basis of accounting, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable.

The decision to include a potential component unit in the County's reporting entity is based on the criteria set forth in governmental accounting standards. Criteria for including a potential component unit within the reporting entity includes the governing body's ability to exercise financial accountability as the primary, but not the only, criteria for inclusion. Financial accountability includes control or dependence over budget adoption, taxing authority, funding and appointment of the respective board. Based upon the application of these criteria, The County of Jefferson, Missouri Public Facilities Authority, Inc. (“PFA”) has been determined to be a component unit of the County.

The PFA is a non-profit organization originally formed to finance the construction of the Jefferson County Jail and the purchase of a Courthouse Annex. The PFA was established in 1990. If the PFA has any financial transactions during a fiscal year, the financial information would be incorporated into the County's financial statements using the blending method. Under the blending method, transactions of a component unit are presented as if they were executed directly by the primary government. The PFA does not issue separate financial statements. The PFA had no activity during the year.

The County Council are also responsible for appointing the members of the board of the following other organizations, but the County's accountability for these entities does not extend beyond making these appointments: These organizations do not meet the criteria for inclusion as component units, therefore, they are not included as component units with the County's financial reporting entity.

Community Action Corporation  
(Jefferson-Franklin)  
Community Mental Health Fund  
(COMTREA)  
Developmental Disabilities  
Resource Board

Jefferson County Public Sewer  
District  
Mid-East Area Agency on Aging  
Northeast Public Sewer District  
Port Authority of Jefferson  
County Missouri

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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East-West Gateway Coordinating Council	Rock Creek Public Sewer District
Economic Development Corporation of Jefferson County	Selma Village Sewer District
Jefferson County Industrial Development Authority	Special Road District, Festus and Hillsboro
Jefferson County Library Board	Workforce Investment Board
	Members-Jefferson/Franklin Counties

The Circuit Courts are not included in the financial statements of the County, as they are an office of the State of Missouri which is administered and audited at the State level.

#### **B. Basis of Presentation**

##### *Government-wide Financial Statements:*

The Statement of Net Position and the Statement of Activities present financial information about the County as a whole. These statements include the financial activities of the primary government and distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The County does not have any such activities.

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenue not properly included among *program revenues* are presented instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

##### *Fund Financial Statements:*

Following the government-wide financial statements are separate financial statements for governmental funds and fiduciary funds. Presently, the County has no proprietary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The County has determined that the General, Road and Bridge, Law Enforcement, Road Tax, Assessment, Parks and Recreation, Capital Improvement and Debt Service funds are major governmental funds. All other governmental funds are

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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reported in one column labeled “Non-major Governmental Funds”. If applicable, the total fund balances for all governmental funds is reconciled to total net position for governmental activities as shown on the statement of net position. The net change in fund balance for all governmental funds, if applicable, is reconciled to the total change in net position as shown on the statement of activities in the government-wide financial statements.

The fund financial statements of the County are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances/net position, revenues and expenditures, or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following fund types are used by the County:

#### **Governmental Fund Types**

Governmental funds are those through which most governmental functions are financed. The County’s expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

The following are the County’s governmental major funds:

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. Due to the loss of sales tax revenue, the property tax rollback was waived and a \$.0315 property tax levy was added.

Road and Bridge Fund - A Special Revenue Fund used to account for receipts of the County-wide \$.2115 property tax levy and related expenditures for road maintenance and improvement projects.

Law Enforcement Fund - A Special Revenue Fund used to record the County-wide one half of one percent sales tax receipts and related expenditures to support law enforcement.

Road Tax Fund - A Special Revenue Fund used to record the County-wide one half of one percent sales tax receipts and related expenditures for general road maintenance.

Assessment Fund - A Special Revenue Fund used to record revenue received from state reimbursement and a fee of six-tenths of a percent of all property tax collections and related expenditures for the operation of the Assessor’s office. The Missouri Legislature through Senate Bill 711 in 2009 provided an additional withholding of tax collections of 1/8 of one percent capped at a total withholding of \$125,000. The County’s General Fund also contributes to the Assessment Fund and by statute, must contribute at least the average of the three previous years.

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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Parks and Recreation Fund - A Special Revenue Fund used to record the County-wide \$.0279 property tax levy and related expenditures for land acquisition, and for park maintenance, improvements and park programs.

Capital Improvement Fund - A Capital Projects Fund used to account for the financial resources used for the acquisition or construction of major capital facilities funded with the proceeds of a lawsuit settlement that was received in 2005, and Certificates of Participation issued in 2010 and 2012.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and associated costs related to the Neighborhood Improvement District bonds issued in 2010, 2012 and 2013.

The other governmental funds of the County are considered non-major funds. They include special revenue funds, which account for the proceeds of specific revenue sources that generally are legally restricted to expenditures for specific purposes. In addition, the County Building Fund is a nonmajor capital projects fund used for the acquisition or construction of major capital facilities funded with the proceeds of the 2001 Certificates of Participation.

### **Fiduciary Fund Types**

Agency - Agency funds are used to account for assets held by the County in a trustee capacity as an agent for individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similar to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other agency operations.

### **C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and fund financial statements are prepared using the modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions except that the purchase of investments are recorded as assets; funds collected through the agency funds, not yet remitted, are recorded as liabilities and as receivables and revenue in the fund statements as applicable; and as applicable, the receipts of proceeds of tax anticipation notes are recorded as liabilities. This is a basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as sales and property taxes due and revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, accrued expenses, certificates of participation and neighborhood improvement district bonds and obligations under capital leases) and certain expenses (such as expenses for goods or services received but not yet paid) are not recorded in these financial statements.

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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If the 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.

#### **D. Property 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. From 1984 to 2008, sales tax receipts were sufficient to roll back the General Fund property tax levy to zero. From 2009 to 2013, sales tax receipts were insufficient to fully roll back the property tax levy. As a result, the county property tax was levied. The 2013 General Fund property tax levy is \$0.0290 or slightly less than three (3) cents per \$100 of assessed valuation.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2013, for purposes of taxation was:

Real estate	\$2,354,184,013
Personal property	<u>648,296,857</u>
<u><b>\$3,002,480,870</b></u>	

During 2013 the County Council approved a \$0.5316 tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2013, for purposes of County taxation, as follows:

General revenue	\$ .0290
Parks and recreation	\$ .0280
Road and bridge	\$ .2118
Health	\$ .0750
Developmentally disabled	\$ .0939
Mental health	\$ .0939

#### **E. Cash Deposits and Investments**

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance.

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,

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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however, that no such investment 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 the County's name at third-party banking institutions. Details of these cash and investment balances are presented in Note 2.

#### **F. Restricted Cash and Investments**

The Certificates of Participation used to redeem leasehold revenue bonds and to finance the County's administration building and the Neighborhood Improvement District (NID) Bonds used to finance certain neighborhood improvements require the County to establish and maintain prescribed amounts of reserves (consisting of cash and investments) that can be used only to service the Certificates and the Bonds. In addition, the proceeds derived from special assessments are restricted to pay the principal and interest on the NID bonds when due.

#### **G. Interfund Transactions**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are classified as "Due from other funds" or "Due to other funds" on the Balance Sheet - Modified Cash Basis - Governmental Funds.

Legally required transfers are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

#### **H. Governmental Fund Balances**

In the governmental fund financial statements the following classifications are used to define the governmental fund balances:

Nonspendable - This consists of the governmental fund balances that are not in spendable form or legally or contractually required to be maintained intact. The County has no nonspendable fund balance as of December 31, 2013.

Restricted - This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The County's restricted funds consist of various taxes approved by voters for specific purposes, special revenue funds restricted by state statute and debt obligations. Details of these balances are presented in Note 12.

Committed - This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of County Council, the County's highest level of decision-making authority. The County has no committed fund balances as of December 31, 2013.

## THE COUNTY OF JEFFERSON, MISSOURI

### Notes to the Basic Financial Statements (continued)

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Assigned - This consists of the governmental fund balances that are intended to be used for specific purposes by a) County Council or b) County Executive. Details of these balances are presented in Note 12.

Unassigned - This consists of the governmental funds that do not meet the definition of "nonspendable," "restricted," "committed," or "assigned."

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classifications of fund balance that is identified.

#### I. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All remaining net position is reported as unrestricted. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The following net position was reported as restricted:

Payment of principal and interest on Certificates of Participation	<u>\$ 649,918</u>
Payment of principal and interest on Neighborhood Improvement District bonds	<u>266,119</u>
Special revenue funds restricted by state statute:	
Road and Bridge	6,473,879
Road Tax	9,846,137
Assessment	1,104,455
Parks and Recreation	998,770
Police Officer Training	99,566
Post Commission	38,127
Sheriff Revolving	472,781
Inmate Security	256,831
Prosecuting Attorney Training	27,880
Prosecuting Attorney Delinquent Tax	93,131
Prosecuting Attorney Bad Check	135,007
Prosecuting Attorney Victim Advocate	2,850
SVDV	2,575
Recorder of Deeds	1,089,127
Mental Health	1,781,477
Jefferson County LEPC	24,126
Election Services	154,956
Tax Maintenance	236,674
NID Projects	1
Justice Assistance Grant	<u>15</u>
 Total special revenue funds restricted by state statute	 <u>22,838,365</u>
 Total Restricted Net Position	 <u>\$ 23,754,402</u>

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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#### **J. Use of Estimates in Financial Statements**

Preparation of these financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **K. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County Council and that are either unusual in nature or infrequent in occurrence. No extraordinary items or special items occurred during the year ended December 31, 2013.

#### **L. Adoption of New Accounting Standards**

For the year ended December 31, 2013, the County adopted GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity.

For the year ended December 31, 2013, the County adopted GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

For the year ended December 31, 2013, the County adopted GASB Statement No. 66 "Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62". The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements".

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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#### **2. CASH AND INVESTMENTS**

The County is governed by the deposit and investment limitations of state law which authorize the types of investments as described in footnote 1. The deposits and investments held at December 31, 2013, and reported at cost, are as follows:

<b>Type</b>	<b>Cost</b>
<b>Deposits:</b>	
Demand deposits	\$ 9,989,651
Cash on hand	595
Overnight (Sweep) Repurchase Account	79,096,000
Nonnegotiable certificates of deposit	13,674,219
<b>Investments:</b>	
Money Market Mutual Funds	<u>401,065</u>
Total Deposits and Investments	<u><u>\$ 103,161,530</u></u>
<b>Reconciliation to financial statements:</b>	
Statement of Net Position	
Cash and cash equivalents	\$ 28,108,324
Investments	13,674,219
Restricted cash and investments	904,785
Statement of Fiduciary Net Position	
Cash and cash equivalents	<u>60,474,202</u>
	<u><u>\$ 103,161,530</u></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. The County does not have a deposit policy for custodial credit risk. As of December 31, 2013, none of the County's bank balance of \$23,250,643 was exposed to custodial credit risk. In addition, as of December 31, 2013, \$79,096,000 invested in Overnight (Sweep) Repurchase Agreements was not subject to custodial credit risk, as such funds were fully collateralized by the pledging financial institution's agent in the County's name.

#### **Custodial Credit Risk - Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The amount invested in money market mutual funds are not subject to custodial credit risk. The County's investment policy does not address custodial credit risk relating to investments.

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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#### **Investment Interest Rate Risk**

The County's investment policy limits investment maturities to securities with a maturity of less than twenty-four (24) months as a means of managing its exposure to fair value losses arising from increasing interest rates. The County's investments earn interest based on variable interest rates. Investments (money market mutual funds) held at December 31, 2013 mature on January 1, 2013.

#### **Investment Credit Risk**

The County's investment policy does not address investment credit risk, the risk of loss due to the failure of the security issuer. As of December 31, 2013, the County's investments were rated as follows:

<b>Investment</b>	<b>Rating</b>	<b>Amount</b>
Money Market Mutual Funds	AAAm	\$ 401,065

#### **Concentration of Investment Credit Risk**

Concentration of credit risk is required to be disclosed 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). The County has no policy in place to minimize the risk of loss resulting from over concentration of investments.

As of December 31, 2013, the County did not have any investments that were subject to concentration of investment credit risk.

### **3. LONG-TERM DEBT**

The County has long-term debt for a variety of purposes including capital projects financing and general government.

For the year ended December 31, 2013, the following changes occurred in long-term debt:

	<b>Balance January 1, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2013</b>	<b>Amounts Due Within One Year</b>
Special Assessment Debt with Government Commitment: Neighborhood Improvement District Bonds	\$ 2,529,994	\$ 445,000	\$ 145,000	\$ 2,829,994	\$ 155,000
Municipal Temporary Notes	414,074	-	414,074	-	-
Certificates of Participation	21,430,000	-	1,105,000	20,325,000	1,130,000
Capital leases	218,827	1,257,261	847,300	628,788	628,473
<b>Total</b>	<b>\$ 24,592,895</b>	<b>\$ 1,702,261</b>	<b>\$ 2,511,374</b>	<b>\$ 23,783,782</b>	<b>\$1,913,473</b>

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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The Special Assessment Debt is liquidated from the Debt Service Fund. The Certificates of Participation are liquidated from the Capital Improvement Fund. The capital leases are liquidated from the General Fund.

A. **Special Assessment Debt with Government Commitment - Neighborhood Improvement District Bonds**

During 2010, Neighborhood Improvement District Bonds in the amount of \$1,605,000 were issued for the purpose of refinancing the County's Municipal Temporary Notes, Series 2008, which were issued to finance the costs of sewer improvements located in the Berthold Estates, Claraned Heights, Fenton Forest, Primrose Lane, and San Marino Neighborhood Improvement District. The bonds are payable as to principal and interest from special assessments upon real property benefited by the applicable Project, and if not so, from current income and revenues and surplus funds of the County. The Bonds bear interest rates ranging from 2.00% to 3.75% and mature March 1, 2030.

During 2012, the County issued \$1,009,994 in Neighborhood Improvement District refunding bonds to current refund \$1,010,000 of the Neighborhood Improvement District bonds, Series 2004 which were issued to finance the costs of improvements located in Buene Vista Neighborhood, fund a debt service reserve, and pay the costs of issuance. The Bonds are payable as to principal and interest from special assessments upon real property benefited by the applicable Project, and, if not so, from current income and revenues and surplus funds of the County. The bonds bear interest at rates ranging from 2.00% through 2.625% and mature March 1, 2024.

On August 26, 2013, the County issued \$445,000 of General Obligation Neighborhood Improvement District refunding bonds to refinance \$414,074 of the Mark Drive Neighborhood Improvement District Municipal Temporary Notes, Series 2012 which were issued to finance sanitary sewer improvement in the Mark Drive Neighborhood District ("Mark Drive NID") fund a debt service reserve, pay the costs of issuance, and pay a portion of the cost of the Mark Drive NID project. The Bonds are payable as to principal and interest from special assessments upon real property benefited by the applicable Project, and, if not so, from current income and revenues and surplus funds of the County. The bonds have a maturity of March 1, 2033 and bear an interest rate of 3.85%.

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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The following is a schedule of future minimum payments of Special Assessment Debt at December 31, 2013:

<b>Year Ending December 31,</b>	<b>Principal Portion</b>	<b>Interest Portion</b>	<b>Total</b>
2014	\$ 155,000	\$ 80,309	\$ 235,309
2015	165,000	77,260	242,260
2016	119,994	114,458	234,452
2017	165,000	71,480	236,480
2018	170,000	67,441	237,441
2019 - 2023	935,000	267,104	1,202,104
2024 - 2028	635,000	144,077	779,077
2029 - 2033	485,000	29,902	514,902
	<b>\$ 2,829,994</b>	<b>\$ 852,031</b>	<b>\$ 3,682,025</b>

**B. Certificates of Participation**

On March 25, 2010, Recovery Zone Economic Development Lease Certificates of Participation (Series 2010) in the amount of \$1,945,000 were issued evidencing interests in the right to receive rental payments to be paid by The County of Jefferson, Missouri pursuant to an annually renewable lease (the “2010 Lease”). The proceeds of the Series 2010 Certificates were used to pay the costs of providing lighting and control improvements throughout the County, including highway departments, security card access improvements at the Courthouse and Administration buildings, replacement of windows at the Courthouse and heating, ventilation and air conditioning upgrades at the Courthouse, Juvenile Detention Center, Administration Annex, and Jail.

The 2010 Lease provides for, among other things, rental income equal to the 2010 COPS proceeds and a term that ends on the earlier of (a) the date when all the Series 2010 Certificates have been paid in full or provision for payment thereof has been made or (b) December 31, 2025. 2010 COPS are secured by a pledge and assignment of all right, title and interest of the County in and to a right of possession of the Project for the remainder of the term of the Lease, and has the right to sublease its interest in the Lease upon such terms as it deems prudent. Terms of the Lease include, among other things, rental payments equal to the principal and interest amounts of the 2010 COPS issuance, the initial rental term, which ended December 31, 2013 with renewal options for twenty (20) renewal terms of one year in duration with the last term ending December 31, 2025, unless the County in its sole discretion exercises 2010 Lease to extend its term for each next succeeding Renewal Term. In addition, the 2010 Lease provides that the County’s obligations are year to year and such obligations do not extend beyond the amount budgeted in the County’s budgeted expenditures for any respective fiscal year.

On June 15, 2010, Refunding Certificates of Participation Series 2010B (“2010B COPS”) were issued evidencing interest in the right to receive rental payments to be paid by the County of Jefferson, Missouri pursuant to an annually renewable lease (“2010B Lease”). The proceeds of the 2010B COPS in the amount of \$2,650,000 were used to advance refund the 2001 COPS, to fund a debt service fund and pay certain costs of issuance.

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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The 2010B Lease provides for, among other things, rental income equal to 2010B COPS proceeds and a term that ends on the earlier of (a) the date when all the 2010B COPS have been paid in full or provision of payment thereof has been made or (b) September 22, 2022. Terms of the 2010B Lease include, among other things, rental payments equal to principal and interest amounts of the 2010B COPS issuance, the initial rental term, which ended December 31, 2013 with renewal options for twelve (12) renewal terms of one year in duration with the last term ending September 15, 2022, unless the County in its sole discretion exercises the option provided in the 2010B Lease to extend its term of each next succeeding Renewal Term. In addition, the 2010B Lease provides that the County's obligations are year to year and such obligations do not extend beyond the amount budgeted in the County's budgeted expenditures for any respective fiscal year.

On May 23, 2012, Refunding Certificates of Participation Series 2012 ("2012 COPS") were issued evidencing interest in the right to receive rental payments to be paid by the County of Jefferson, Missouri pursuant to an annually renewable lease ("2012 Lease"). The proceeds of the 2012 COPS in the amount of \$17,315,000 were used to current refund the 2007 COPS which were issued to finance a new law enforcement administration building and juvenile detention facility and renovate the existing county jail, to fund a debt service fund and pay certain costs of issuance.

The 2012 Lease provides for, among other things, rental income equal to 2012 COPS proceeds and a term that ends on the earlier of (a) the date when all the 2012 COPS have been paid in full or provision of payment thereof has been made or (b) April 15, 2028. Terms of the 2012 Lease include, among other things, rental payments equal to principal and interest amounts of the 2012 COPS issuance, the initial rental term, which ended December 31, 2013, with renewal options for terms of one year in duration with the last term ending April 15, 2028, unless the County in its sole discretion exercises the option provided in the 2012 Lease to extend its term of each next succeeding Renewal Term. In addition, the 2012 Lease provides that the County's obligations are year to year and such obligations do not extend beyond the amount budgeted in the County's budgeted expenditures for any respective fiscal year.

The following is a schedule of future minimum rental payments at December 31, 2013 under the Leases, assuming the agreements are renewed each year.

<b><u>Year Ending December 31,</u></b>	<b>Principal Portion</b>	<b>Interest Portion</b>	<b>Total</b>
2014	\$ 1,130,000	\$ 646,992	\$ 1,776,992
2015	1,160,000	613,547	1,773,547
2016	1,195,000	577,967	1,772,967
2017	1,230,000	540,267	1,770,267
2018	1,265,000	500,566	1,765,566
2019 - 2023	6,900,000	1,827,616	8,727,616
2024 - 2028	7,445,000	592,144	8,037,144
	<b>\$ 20,325,000</b>	<b>\$ 5,299,099</b>	<b>\$ 25,624,099</b>

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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#### **C. Lease/Purchase Agreement**

In 2011, the County entered into a lease purchase agreement with a bank in order to purchase vehicles. This lease is for a principal amount of \$628,000 at 2.75%. Principal and interest are payable in three annual payments of \$218,327.

In 2013, the County entered into a lease purchase agreement with a bank in order to purchase vehicles. This lease is for a principle amount of \$1,257,261 at 2.25%. Principal and interest are payable in two annual payments of \$649,925.

#### **D. Legal Debt Margin**

Under the statutes of the State of Missouri, the limit of bonded indebtedness is 10% of the most recent assessed valuation. The computation is as follows:

2013 assessed valuation	<u>\$ 3,002,480,870</u>
Debt limit - 10% of assessed valuation	\$ 300,248,087
Bonded indebtedness applicable to debt limit	
(Neighborhood Improvement District bonds)	(2,829,994)
Amount available in debt service fund	<u>649,918</u>
Legal debt margin	<u>\$ 298,068,011</u>

#### **4. CONDUIT DEBT**

On December 27, 2006, the County approved the issuance of up to \$325,000,000 in Taxable Industrial Revenue Bonds (River Cement Company Project) to finance the cost of purchasing and constructing a facility for an industrial development project within the County deemed to be in the public interest. These bonds are secured by the property financed and are payable solely from revenues received from the project. Upon repayment of the bonds, ownership of the acquired facilities transfers (upon payment of a nominal amount) to the private-sector entity served by the bond issuance. Neither the County, the State of Missouri, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. At December 31, 2013, \$188,006,910 of these Taxable Industrial Revenue Bonds have been issued and \$76,813,323 remain outstanding.

As part of the agreement, the River Cement Company ("Company") has agreed to maintain a certain headcount for specified periods or be subject to a penalty amount, and agreed to exclude certain property from the Project so that property taxes generated prior to the Project will be maintained. In addition, the Company has agreed to make certain economic development contributions to the County. These contributions are to be placed in a fund to be used by the County for projects that foster job creation and community development exclusively for the

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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benefit of the public. The Company has also agreed to make certain grant payments or Payments in Lieu of Taxes (“PILOTS”) for a period of fifteen years. The County allocates the PILOTS pro-rata to the taxing districts based on their annual ad valorem tax rates.

### **5. INTERFUND TRANSFERS**

Transfers between funds for the year ended December 31, 2013 are as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
<b><u>Major Funds</u></b>		
General Fund:		
Law Enforcement Fund	\$ -	\$ 2,019,745
Capital Improvement Fund	-	784,068
Assessment Fund	-	122,365
Prosecuting Attorney Victim Advocate Fund	-	6,977
Total General Fund	<hr/> -	<hr/> 2,933,155
Law Enforcement:		
General Fund	<hr/> 2,019,745	<hr/> -
Assessment Fund:		
General Fund	<hr/> 122,365	<hr/> -
Road Tax Fund:		
Road and Bridge Fund	<hr/> -	<hr/> 238,863
Road and Bridge Fund:		
Road Tax Fund	<hr/> 238,863	<hr/> -
Capital Improvement Fund:		
General Fund	<hr/> 784,068	<hr/> -
<b><u>Non-Major Funds (Special Revenue)</u></b>		
Prosecuting Attorney Delinquent Tax Fund:		
Prosecuting Attorney Victim Advocate Fund	<hr/> -	<hr/> 6,265
Prosecuting Attorney Victim Advocate Fund:		
General Fund	<hr/> 6,977	<hr/> -
Prosecuting Attorney Delinquent Tax Fund	<hr/> 6,265	<hr/> -
Total Prosecuting Attorney Victim Advocate Fund	<hr/> 13,242	<hr/> -
Total Transfers	<hr/> \$ 3,178,283	<hr/> \$ 3,178,283

Interfund transfers were used to move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them.

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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#### **6. LAGERS RETIREMENT PLAN**

##### **A. Plan Description**

Jefferson County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by statute section RSMo 70.600 through 70.755. As such, it is the system'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 it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P. O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

##### **B. Funding Policy**

Jefferson County's full-time employees do not contribute to the pension plan. The June 30<sup>th</sup> statutorily required contribution rates are 11.9% (General), 13.9% (Police) and 14.0% (Roads) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the County. The contribution provisions of the County are established by state statute.

##### **C. Annual Pension Cost and Net Pension Obligation**

The County's annual pension cost and net pension obligation for the plan year ended June 30, 2013 were as follows:

Annual required contribution	\$ 3,086,939
Interest on net pension obligation	38,510
Adjustment to annual required contribution	<u>(37,132)</u>
Annual pension cost	3,088,317
Actual contributions	<u>3,083,852</u>
Increase (decrease) in NPO	4,465
NPO beginning of year	<u>531,176</u>
 NPO end of year	 <u>\$ 535,641</u>

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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The annual required contributed (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table for males set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011 was 23 years for the General division, 30 years for the Police division, and 30 years for the Roads division. The amortization period as of February 29, 2012 was 23 years for the General division, 18 years for the Police division, and 20 years for the Roads division.

### **Three Year Trend Information**

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<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
06/30/11	\$ 2,908,736	91.0%	\$ 462,054
06/30/12	\$ 2,989,864	97.7%	\$ 531,176
06/30/13	\$ 3,088,317	99.9%	\$ 535,641

### **Funding Status and Funding Progress**

As of February 28, 2013, the most recent actuarial valuation date, the plan was 90 percent funded. The actuarial accrued liability for benefits was \$56.1 million, and the actuarial value of assets was \$50.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$23.4 million, and the ratio of the UAAL to the covered payroll was 23 percent.

The schedule of funding progress, presented as other information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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#### **7. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)**

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

##### **A. Plan Description**

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than (1,000) one thousand hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994.

The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of nine persons.

##### **B. Pension Benefits**

Beginning January 1, 1997, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. The monthly benefit for County employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active member upon his or her death.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed. Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, P. O. Box 2271, Jefferson City, MO 65102-2271, or by calling 1-573-632-9203.

##### **C. Funding Policy**

In accordance with State statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees are required to contribute 4% of their annual salary in order to participate in the CERF. The County collected and remitted to CERF, employee contributions and statutory charges for the current year and two preceding years as follows.

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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<b>Year Ended December 31,</b>	<b>Employee Contributions</b>	<b>Statutory Charges</b>
2013	\$ 510,000	\$ 1,331,000
2012	447,000	1,285,000
2011	410,000	1,271,000

### **8. PROSECUTING ATTORNEY RETIREMENT FUND**

In accordance with state statute Chapter 56.807 RSMo, the County is required to transmit \$6,977 annually 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.

### **9. POST-EMPLOYMENT BENEFITS**

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

### **10. CLAIMS COMMITMENTS AND CONTINGENCIES**

#### **A. Litigation**

The County is a defendant in various claims and lawsuits, that seek monetary damages. The cases are being fully defended and there are no specific plans to settle any cases at this time. The outcome of these claims and lawsuits are not presently determinable or are not expected to have a material adverse effect on the financial statements; therefore, no amount has been provided in the December 31, 2013 financial statements for any such claims and lawsuits.

#### **B. Compensated Absences**

The County provides employees with up to five weeks of paid vacation based upon the number of years of continuing service. Earned vacation may be accumulated up to one year. Upon separation from county employment, an employee shall be compensated for unused vacation. Sick leave is earned at a rate of one day per month for a maximum of 120 days. Upon termination from County employment, an employee is not reimbursed for unused sick leave except when the employee retires after the age of 55, and the employee is a vested employee. An employee is vested after five years of continuous employment with the County. Vested, retiring employees are compensated for unused sick days at the rate of 40% of accrued sick days at the date of termination of employment. This provision

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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applies only to employees hired before the effective date of the personnel policy dated June 6, 2006. Employees hired after the effective date of this policy will not be reimbursed for unused sick leave upon termination for any reason. In addition, compensatory time is earned by various County employees. Since the County utilizes the modified cash basis of accounting, they have not determined the amount earned but unpaid for compensated absences at December 31, 2013.

#### **C. Operating Leases**

The County has entered into various operating leases for real and personal property. The total annual commitment required for these agreements is approximately \$103,000.

The County has also entered into various operating leases for equipment. The total annual commitment required for these agreements is approximately \$4,000.

#### **D. Contracts**

In the normal course of operations, the County has contracted for various services such as an outsourcing arrangement for information technology, law enforcement system data, computer hardware and software maintenance, road construction, maintenance and repair, etc. Each agreement contains clauses for continuation or termination.

#### **E. Federal and State Assisted Programs**

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

## **11. RISK MANAGEMENT**

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error 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 created pursuant to state statute (Chapter 537.70 RSMo. 1986). 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 pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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The County is also a member of the Missouri Association of Counties Self- Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$250,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

The County has also purchased commercial insurance for other areas of risk that are not covered by the public entity risk pool or self-insurance fund. These policies include reasonable deductible amounts. The only exception is in regard to the County's vehicle fleet, which is covered for liability only. In a cost-benefit analysis, the County determined it is cost effective to forego the premiums and pay for repairs and replacement as needed. The portion of uninsured loss is not expected to be material with respect to the financial position of the County.

# THE COUNTY OF JEFFERSON, MISSOURI

## Notes to the Basic Financial Statements (continued)

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### 12. FUND BALANCE CONSTRAINTS

The constraints on fund balance is listed in aggregate in the Statement of Revenue, Expenditures, and Changes in Fund Balance. The following table provides detail on fund balance constraints according to balance classification and fund.

	Major Special Revenue Funds							Capital Improvement	Debt Service	Non-Major Governmental Funds	Total
	General	Road and Bridge	Law Enforcement	Road Tax	Assess-ment	Parks and Recreation					
<b>Fund Balances:</b>											
Restricted for:											
Roads and bridges	\$ -	\$ 6,473,879	\$ -	\$ 9,846,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,320,016
Assessment	-	-	-	-	1,104,455	-	-	-	-	-	1,104,455
Parks and recreation	-	-	-	-	-	998,770	-	-	-	-	998,770
Debt service - COPS	-	-	-	-	-	-	266,119	-	-	-	266,119
Debt service - NIDS	-	-	-	-	-	-	-	649,918	-	-	649,918
Police officer training	-	-	-	-	-	-	-	-	99,566	99,566	
Post commission	-	-	-	-	-	-	-	-	38,127	38,127	
Sheriff revolving fund	-	-	-	-	-	-	-	-	472,781	472,781	
Inmate security	-	-	-	-	-	-	-	-	256,831	256,831	
Prosecuting attorney training	-	-	-	-	-	-	-	-	27,880	27,880	
Prosecuting attorney delinquent tax fund	-	-	-	-	-	-	-	-	93,131	93,131	
Prosecuting attorney bad check fund	-	-	-	-	-	-	-	-	135,007	135,007	
Prosecuting attorney victim advocate fund	-	-	-	-	-	-	-	-	2,850	2,850	
SVDV fund	-	-	-	-	-	-	-	-	2,575	2,575	
Recorder of deeds	-	-	-	-	-	-	-	-	1,089,127	1,089,127	
Mental health fund	-	-	-	-	-	-	-	-	1,781,477	1,781,477	
Jeff Co LEPC	-	-	-	-	-	-	-	-	24,126	24,126	
Election services	-	-	-	-	-	-	-	-	154,956	154,956	
Tax maintenance	-	-	-	-	-	-	-	-	236,674	236,674	
NID projects	-	-	-	-	-	-	-	-	1	1	
JAG grant	-	-	-	-	-	-	-	-	15	15	
Total Restricted	-	6,473,879	-	9,846,137	1,104,455	998,770	266,119	649,918	4,415,124	23,754,402	
Assigned for:											
Prosecuting attorney forfeitures	16,471	-	-	-	-	-	-	-	-	-	16,471
Courthouse beautification	437	-	-	-	-	-	-	-	-	-	437
County discretionary fund	12,891	-	-	-	-	-	-	-	-	-	12,891
Animal control donations	16,592	-	-	-	-	-	-	-	-	-	16,592
Subsequent year's budget deficit	2,934,622	-	-	-	-	-	-	-	-	-	2,934,622
Drug forfeiture	-	-	182,963	-	-	-	-	-	-	-	182,963
Sheriff's commissary fund	-	-	73,436	-	-	-	-	-	-	-	73,436
Sheriff equipment donation fund	-	-	1,004	-	-	-	-	-	-	-	1,004
Prisoner phone fund	-	-	67,106	-	-	-	-	-	-	-	67,106
Police memorial fund	-	-	12,629	-	-	-	-	-	-	-	12,629
Sheriff's reserve fund	-	-	933	-	-	-	-	-	-	-	933
JCMEG asset forfeiture fund	-	-	38,973	-	-	-	-	-	-	-	38,973
Law enforcement	-	-	1,241,037	-	-	-	-	-	-	-	1,241,037
Capital improvements	-	-	-	-	-	-	8,877,559	-	268,213	9,145,772	
Total Assigned	2,981,013	-	1,618,081	-	-	-	8,877,559	-	268,213	13,744,866	
Unassigned	7,670,843	-	-	-	-	-	-	-	-	-	7,670,843
	\$ 10,651,856	\$ 6,473,879	\$ 1,618,081	\$ 9,846,137	\$ 1,104,455	\$ 998,770	\$ 9,143,678	\$ 649,918	\$ 4,683,337	\$ 45,170,111	

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **Notes to the Basic Financial Statements (continued)**

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#### **13. RECENT ACCOUNTING PRONOUNCEMENTS**

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Government Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

In June 2012, the GASB issued Statement No. 67 “Financial Reporting for Pension Plans” and Statement No. 68 “Accounting and Financial Reporting for Pensions”. The objective of these Statements is to revise existing accounting and financial reporting requirements for most pension plans, and to revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The requirements in Statement No. 67 are effective for periods beginning after June 15, 2013, and the requirements in Statement No. 68 are effective for periods beginning after June 15, 2014.

In November 2013, the GASB issued Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68”. The objective of this Statement is to clarify the guidance for the application of the transition provisions of Statement No. 68, “Accounting and Financial Reporting for Pensions”. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

The effects on the County’s financial statements as a result of the adoption of these new pronouncements are unknown.

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**Supplementary Information**

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**THE COUNTY OF JEFFERSON, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL -  
GENERAL FUND - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013**

				Variance With Final Budget
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Property taxes	\$ 999,598	\$ 999,598	\$ 1,072,855	\$ 73,257
Sales tax	10,050,000	10,050,000	10,311,455	261,455
Other taxes	717,093	717,093	755,978	38,885
Grants, distributions and reimbursements	2,387,987	2,491,418	1,992,036	(499,382)
Fees, licenses and permits	9,500,850	9,500,850	10,698,260	1,197,410
Interest	15,921	15,921	26,780	10,859
Other	4,366	9,741	22,415	12,674
<b>Total Revenues</b>	<b>23,675,815</b>	<b>23,784,621</b>	<b>24,879,779</b>	<b>1,095,158</b>
<b>EXPENDITURES:</b>				
Current:				
General county government	13,254,978	13,285,643	11,755,201	1,530,442
Financial administration	596,041	596,041	575,370	20,671
Property valuation and recording	273,443	273,443	274,175	(732)
Administration of justice and law enforcement	7,169,959	7,184,991	6,502,969	682,022
Health and welfare	28,900	28,900	18,192	10,708
Debt service:				
Principal payments	275,110	275,110	840,762	(565,652)
Interest and fiscal charges	49,700	49,700	36,330	13,370
Capital outlay:				
Property, equipment and buildings	1,032,901	1,082,204	383,811	698,393
<b>Total Expenditures</b>	<b>22,681,032</b>	<b>22,776,032</b>	<b>20,386,810</b>	<b>2,389,222</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>994,783</b>	<b>1,008,589</b>	<b>4,492,969</b>	<b>3,484,380</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(3,713,155)	(3,713,155)	(2,933,155)	780,000
Lawsuit settlement	-	-	186	186
Proceeds from the sale of property	-	-	9,933	9,933
<b>Total Other Financing Sources (Uses)</b>	<b>(3,713,155)</b>	<b>(3,713,155)</b>	<b>(2,923,036)</b>	<b>790,119</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (2,718,372)</b>	<b>\$ (2,704,566)</b>	<b>\$ 1,569,933</b>	<b>\$ 4,274,499</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>				<b>9,081,923</b>
<b>FUND BALANCE - END OF YEAR</b>				<b>\$ 10,651,856</b>

**THE COUNTY OF JEFFERSON, MISSOURI**

**DEPARTMENTAL SCHEDULE OF EXPENDITURES -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL -  
GENERAL FUND - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>EXPENDITURES:</b>					
Current:					
General County Government:					
Animal Control	\$ 522,295	\$ 522,295	\$ 463,987	\$ 58,308	
Auditor	219,396	219,396	211,726	7,670	
Board of Equalization	3,000	3,000	1,750	1,250	
Building Department	737,170	737,170	590,188	146,982	
Code Enforcement	187,987	187,987	180,178	7,809	
County Agencies	10,000	10,000	10,000	-	
County Clerk	435,641	465,089	422,726	42,363	
County Council	126,821	126,821	117,833	8,988	
County Executive	124,973	126,990	100,448	26,542	
Economic Development	81,000	81,000	81,000	-	
Emergency Management	176,275	175,075	149,968	25,107	
Facility Services	1,302,593	1,302,593	1,280,257	22,336	
Fleet Services	1,349,731	1,349,731	1,105,337	244,394	
General Services	866,216	866,216	805,962	60,254	
Information Technology	1,499,850	1,499,850	1,308,611	191,239	
Insurance - Health	1,588,000	1,588,000	1,462,803	125,197	
Insurance - Other	237,500	237,500	169,126	68,374	
Insurance - Workmen's Compensation	145,000	145,000	92,916	52,084	
Land Use and Development	358,787	358,787	244,956	113,831	
Missouri University					
Extension Services	93,500	93,500	90,420	3,080	
Organizations	45,000	45,000	38,330	6,670	
Other	901,002	901,002	817,086	83,916	
Payroll Taxes and Retirement	1,968,913	1,968,913	1,751,718	217,195	
Planning and Zoning	274,328	274,728	257,875	16,853	
	<b>13,254,978</b>	<b>13,285,643</b>	<b>11,755,201</b>	<b>1,530,442</b>	
Financial Administration:					
Collector	444,189	444,189	424,842	19,347	
Treasurer	151,852	151,852	150,528	1,324	
	<b>596,041</b>	<b>596,041</b>	<b>575,370</b>	<b>20,671</b>	

**THE COUNTY OF JEFFERSON, MISSOURI**

**DEPARTMENTAL SCHEDULE OF EXPENDITURES -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL -  
GENERAL FUND - UNAUDITED (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Property Valuation and Recording:</b>				
Recorder of Deeds	273,443	273,443	274,175	(732)
<b>Administration of Justice and Law</b>				
Enforcement:				
Circuit Clerk	26,705	26,705	18,528	8,177
Circuit Courts	259,776	259,776	177,074	82,702
Family Court	355,264	355,264	65,282	289,982
Jury Script	418,000	418,000	413,458	4,542
Juvenile Office	3,123,750	3,141,630	2,946,904	194,726
Medical Examiner	333,098	333,098	333,098	-
Municipal Court	351,324	348,620	330,825	17,795
Prosecuting Attorney	2,061,165	2,061,165	1,985,855	75,310
Public Administrator	240,877	240,733	231,945	8,788
	<u>7,169,959</u>	<u>7,184,991</u>	<u>6,502,969</u>	<u>682,022</u>
Health and welfare	28,900	28,900	18,192	10,708
Debt Service:				
Principal payments	275,110	275,110	840,762	(565,652)
Interest and fiscal charges	49,700	49,700	36,330	13,370
	<u>324,810</u>	<u>324,810</u>	<u>877,092</u>	<u>(552,282)</u>
Capital Outlay:				
Property, equipment & buildings	1,032,901	1,082,204	383,811	698,393
	<u>1,032,901</u>	<u>1,082,204</u>	<u>383,811</u>	<u>698,393</u>
<b>Total Expenditures</b>	<b>\$ 22,681,032</b>	<b>\$ 22,776,032</b>	<b>\$ 20,386,810</b>	<b>\$ 2,389,222</b>

**THE COUNTY OF JEFFERSON, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -  
MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND -  
BUDGET AND ACTUAL - ROAD AND BRIDGE FUND - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013**

				Variance With Final Budget
		<b>Budgeted Amounts</b>		<b>Positive (Negative)</b>
		<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>REVENUES:</b>				
Property taxes	\$ 5,426,402	\$ 5,426,402	\$ 6,247,535	\$ 821,133
Sales tax	536,090	536,090	692,364	156,274
Other taxes	2,993,572	2,993,572	2,955,014	(38,558)
Grants, distributions and reimbursements	10,600,113	10,600,113	2,222,387	(8,377,726)
Fees, licenses and permits	393,456	393,456	413,951	20,495
Interest	6,478	6,478	4,722	(1,756)
Other	22,415	22,415	24,142	1,727
<b>Total Revenues</b>	<b>19,978,526</b>	<b>19,978,526</b>	<b>12,560,115</b>	<b>(7,418,411)</b>
<b>EXPENDITURES:</b>				
Current:				
Maintenance of roads:				
Salaries	5,553,485	5,553,485	5,178,342	375,143
Office expense	12,600	12,600	15,516	(2,916)
Miscellaneous	20,600	20,600	11,791	8,809
Uniforms	33,000	33,000	21,873	11,127
Medical expense	12,000	12,000	6,403	5,597
Safety equipment & supplies	35,000	35,000	28,242	6,758
Parts and repairs	825,000	825,000	742,824	82,176
Building maintenance and repairs	96,634	96,634	51,244	45,390
Utilities	104,382	104,382	78,027	26,355
Insurance	1,333,561	1,333,561	1,164,590	168,971
Payroll taxes	441,832	441,832	399,590	42,242
Pension	725,244	725,244	665,719	59,525
Training	37,500	37,500	26,002	11,498
Property and buildings	265,000	265,000	270,096	(5,096)
C.A.R.T	175,000	175,000	135,733	39,267
Vehicle expenses	850,250	850,250	730,162	120,088
Capital outlay:				
Property, equipment and buildings:				
Equipment	402,250	402,250	272,058	130,192
Right-of-way	1,209,720	1,209,720	218,020	991,700
Construction of roads and bridges:				
Contractual service	11,967,175	11,967,175	2,997,895	8,969,280
Road materials	1,358,500	1,358,500	404,426	954,074
Equipment rental	15,000	15,000	10,587	4,413
Sign material	30,000	30,000	29,070	930
Engineering fees	879,422	879,422	421,781	457,641
<b>Total Expenditures</b>	<b>26,383,155</b>	<b>26,383,155</b>	<b>13,879,991</b>	<b>12,503,164</b>

**THE COUNTY OF JEFFERSON, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -  
MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND -  
BUDGET AND ACTUAL - ROAD AND BRIDGE FUND - UNAUDITED (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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				Variance With Final Budget
		Budgeted Amounts		Positive (Negative)
		Original	Final	Actual
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>		(6,404,629)	(6,404,629)	(1,319,876)
				5,084,753
<b>OTHER FINANCING SOURCES:</b>				
Transfers in		2,443,231	2,443,231	238,863
Proceeds from the sale of property		-	-	(2,204,368)
				10,195
<b>Total Other Financing Sources</b>		2,443,231	2,443,231	10,195
				(2,194,173)
<b>NET CHANGE IN FUND BALANCE</b>		<u>\$ (3,961,398)</u>	<u>\$ (3,961,398)</u>	<u>(1,070,818)</u>
				<u>\$ 2,890,580</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>				<u>7,544,697</u>
<b>FUND BALANCE - END OF YEAR</b>				<u>\$ 6,473,879</u>

**THE COUNTY OF JEFFERSON, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -  
MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND -  
BUDGET AND ACTUAL - LAW ENFORCEMENT FUND - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES:</b>				
Sales tax	\$ 10,050,000	\$ 10,050,000	\$ 10,344,907	\$ 294,907
Grants, distributions and reimbursements	2,027,327	2,175,864	2,141,296	(34,568)
Fees, licenses and permits	448,799	448,799	617,985	169,186
Interest	1,100	1,100	1,074	(26)
Other	102,346	146,747	106,177	(40,570)
<b>Total Revenues</b>	<b>12,629,572</b>	<b>12,822,510</b>	<b>13,211,439</b>	<b>388,929</b>
<b>EXPENDITURES:</b>				
Current:				
Administration of Justice and Law Enforcement:				
Salaries	9,825,525	9,854,686	9,636,716	217,970
Payroll taxes	742,750	745,365	725,565	19,800
Leased vehicles	72,000	72,000	73,614	(1,614)
Office expense	42,500	42,500	41,483	1,017
Contractual services	507,692	507,692	463,078	44,614
Professional services	34,000	34,000	30,397	3,603
Uniforms	90,181	90,181	49,961	40,220
Utilities	90,275	90,275	83,470	6,805
Insurance	1,943,953	1,956,752	1,826,475	130,277
Pension	1,295,921	1,300,574	1,229,427	71,147
Training	73,710	73,710	41,779	31,931
Other	536,041	537,626	323,183	214,443
Institutional placement	17,000	17,000	841	16,159
Prisoner medical expense	17,000	17,000	4,946	12,054
Prisoner transport	25,000	25,000	26,514	(1,514)
Prisoner food	427,000	427,000	465,413	(38,413)
Jail expense	93,295	93,295	67,308	25,987
Vehicle expense	1,200	1,200	1,194	6
Capital outlay:				
Property, equipment and buildings	95,405	201,864	124,296	77,568
<b>Total Expenditures</b>	<b>15,930,448</b>	<b>16,087,720</b>	<b>15,215,660</b>	<b>872,060</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>				
	<b>(3,300,876)</b>	<b>(3,265,210)</b>	<b>(2,004,221)</b>	<b>1,260,989</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	2,019,745	2,019,745	2,019,745	-
Proceeds from the sale of property	-	-	85	85
<b>Total Other Financing Sources</b>	<b>2,019,745</b>	<b>2,019,745</b>	<b>2,019,830</b>	<b>85</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,281,131)</b>	<b>\$ (1,245,465)</b>	<b>\$ 15,609</b>	<b>\$ 1,261,074</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<b>1,602,472</b>	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 1,618,081</b>	

**THE COUNTY OF JEFFERSON, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -  
MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND -  
BUDGET AND ACTUAL - ROAD TAX FUND - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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	<b>Budgeted Amounts</b>		<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>REVENUES:</b>			
Sales tax	\$ 7,195,442	\$ 7,195,442	\$ 7,378,743
Interest	2,367	2,367	5,468
<b>Total Revenues</b>	<b>7,197,809</b>	<b>7,197,809</b>	<b>7,384,211</b>
			<b>186,402</b>
<b>EXPENDITURES:</b>			
Capital outlay:			
Property, equipment and buildings:			
Right of way	370,180	370,180	8,501
Construction of roads and bridges:			
Contractual services	3,745,043	3,745,043	354,407
Motor vehicle equipment	-	-	-
Road materials	2,200,000	2,200,000	1,459,644
Equipment rental	30,000	30,000	10,760
Sign material	74,000	74,000	58,785
Engineering fees	335,355	335,355	8,711
<b>Total Expenditures</b>	<b>6,754,578</b>	<b>6,754,578</b>	<b>1,900,808</b>
			<b>4,853,770</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>443,231</b>	<b>443,231</b>	<b>5,483,403</b>
			<b>5,040,172</b>
<b>OTHER FINANCING USES:</b>			
Transfers out	(2,443,231)	(2,443,231)	(238,863)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (2,000,000)</b>	<b>\$ (2,000,000)</b>	<b>\$ 5,244,540</b>
			<b>\$ 7,244,540</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<b>4,601,597</b>
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 9,846,137</b>

**THE COUNTY OF JEFFERSON, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -  
MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND -  
BUDGET AND ACTUAL - ASSESSMENT FUND - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES:</b>				
Property taxes	\$ 1,347,775	\$ 1,347,775	\$ 1,632,610	\$ 284,835
Other taxes	9,747	9,747	9,846	99
Grants, distributions and reimbursements	333,012	333,012	334,184	1,172
Fees, licenses and permits	8,500	8,500	9,183	683
Interest	250	250	407	157
<b>Total Revenues</b>	<b>1,699,284</b>	<b>1,699,284</b>	<b>1,986,230</b>	<b>286,946</b>
<b>EXPENDITURES:</b>				
Current:				
Property Valuation and Recording:				
Salaries	1,228,255	1,228,255	1,162,836	65,419
Office	12,000	12,000	9,269	2,731
Contractual services	30,040	30,040	17,202	12,838
Miscellaneous	9,850	9,850	7,383	2,467
Mileage	500	500	-	500
Utilities	1,000	1,000	615	385
Insurance	211,440	211,440	177,205	34,235
Postage	55,000	55,000	52,471	2,529
Payroll taxes	92,500	92,500	88,423	4,077
Pension	145,000	145,000	132,445	12,555
Professional services	27,481	27,481	16,959	10,522
Training	5,000	5,000	4,273	727
Capital outlay:				
Property, equipment and buildings	1,000	1,000	417	583
<b>Total Expenditures</b>	<b>1,819,066</b>	<b>1,819,066</b>	<b>1,669,498</b>	<b>149,568</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(119,782)</b>	<b>(119,782)</b>	<b>316,732</b>	<b>436,514</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	122,365	122,365	122,365	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 2,583</b>	<b>\$ 2,583</b>	<b>\$ 439,097</b>	<b>\$ 436,514</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>				<b>665,358</b>
<b>FUND BALANCE - END OF YEAR</b>				<b>\$ 1,104,455</b>

**THE COUNTY OF JEFFERSON, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -  
MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND -  
BUDGET AND ACTUAL - PARKS AND RECREATION FUND - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES:</b>				
Property taxes	\$ 828,744	\$ 828,744	\$ 1,002,516	\$ 173,772
Other taxes	7,742	7,742	6,058	(1,684)
Grants, distributions and reimbursements	400	400	424	24
Fees, licenses and permits	176,732	176,732	163,318	(13,414)
Interest	550	550	482	(68)
<b>Total Revenues</b>	<b>1,014,168</b>	<b>1,014,168</b>	<b>1,172,798</b>	<b>158,630</b>
<b>EXPENDITURES:</b>				
Current:				
Park Maintenance:				
Salaries	576,553	576,553	564,047	12,506
Office	2,500	2,500	2,373	127
Contractual services	45,260	45,260	40,837	4,423
Miscellaneous	21,750	21,750	14,577	7,173
Uniforms	1,300	1,300	1,293	7
Medical expense	1,300	1,300	1,003	297
Parts and repairs	10,400	10,400	8,115	2,285
Rent	500	500	-	500
Utilities	23,750	23,750	17,486	6,264
Insurance	120,225	120,225	98,739	21,486
Payroll taxes	55,800	55,800	42,666	13,134
Pension	62,337	62,337	63,562	(1,225)
Supplies	3,300	3,300	1,843	1,457
Professional services	14,000	14,000	11,290	2,710
Training	1,425	1,425	1,290	135
Park programs	26,500	26,500	25,547	953
Park development	30,000	30,000	-	30,000
Vehicle expense	35,000	35,000	27,044	7,956
Capital outlay:				
Property, equipment and buildings	51,000	51,000	6,507	44,493
<b>Total Expenditures</b>	<b>1,082,900</b>	<b>1,082,900</b>	<b>928,219</b>	<b>154,681</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (68,732)</b>	<b>\$ (68,732)</b>	<b>247,105</b>	<b>\$ 315,837</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>				<b>751,665</b>
<b>FUND BALANCE - END OF YEAR</b>				<b>\$ 998,770</b>

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **NOTES TO BUDGETARY SCHEDULES DECEMBER 31, 2013**

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#### **Budgets and Budgetary Accounting**

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The fiscal year of the County is to begin on the first day of January and end on the last day of December unless a different fiscal year is established by ordinance.
2. An annual budget for the County must be prepared and adopted as required by the Charter and, to the extent not inconsistent with the Charter, in accordance with Missouri Law. The County Executive is designated as the Budget Officer. Budgets are prepared for all funds except the Debt Service Fund.
3. On or before the first day of the eleventh month of each fiscal year, the County Executive must submit to the County Council a proposed budget for the ensuing fiscal year, and an accompanying message. The County Auditor is to assist the County Executive in preparing the proposed budget. In preparing the proposed budget, the County Executive must review the proposed budgets for the departments submitted to the County Executive and the County Auditor by County Officers, who are heads of departments as required by the Charter.
4. The County Council must schedule a public hearing on the proposed budget. At least 10 days before the date of the hearing, the County Executive must publish a notice of the public hearing and a summary of the proposed budget in a newspaper of general circulation in the County, and post the summary at a public place in each of the Council Districts and on a County sponsored web page on the internet in electronic form.
5. No later than the last day of the fiscal year, the County Council by ordinance must adopt the proposed budget as the County budget for the ensuing fiscal year. If the Council fails to adopt a budget by this date, the budget proposed by the County Executive is to be deemed approved.
6. To implement the adopted budget, the County Council must adopt in accordance with Missouri Law.
7. Budgeted amounts are as originally adopted, or as amended by the County Council throughout the year.
8. Budgets are prepared and adopted on the modified cash basis of accounting.

Actual expenditures exceeded those budgeted in the Debt Service Fund due to the proceeds and expenditures related to the issuance of the Mark Drive Neighborhood Improvement District refunding bonds Series 2013 and in the Prosecuting Attorney Bad Check Special Revenue Fund.

**THE COUNTY OF JEFFERSON, MISSOURI**

**SCHEDULE OF FUNDING PROGRESS - LAGERS RETIREMENT SYSTEM  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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The following required supplementary information relates to The County of Jefferson, Missouri's participation in Missouri LAGERS, an agent multiple-employer public retirement system.

**Schedule of Funding Progress**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/11	\$44,847,275	\$53,670,493	\$8,823,218	84%	\$22,422,201	39%
02/28/12	\$47,512,174	\$55,266,857	\$7,754,683	86%	\$23,426,761	33%
02/28/13	\$50,752,859	\$56,135,883	\$5,383,024	90%	\$23,445,131	23%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

**THE COUNTY OF JEFFERSON, MISSOURI**

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS -  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	Combined Nonmajor Special Revenue Funds	Nonmajor County Building Capital Projects Fund	Total Nonmajor Governmental Funds
<b>-- ASSETS --</b>			
Cash and cash equivalents	\$ 3,250,707	\$ 268,213	\$ 3,518,920
Investments	490,000	-	490,000
Due from Collector of Revenue	698,372	-	698,372
Restricted investments	1	-	1
<b>TOTAL ASSETS</b>	<b>\$ 4,439,080</b>	<b>\$ 268,213</b>	<b>\$ 4,707,293</b>
<b>-- LIABILITIES AND FUND BALANCES --</b>			
<b>LIABILITIES:</b>			
Due to other taxing authorities and others	\$ 23,956	\$ -	\$ 23,956
<b>Total Liabilities</b>	<b>23,956</b>	<b>-</b>	<b>23,956</b>
<b>Fund Balances:</b>			
Restricted	4,415,124	-	4,415,124
Assigned	-	268,213	268,213
<b>Total Fund Balances</b>	<b>4,415,124</b>	<b>268,213</b>	<b>4,683,337</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,439,080</b>	<b>\$ 268,213</b>	<b>\$ 4,707,293</b>

THE COUNTY OF JEFFERSON, MISSOURI

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS -  
NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
DECEMBER 31, 2013**

	Police Officer Training Fund	Post Commission Fund	Sheriff Revolving Fund	Inmate Security Fund	Pros Atty Training Fund	Pros Atty Delinquent Tax Fund	Pros Atty Bad Check Fund	Pros Atty Victim Fund	Advocate Fund	SVDV Fund
<b>-- ASSETS --</b>										
Cash and cash equivalents	\$ 99,566	\$ 38,127	\$ 472,781	\$ 256,831	\$ 27,880	\$ 93,131	\$ 135,442	\$ 2,850	\$ 2,575	
Investments	-	-	-	-	-	-	-	-	-	
Due from Collector of Revenue	-	-	-	-	-	-	-	-	-	
Restricted investments	-	-	-	-	-	-	-	-	-	
<b>TOTAL ASSETS</b>	<b>\$ 99,566</b>	<b>\$ 38,127</b>	<b>\$ 472,781</b>	<b>\$ 256,831</b>	<b>\$ 27,880</b>	<b>\$ 93,131</b>	<b>\$ 135,442</b>	<b>\$ 2,850</b>	<b>\$ 2,575</b>	
<b>-- LIABILITIES AND FUND BALANCES --</b>										
Due to various tax authorities and others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 435	\$ -	
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>435</b>	<b>-</b>	
<b>FUND BALANCES:</b>										
Restricted	99,566	38,127	472,781	256,831	27,880	93,131	135,007	2,850	2,575	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 99,566</b>	<b>\$ 38,127</b>	<b>\$ 472,781</b>	<b>\$ 256,831</b>	<b>\$ 27,880</b>	<b>\$ 93,131</b>	<b>\$ 135,442</b>	<b>\$ 2,850</b>	<b>\$ 2,575</b>	

THE COUNTY OF JEFFERSON, MISSOURI

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS -  
NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS) (CONTINUED)  
DECEMBER 31, 2013**

	Mental Health Fund	Jeff Co LEPC Fund	Election Services Fund	Tax Maintenance Fund	Neighborhood Improvement District Fund	Justice Assistance Grant Fund	Economic Development Fund	Total
<b>-- ASSETS --</b>								
Cash and cash equivalents	\$ 622,648	\$ 1,111,938	\$ 24,126	\$ 154,956	\$ 207,841	\$ -	\$ 15	\$ - \$ 3,250,707
Investments	490,000	-	-	-	-	-	-	- \$ 490,000
Due from Collector of Revenue	-	669,539	-	-	28,833	-	-	- \$ 698,372
Restricted investments	-	-	-	-	-	1	-	- 1
<b>TOTAL ASSETS</b>	<b>\$ 1,112,648</b>	<b>\$ 1,781,477</b>	<b>\$ 24,126</b>	<b>\$ 154,956</b>	<b>\$ 236,674</b>	<b>\$ 1</b>	<b>\$ 15</b>	<b>\$ - \$ 4,439,080</b>
<b>-- LIABILITIES AND FUND BALANCES --</b>								
Due to various tax authorities and others	\$ 23,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - \$ 23,956
<b>TOTAL LIABILITIES</b>	<b>23,521</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- \$ 23,956</b>
<b>FUND BALANCES:</b>								
Restricted	1,089,127	1,781,477	24,126	154,956	236,674	1	15	- 4,415,124
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,112,648</b>	<b>\$ 1,781,477</b>	<b>\$ 24,126</b>	<b>\$ 154,956</b>	<b>\$ 236,674</b>	<b>\$ 1</b>	<b>\$ 15</b>	<b>\$ - \$ 4,439,080</b>

**THE COUNTY OF JEFFERSON, MISSOURI**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCES - MODIFIED CASH BASIS -  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Combined Nonmajor Special Revenue Funds	Nonmajor County Building Capital Projects Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>			
Property taxes	\$ 3,211,019	\$ -	\$ 3,211,019
Other taxes	3,784	-	3,784
Grants, distributions and reimbursements	1,306,485	-	1,306,485
Fees, licenses and permits	1,322,202	-	1,322,202
Interest	4,612	196	4,808
Other	250	53,030	53,280
<b>Total Revenues</b>	<b>5,848,352</b>	<b>53,226</b>	<b>5,901,578</b>
<b>EXPENDITURES:</b>			
Current:			
General county government	49,016	-	49,016
Financial administration	246,720	-	246,720
Property valuation and recording	285,123	-	285,123
Administration of justice and law enforcement	489,887	-	489,887
Health and welfare	2,604,401	-	2,604,401
Community development	1,200,256	-	1,200,256
Capital outlay:			
Property, equipment and buildings	149,503	80,219	229,722
<b>Total Expenditures</b>	<b>5,024,906</b>	<b>80,219</b>	<b>5,105,125</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>			
	823,446	(26,993)	796,453
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	13,242	-	13,242
Transfers out	(6,265)	-	(6,265)
<b>Total Other Financing Sources (Uses)</b>	<b>6,977</b>	<b>-</b>	<b>6,977</b>
<b>NET CHANGE IN FUND BALANCES</b>			
	830,423	(26,993)	803,430
<b>FUND BALANCES - BEGINNING OF YEAR</b>			
	3,584,701	295,206	3,879,907
<b>FUND BALANCES - END OF YEAR</b>			
	<b>\$ 4,415,124</b>	<b>\$ 268,213</b>	<b>\$ 4,683,337</b>

THE COUNTY OF JEFFERSON, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES -  
MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Police Officer Training Fund	Post Commission Fund	Sheriff Revolving Fund	Inmate Security Fund	Pros Atty Training Fund	Pros Atty Delinquent Tax Fund	Pros Atty Bad Check Fund	Pros Atty Victim Advocate Fund	SVDV Fund
<b>REVENUES:</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	19,138	-	-	-	-	-	-	-
Grants, distributions and reimbursements	225	-	327,999	48,051	11,379	108,866	356	29,088	-
Fees, licenses and permits	45,285	-	387	190	18	66	67,935	-	83,326
Interest	78	20	-	-	-	83	3	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>45,588</b>	<b>19,158</b>	<b>328,386</b>	<b>48,241</b>	<b>11,397</b>	<b>109,288</b>	<b>68,018</b>	<b>29,091</b>	<b>83,326</b>
<b>EXPENDITURES:</b>									
Current:	-	-	-	-	-	-	-	-	-
General county government	-	-	-	-	-	-	-	-	-
Financial administration	-	-	-	-	-	-	-	-	-
Property valuation and recording	-	-	-	-	-	-	-	-	-
Administration of justice and law enforcement	49,674	17,845	218,736	-	5,472	63,172	5,629	43,223	82,978
Health and welfare	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-
Capital outlay:	-	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	7,374	17,154	-	17,957	-	-	-
<b>Total Expenditures</b>	<b>49,674</b>	<b>17,845</b>	<b>226,110</b>	<b>17,154</b>	<b>5,472</b>	<b>81,129</b>	<b>5,629</b>	<b>43,223</b>	<b>82,978</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,086)</b>	<b>1,313</b>	<b>102,276</b>	<b>31,087</b>	<b>5,925</b>	<b>28,159</b>	<b>62,389</b>	<b>(14,132)</b>	<b>348</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	-	-	-	-	-	-	-	13,242	-
Transfers out	-	-	-	-	-	(6,265)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(4,086)</b>	<b>1,313</b>	<b>102,276</b>	<b>31,087</b>	<b>5,925</b>	<b>21,894</b>	<b>62,389</b>	<b>(890)</b>	<b>348</b>
<b>NET CHANGE IN FUND BALANCES</b>									
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>103,652</b>	<b>36,814</b>	<b>370,505</b>	<b>225,744</b>	<b>21,955</b>	<b>71,237</b>	<b>72,618</b>	<b>3,740</b>	<b>2,227</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 99,566</b>	<b>\$ 38,127</b>	<b>\$ 472,781</b>	<b>\$ 256,831</b>	<b>\$ 27,880</b>	<b>\$ 93,131</b>	<b>\$ 135,007</b>	<b>\$ 2,850</b>	<b>\$ 2,575</b>

THE COUNTY OF JEFFERSON, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES -  
 MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS) (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Recorder's Fund	Mental Health Fund	Jeff Co LEPC Fund	Election Services Fund	Maintenance Fund	Tax Fund	Neighborhood Improvement District Fund	Justice Assistance Grant Fund	Economic Development Fund	Total
<b>REVENUES:</b>										
Property taxes	\$ -	\$ 3,211,019	\$ 3,784	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,211,019
Other taxes	-	-	-	-	10,181	36,712	-	-	10,529	1,200,256
Grants, distributions and reimbursements	-	-	-	-	43,792	417,452	-	-	-	1,306,485
Fees, licenses and permits	168,117	-	746	20	112	179	-	-	-	1,322,202
Interest	2,709	-	-	250	-	-	-	1	-	4,612
Other	-	-	-	-	-	-	-	-	-	250
<b>Total Revenues</b>	<b>170,826</b>	<b>3,215,549</b>	<b>10,451</b>	<b>80,616</b>	<b>417,631</b>	<b>-</b>	<b>-</b>	<b>10,530</b>	<b>1,200,256</b>	<b>5,848,352</b>
<b>EXPENDITURES:</b>										
Current:										
General county government	-	-	-	-	49,016	-	-	-	-	49,016
Financial administration	-	-	-	-	-	246,720	-	-	-	246,720
Property valuation and recording	285,123	-	-	-	-	-	-	-	-	285,123
Administration of justice and law enforcement	-	-	-	-	-	-	-	3,158	-	489,887
Health and welfare	-	2,601,538	-	2,863	-	-	-	-	-	2,604,401
Community development	-	-	-	-	-	-	-	-	1,200,256	1,200,256
Capital outlay:										
Property, equipment and buildings	9,188	-	10,633	-	78,406	-	8,791	-	-	149,503
<b>Total Expenditures</b>	<b>294,311</b>	<b>2,601,538</b>	<b>13,496</b>	<b>49,016</b>	<b>325,126</b>	<b>-</b>	<b>11,949</b>	<b>1,200,256</b>	<b>-</b>	<b>5,024,906</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(123,485)</b>	<b>614,011</b>	<b>(3,045)</b>	<b>31,600</b>	<b>92,505</b>	<b>-</b>	<b>(1,419)</b>	<b>-</b>	<b>-</b>	<b>823,446</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfers in	-	-	-	-	-	-	-	-	-	13,242
Transfers out	-	-	-	-	-	-	-	-	-	(6,265)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,977</b>
<b>NET CHANGE IN FUND BALANCES</b>										
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>1,212,612</b>	<b>1,167,466</b>	<b>27,171</b>	<b>123,356</b>	<b>144,169</b>	<b>1</b>	<b>1,434</b>	<b>-</b>	<b>-</b>	<b>3,584,701</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 1,089,127</b>	<b>\$ 1,781,477</b>	<b>\$ 24,126</b>	<b>\$ 154,956</b>	<b>\$ 236,674</b>	<b>\$ 1</b>	<b>\$ 15</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,415,124</b>

**THE COUNTY OF JEFFERSON, MISSOURI**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
MODIFIED CASH BASIS - AGENCY FUNDS  
DECEMBER 31, 2013**

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	<b>County Treasurer</b>	<b>County Officials and Other Agency Funds</b>	<b>County Collector of Revenue Agency Fund</b>	<b>Total Agency Funds</b>
<b>-- ASSETS --</b>				
Cash and cash equivalents	\$ 5,102,786	\$ 41,091	\$ 55,330,325	\$ 60,474,202
Due from Collector of Revenue	4,524,483	-	-	4,524,483
<b>TOTAL ASSETS</b>	<b>\$ 9,627,269</b>	<b>\$ 41,091</b>	<b>\$ 55,330,325</b>	<b>\$ 64,998,685</b>
 <b>-- LIABILITIES --</b>				
Due to various taxing authorities and others	\$ 9,627,269	\$ -	\$ 45,496,643	\$ 55,123,912
Protested taxes	-	-	1,901,767	1,901,767
Funds held in trust	-	41,091	-	41,091
Due to other funds	-	-	7,931,915	7,931,915
<b>TOTAL LIABILITIES</b>	<b>\$ 9,627,269</b>	<b>\$ 41,091</b>	<b>\$ 55,330,325</b>	<b>\$ 64,998,685</b>

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**Federal Compliance Section**

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**THE COUNTY OF JEFFERSON, MISSOURI**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Identification Number</b>	<b>Expenditures</b>
<b>U.S. Department of Housing and Urban Development:</b>			
Direct:			
Community Development Block Grant.....	14.218	B-12-UC-29-0002 B-11-UC-29-0002	\$ 832,862 367,394
Subtotal CFDA# 14.218.....			<u>1,200,256</u>
Passed through Missouri Department of			
Economic Development:			
Training for Tomorrow.....	14.228	2008-DI-24	<u>682,031</u>
Total U.S. Department of Housing and			
Urban Development.....			<u>1,882,287</u>
<b>U.S. Department of Justice:</b>			
Direct:			
Community Defined Solutions to Violence Against Women.....	16.590	2008-WE-AX-0025	146,573
Safe Havens: Supervised Visitation and Safe Exchange Grant Program.....	16.527	2010-CW-AX-K010	55,165
Equitable Sharing Program.....	16.922	N/A	39,528 *
Bullet Proof Vest Program.....	16.607	2012BOBX12061265 2011BOBX11055686	1,251 718
Subtotal CFDA# 16.607.....			<u>1,969</u>
JAG Program Cluster:			
Justice Assistance Grant - Local Solicitation.....	16.738	2012-DJ-BX-0729 2010-DJ-BX-2421	3,000 7,529
Passed through Missouri Department of			
Public Safety:			
JAG Program Cluster:			
Municipal Enforcement Group.....	16.738	2014-JAG-GR-016	18,655
Edward Byrne Memorial Justice Assistance Grant Program.....	16.738	2012-JAG-013 2011-JAG-012	74,327 109,740
Subtotal CFDA #16.738.....			<u>213,251</u>
ARRA Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories.....	16.803	2009-JAG-RA-109	<u>18,328</u>
Total JAG Program Cluster.....			<u>231,579</u>
Title II - Juvenile Justice Formula Grants.....	16.540	2011-TITLE2-05 2010-11-TITLE2-07	3,754 17,073
Subtotal CFDA #16.540.....			<u>20,827</u>
Victims of Crime.....	16.575	2011-VOCA-065-SE 2010-VOCA-025-SE	4,019 22,768
Subtotal CFDA #16.575.....			<u>26,787</u>

# THE COUNTY OF JEFFERSON, MISSOURI

## Schedule of Expenditures of Federal Awards (continued)

Program Title	Federal CFDA Number	Pass- Through Identification Number	Expenditures
Passed through Regional Computer Crimes Education and Enforcement Group:			
Equitable Sharing Program.....	16.922	N/A	6,516 *
Total U.S. Department of Justice.....			<u>528,944</u>
 <u>U.S. Department of Transportation:</u>			
Passed through Missouri Department of Transportation:			
Highway Planning and Construction Cluster:			
Butcher Branch Road Bridge.....	20.205	STP-5403 (635)	57,374
Carol Park Road Overlay.....	20.205	STP-5403 (636)	14,571
Castle Ranch Bridge.....	20.205	STP-5403 (621)	28,302
Fountain City Road Bridge.....	20.205	STP-5403 (629)	216,319
Hillsboro House Springs Road at EMS.....	20.205	STP-5403 (620)	289,824
Lions Den Road Phase 4.....	20.205	STP-5403 (602)	2,076
Mapaville-Hematite Bridge.....	20.205	STP-5403 (622)	114,313
Miller Road Overlay.....	20.205	STP-5403 (638)	45,841
Montbello Road Overlay.....	20.205	STP-5403 (639)	11,932
Old Antonia Road Bridge.....	20.205	STP-5403 (630)	28,721
Old Lemay Ferry Road Bridge at Glaize.....	20.205	BRM-5461 (607)	3,577
Old Lemay Ferry Road Bridge at Klabe.....	20.205	STP-5403 (631)	32,246
Old Lemay Ferry Road at Vogel Roundabout.....	20.205	STP-5403 (641)	33,132
Old M Guardrail.....	20.205	STP-5403 (640)	71,200
Saline Road - Phase 1.....	20.205	STP-5403 (642)	149,095
Sandy Church Bridge.....	20.205	STP-5602 (614)	408,298
Scenic Byway Project.....	20.205	STP-9900 (627)	12,789
Schneider Drive Bridge.....	20.205	STP-5403 (625)	39,460
Vogel Road Improvements Phase II.....	20.205	STP-5403 (643)	59,635
Vogel Road Phase 1.....	20.205	STP-5403 (644)	64,167
Wedde East Road Bridge.....	20.205	STP-5403 (610)	84
West Four Ridge Road Overlay.....	20.205	STP-5403 (645)	662,243
Whitehead Road Bridge.....	20.205	STP-5403 (623)	34,015
Wilson Hollow Road Bridge.....	20.205	STP-5403 (646)	<u>54,859</u>
Total Highway Planning and Construction Cluster.....			<u>2,434,073</u>
 Passed through Missouri Division of Highway Safety:			
Highway Safety Cluster:			
Hazardous Moving Violation Project.....	20.600	14-PT-02-051	39,667
		13-PT-02-086	126,567
Alcohol Impaired Driving Countermeasures Incentive Grants:			
Sobriety Checkpoint.....	20.601	13-K8-03-044	53,834
DWI Enforcement.....	20.601	14-K8-03-035	40,208
		13-K8-03-042	136,177
DWI Enforcement Unit.....	20.601	14-K8-03-038	103,915
		13-K8-03-020	68,327
Youth Alcohol Task Force.....	20.601	14-K8-03-036	35,259
		13-K8-03-043	<u>151,097</u>

# THE COUNTY OF JEFFERSON, MISSOURI

## Schedule of Expenditures of Federal Awards (continued)

Program Title	Federal CFDA Number	Pass- Through Identification Number	Expenditures
Passed through University of Central Missouri, Missouri Safety Center:			
Highway Safety Cluster:			
Youth Seat Belt Enforcement.....	20.600	13-OP-05-008	279
Click It or Ticket Enforcement.....	20.600	13-OP-05-003	11,930
Child Passenger Safety Enforcement.....	20.613	13-K3-05-003	5,991
Subtotal CFDA #20.600.....			<u>178,443</u>
Subtotal CFDA #20.601.....			<u>588,817</u>
Total Highway Safety Cluster.....			<u>773,251</u>
Drive Sober or Get Pulled Over DWI Enforcement.....	20.607	13-154-AL-074	<u>1,989</u>
Total U.S. Department of Transportation.....			<u>3,209,313</u>
 <u>U.S. Environmental Protection Agency:</u>			
Direct:			
Big River Watershed Master Plan.....	66.802	V-97722001	16,948
Passed through Missouri Department of Natural Resources:			
Nonpoint Source Implementation Grants.....	66.460	G11-NPS-08	<u>7,140</u>
Total U.S. Environmental Protection Agency.....			<u>24,088</u>
 <u>U.S. Department of Health and Human Services:</u>			
Direct:			
Substance Abuse and Mental Health Services Projects.....	93.243	5H79TI024224-02 IH79TI024224-01	27,853 <u>71,075</u> <u>98,928</u>
Subtotal CFDA #93.243.....			
Passed through Missouri Department of Social Services:			
Child Support Enforcement Cooperative.....	93.563	COUNTY FIPS #99 COUNTY FIPS #29-099-01	397,243 <u>4,528</u> <u>401,771</u> <u>500,699</u>
Subtotal CFDA #93.563.....			
Total U.S. Department of Health and Human Services.....			
 <u>Executive Office of the President:</u>			
Passed through Missouri State Highway Patrol:			
High Intensity Drug Trafficking Area Program.....	95.001	G13MW0001A-JJ G12MW0001A-JJ G13MW0001A-V G11MW0001A-V	43,990 92,410 7,338 3,445 <u>147,183</u>
Total Executive Office of the President.....			
 <u>U.S. Department of Homeland Security:</u>			
Passed through Missouri State Emergency Management Agency:			
Emergency Management Performance Grants.....	97.042	EMW-2013-EP-0028-053	<u>69,760</u>
Total U.S. Department of Homeland Security.....			<u>69,760</u>
			<u>\$ 6,362,274</u>

\* Subtotal of CFDA #16.922 - \$46,044

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2013**

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#### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of Federal awards is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

#### **Note 2 - Food Distribution**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. During 2013, the County did not receive nonmonetary assistance.

#### **Note 3 - Insurance**

The County did not have any federal insurance in effect during the fiscal year ended December 31, 2013.

#### **Note 4 - Loans/Loan Guarantees**

The County did not have any loans or loan guarantees outstanding as of December 31, 2013.

#### **Note 5 - Subrecipients**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County provided federal awards to subrecipients as follows:

<b>Program Title</b>	<b>Subrecipient</b>	<b>Federal CFDA Number</b>	<b>Amount Provided to Subrecipient</b>
Training for Tomorrow	Jefferson College	14.228	\$ 682,031
Safe Havens: Supervised Visitation and Safe Exchange Grant Program	Community Treatment, Inc.	16.527	55,165
Total Provided for Subrecipients			\$ <u>737,196</u>



# **SCHOWALTER & JABOURI, P.C.**

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## **INDEPENDENT AUDITORS' 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 Honorable County Executive  
and Members of the County Council  
The County of Jefferson, Missouri

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of The County of Jefferson, Missouri (the "County") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 10, 2014. As described in Note 1, the County prepares its financial statements on the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles.

### **Internal Control Over Financial Reporting**

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

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

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • MISSOURI SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS  
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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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs (2013-01) that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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*.

### **County's Response to Findings**

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of 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 result 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 and compliance. Accordingly, this communication is not suitable for any other purpose.



SCHOWALTER & JABORI, P.C.

St. Louis, Missouri  
June 10, 2014



# SCHOWALTER & JABOURI, P.C.

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Honorable County Executive  
and Members of the County Council  
The County of Jefferson, Missouri

### **Report on Compliance for Each Major Federal Program**

We have audited The County of Jefferson, Missouri's ("County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the County'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 the County's compliance.

#### MEMBERS

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

In our opinion, the County 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 year ended December 31, 2013.

### **Report on Internal Control Over Compliance**

Management of the County 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 the County'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 OMB Circular A-133, 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 the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-02 and 2013-03 to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Schowalter & Jabouri, P.C.  
SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri  
June 10, 2014

## **THE COUNTY OF JEFFERSON, MISSOURI**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2013**

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#### **1. SUMMARY OF AUDITORS' RESULTS**

##### **A. Financial Statements**

1. Type of auditor's report issued: Unmodified on the modified cash basis of accounting.
2. Internal control over financial reporting:
  - a. Material Weakness(es) identified?  Yes  No
  - b. Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported
3. Noncompliance material to financial statements noted?  Yes  No

##### **B. Federal Awards**

1. Internal Control Over Major Programs:
  - a. Material weakness(es) identified  Yes  No
  - b. Significant deficiencies identified that are not considered to be material weaknesses?  Yes  No
2. Type of auditor's report issued on compliance for major programs: Unmodified
3. Any audit findings disclosed that are required to be reportable in accordance with section 510 (a) of Circular A-133?  Yes  No
4. Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	-------------------------------------------

14.228	Community Development Block Grants - State's Program (Training for Tomorrow)
14.218	Community Development Block Grant
93.563	Child Support Enforcement

5. Dollar threshold used to distinguish between type A and type B programs: \$300,000
6. Auditee qualified as low-risk auditee?  Yes  No

## **THE COUNTY OF JEFFERSON, MISSOURI**

### *Schedule of Findings and Questioned Costs (continued)*

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#### **2. FINANCIAL STATEMENT FINDINGS**

2013-01      Budget Procedures

Condition: The approved budget documents of County funds do not reflect the true anticipated financial condition.

Criteria: Missouri revised statute 50.550 indicates the annual budget should present a complete financial plan for the ensuing budget year, including the actual or estimated operating deficits or surpluses from prior years.

Effect: Generally, the budgets project ending cash balances of zero while the actual ending balances are normally much higher.

Recommendation: To be of maximum assistance to the County and to adequately inform the public, budgets should accurately reflect the actual beginning cash balance, anticipated revenues, anticipated expenditures and ending cash balances for all budgeted funds.

Management's Response: Missouri revised statute 50.610 states “..... Any cash surplus at the end of any fiscal year shall be carried forward and merged with the revenues of the succeeding year....” Jefferson County understands even though it is permissible under the revised statute 50.610 to budget the cash surplus, it is not a generally accepted accounting principle. Our goal is to reach a point where the surplus is no longer used in next year’s revenue projections. It must be carried out incrementally to prevent any unnecessary financial hardships.

The County will prepare a new statement showing a complete financial plan detailing the beginning cash balances, anticipated revenues, anticipated expenditures and anticipated ending balances. This statement will be incorporated into the 2014 budget documents.

#### **3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

2013-02      Community Development Block Grants-State’s Program, CFDA #14.228

Passed Through: Missouri Department of Economic Development

Federal Agency: U.S. Department of Housing and Urban Development

Finding Type: Significant deficiency in internal control

## **THE COUNTY OF JEFFERSON, MISSOURI**

### *Schedule of Findings and Questioned Costs (continued)*

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Condition: During our audit, we noted that the County does not have effective controls in place to monitor its subrecipient to ensure that subrecipients who spend \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 and that audits are completed within nine months of the end the subrecipient's audit period, issuing a management decision on audit findings within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely appropriate corrective action on all findings.

Criteria: 24 CFR Part 85 indicates the County is responsible for monitoring a subrecipient. This includes ensuring that subrecipients who spend \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 and that audits are completed within nine months of the end the subrecipient's audit period, issuing a management decision on audit findings within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely appropriate corrective action on all findings.

Questioned Costs: Undeterminable.

Context: Overarching.

Cause: County personnel responsible for subrecipient monitoring are not aware of the subrecipient monitoring responsibilities. The County has a draft subrecipient monitoring policy; however, the policy has not officially been approved and the content of the policy has not been implemented.

Effect: The County is not in compliance with subrecipient monitoring regulations.

Recommendation: We recommend that the County establish and implement controls and procedures to monitor all subrecipients in accordance with the applicable regulations. In addition, we recommend the County personnel responsible for these duties receive adequate training to ensure that they fully understand their responsibilities.

Management's Response:

1. The Department of Administrative Services, Contracts & Grants Division is in receipt of the (sub-recipient's) 2012/2013 single audit. The Department has requested prior year audits covering 2010/2011 and 2011/2012 from the sub-recipient. Upon receipt of the remaining (sub-recipient) audits, the County (pass-through entity) will issue a management decision on all audit findings and ensure that the sub-recipient takes timely, appropriate corrective action on any audit findings noted.

## **THE COUNTY OF JEFFERSON, MISSOURI**

### *Schedule of Findings and Questioned Costs (continued)*

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#### Management's Response (continued):

2. The County will continue to work with all sub-recipients to ensure that accurate financial and performance reports are submitted on time and with all necessary information.
3. The Department will continue to maintain regular contact with all sub-recipients on a monthly basis.
4. The Department will develop a schedule for quarterly site visits of all sub-recipients. The purpose of the site visits will be to monitor and review financial and programmatic records, observe operations and to verify that the policies are being followed and reported accurately.
5. The Department will review OMB Circular-A133 sub-recipient compliance requirements and implement effective internal controls and procedures to monitor all sub-recipients in accordance with applicable regulations.
6. The Department is currently reviewing procedures and will implement appropriate changes to ensure effective internal controls are in place.
7. Contacts & Grants Department staff will be scheduled to participate in applicable Grant and Cooperative training.

2013-03      Community Development Block Grant, CFDA #14.218

Federal Agency: U.S. Department of Housing and Urban Development

Finding Type: Significant deficiency in internal control

Condition: During our audit, we noted that the County does not have effective controls in place to document its compliance with the suspension and debarment regulations.

Criteria: 24 CFR Part 85 indicates that grantees and subgrantees must not make any award or permit any award at any tier to any party that is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs.

Questioned Costs: Undeterminable.

Context: Overarching.

Cause: Documentation is not maintained to demonstrate compliance with the suspension and debarment regulations.

## **THE COUNTY OF JEFFERSON, MISSOURI**

### *Schedule of Findings and Questioned Costs (continued)*

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Effect: The County is not in compliance with suspension and debarment regulations.

Recommendation: We recommend that the County establish and implement controls and procedures to ensure that federal awards are awarded to entities that are not suspended or debarred. Documentation should be maintained to indicate the County verified the vendor or contractor was not suspended or debarred. This verification may be accomplished by checking the Excluded Parties List System maintained by the General Services Administration, collecting a certification from the entity or adding a clause or condition to the covered transaction with that entity.

Management's Response: The Economic Development Corporation as administrator of the CDBG funds for Jefferson County has for many years verified all contractors bidding on jobs under the CDBG program by checking the Excluded Parties List System. This process has been completed on a yearly basis typically coinciding with the contractor's insurance renewal or license renewal if applicable. During the routine monitoring by U.S. Department of Housing and Urban Development for program year 2013, it was noted that debarment of contracts should be done on an individual activity basis rather than yearly. In coordination with both HUD and the County outside Auditor, Showalter & Jabouri, P.C., a clause regarding suspension and debarment regulations has been added to all contracts under the CDBG program and is signed and certified by each individual contractor on each submitted bid document prior to award. The Economic Development Corporation will continue to check the Excluded Parties List System. This updated control and procedure became effective April 1, 2014.

#### **4. FOLLOW-UP ON PRIOR YEAR FEDERAL FINDINGS**

There were no prior year federal award findings and questioned costs.