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**THE COUNTY OF JEFFERSON, MISSOURI**

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

**DECEMBER 31, 2011**

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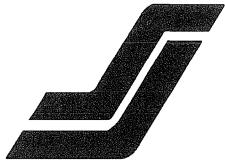
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## INDEPENDENT AUDITORS' REPORT

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

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, 2011, which collectively comprise the County of Jefferson, Missouri's basic financial statements as listed in the table of contents. These financial statements are the responsibility of The County of Jefferson, Missouri's management. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the basic financial statements of The County of Jefferson, Missouri were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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, 2011 and for the year then ended in conformity with the basis of accounting described in Note 1.

As described in Note 1 to the financial statements, the County adopted the provisions of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", in 2011.

### 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."

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The County of Jefferson, Missouri, has not presented 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, has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The County of Jefferson, Missouri's financial statements as a whole. The accompanying Additional Supplementary Information on pages 42 through 48 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards and related information on pages 49 through 53 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the 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 financial statements. The information was been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements.

The other information on pages 31 through 41 are presented to 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.



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

St. Louis, Missouri  
March 30, 2012

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**Basic Financial Statements**

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**THE COUNTY OF JEFFERSON, MISSOURI**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**  
**DECEMBER 31, 2011**

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	<b>Total Governmental Activities</b>
<b>-- ASSETS --</b>	
Cash and cash equivalents	\$ 16,636,131
Investments	11,360,162
Due from Collector of Revenue	7,079,777
Due from Prosecuting Attorney	2,800
Restricted cash and investments	<u>835,889</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 35,914,759</u></b>
<b>-- LIABILITIES AND NET ASSETS --</b>	
<b>LIABILITIES:</b>	
Due to various taxing authorities and others	<u>\$ 870,403</u>
<b>Total Liabilities</b>	<b><u>870,403</u></b>
<b>NET ASSETS:</b>	
Restricted for:	
Neighborhood Improvement District bond payment and reserve funds	549,943
Certificates of Participation payment and reserve funds	372,284
Special revenue funds restricted by state statute	14,554,285
Unrestricted	<u>19,567,844</u>
<b>Total Net Assets</b>	<b><u>35,044,356</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 35,914,759</u></b>

**THE COUNTY OF JEFFERSON, MISSOURI**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Program Revenues					Net (Expense) Revenue and Changes in Net Assets	
	Operating Grants	Capital Grants and Contributions	Total Governmental Activities				
	Charges for Services	Contributions and Debt Proceeds	Expenses	Program Revenues	Charges for Services	Expenses	Net (Expense) Revenue and Changes in Net Assets
<b>Functions/Programs</b>							
<b>GOVERNMENTAL ACTIVITIES:</b>							
General county government	\$ 10,827,468	\$ 904,032	\$ 230,107	\$ 122,211	\$ (9,571,118)		
Financial administration	650,875	1,982,407	-	-	-	1,331,532	
Property valuation and recording	2,397,585	1,167,955	378,524	-	-	(851,106)	
Administration of justice and law enforcement	20,447,094	5,375,574	3,089,806	28,788	-	(11,952,926)	
Health and welfare	2,715,511	-	114,741	46,100	-	(2,554,670)	
Roads and bridges	22,905,933	15,204	518,478	7,839,950	-	(14,532,301)	
Parks and recreation	865,341	149,516	64,991	-	-	(650,834)	
Community and economic development	1,510,117	-	12,383	932,876	-	(564,858)	
Debt service:							
Principal	987,736	-	-	167,865	-	(819,871)	
Interest and fiscal charges	1,079,472	-	-	-	-	(1,079,472)	
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 64,387,132</b>	<b>\$ 9,594,688</b>	<b>\$ 4,409,030</b>	<b>\$ 9,137,790</b>	<b>-</b>	<b>(41,245,624)</b>	

General revenues:

Taxes:

    Property taxes, levied for:

General purposes	954,171
Road and bridge	4,531,959
Park	750,295
Assessment	918,271
Mental health	2,529,447

Sales tax for:

General purposes	10,134,331
Road and bridge	7,798,352
Law enforcement	10,134,310
Other taxes	4,825,698

Interest	161,401
Proceeds from sale of capital assets	42,743
Miscellaneous	6,392

Total General Revenues	42,787,370
Change in Net Assets	1,541,746
Net Assets, Beginning of Year	33,502,610
Net Assets, End of Year	<b>\$ 35,044,356</b>

**THE COUNTY OF JEFFERSON, MISSOURI**

**BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2011**

	Major Funds								Non-Major Governmental Funds	Total Governmental Funds
	General	Road and Bridge	Law Enforcement	Road Tax	Assessment	Parks and Recreation	Capital Improvement	Debt Service		
<b>-- ASSETS --</b>										
Cash and cash equivalents	\$ 4,617,332	\$ 4,609,749	\$ 1,656,471	\$ 1,489,192	\$ 68,573	\$ 262,130	\$ 1,848,809	\$ -	\$ 2,083,875	\$ 16,636,131
Investments	2,360,000	-	-	-	-	-	8,265,162	-	735,000	11,360,162
Due from Collector of Revenue	1,656,721	2,756,063	-	-	635,790	444,861	-	86,338	1,500,004	7,079,777
Due from Prosecuting Attorney	-	-	-	-	-	-	-	-	2,800	2,800
Restricted cash and investments	-	-	-	-	-	-	372,284	463,605	-	835,889
<b>TOTAL ASSETS</b>	<b>\$ 8,634,053</b>	<b>\$ 7,365,812</b>	<b>\$ 1,656,471</b>	<b>\$ 1,489,192</b>	<b>\$ 704,363</b>	<b>\$ 706,991</b>	<b>\$ 10,486,255</b>	<b>\$ 549,943</b>	<b>\$ 4,321,679</b>	<b>\$ 35,914,759</b>
<b>-- LIABILITIES AND FUND BALANCES --</b>										
<b>LIABILITIES:</b>										
Due to various taxing authorities and others	\$ 774,592	\$ (1,154)	\$ 66,755	\$ -	\$ 47	\$ (143)	\$ -	\$ -	\$ 30,306	\$ 870,403
<b>Total Liabilities</b>	<b>774,592</b>	<b>(1,154)</b>	<b>66,755</b>	<b>-</b>	<b>47</b>	<b>(143)</b>	<b>-</b>	<b>-</b>	<b>30,306</b>	<b>870,403</b>
<b>FUND BALANCES:</b>										
Restricted	-	7,366,966	-	1,489,192	704,316	707,134	372,284	549,943	4,286,677	15,476,512
Assigned	1,296,012	-	1,589,716	-	-	-	10,113,971	-	4,696	13,004,395
Unassigned	6,563,449	-	-	-	-	-	-	-	-	6,563,449
<b>Total Fund Balances</b>	<b>7,859,461</b>	<b>7,366,966</b>	<b>1,589,716</b>	<b>1,489,192</b>	<b>704,316</b>	<b>707,134</b>	<b>10,486,255</b>	<b>549,943</b>	<b>4,291,373</b>	<b>35,044,356</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,634,053</b>	<b>\$ 7,365,812</b>	<b>\$ 1,656,471</b>	<b>\$ 1,489,192</b>	<b>\$ 704,363</b>	<b>\$ 706,991</b>	<b>\$ 10,486,255</b>	<b>\$ 549,943</b>	<b>\$ 4,321,679</b>	<b>\$ 35,914,759</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, 2011**

	Major Funds								Non-Major Governmental Funds	Total Governmental Funds
	General	Road and Bridge	Law Enforcement	Road Tax	Assessment	Parks and Recreation	Capital Improvement	Debt Service		
<b>REVENUES :</b>										
Property taxes	\$ 1,032,088	\$ 4,980,189	\$ -	\$ -	\$ 990,200	\$ 815,116	\$ -	\$ -	\$ 2,745,285	\$ 10,562,878
Special assessments	-	-	-	-	-	-	-	-	-	167,865
Sales tax	10,134,331	539,216	10,134,310	7,259,136	-	-	-	-	-	28,066,993
Other taxes	718,894	2,962,370	-	-	8,850	6,727	-	-	2,643	3,699,484
Grants, distributions, and reimbursements	1,325,496	7,958,390	1,776,382	-	378,524	65,664	304,458	-	1,037,518	12,846,432
Fees, licenses and permits	8,186,725	399,043	457,525	-	8,112	148,842	-	-	1,039,478	10,239,725
Interest	9,742	2,625	678	2,143	212	305	141,122	417	4,157	161,401
Other	8,413	17,446	42,412	-	-	-	-	-	73,086	141,357
<b>Total Revenues</b>	<b>21,415,689</b>	<b>16,859,279</b>	<b>12,411,307</b>	<b>7,261,279</b>	<b>1,385,898</b>	<b>1,036,654</b>	<b>445,580</b>	<b>168,282</b>	<b>4,902,167</b>	<b>65,886,135</b>
<b>EXPENDITURES:</b>										
Current:										
General county government	10,654,728	-	-	-	-	-	-	-	51,784	10,706,512
Financial administration	539,797	-	-	-	-	-	-	-	45,050	584,847
Property valuation and recording	287,116	-	-	-	1,992,429	-	-	-	108,232	2,387,777
Administration of justice and law enforcement	6,193,038	-	13,644,580	-	-	-	-	-	496,863	20,334,481
Health and welfare	22,751	-	-	-	-	-	-	-	2,692,760	2,715,511
Maintenance of roads	-	9,292,460	-	-	-	-	-	-	-	9,292,460
Park maintenance	-	-	-	-	-	834,161	-	-	-	834,161
Community Development	-	-	-	-	-	-	-	-	932,876	932,876
Debt service:										
Principal payments	202,736	-	-	-	-	-	730,000	55,000	-	987,736
Interest and fiscal charges	103,185	-	-	-	-	-	877,698	98,589	-	1,079,472
Capital outlay:										
Construction of roads and bridges	-	4,866,357	-	8,167,091	-	-	-	-	-	13,033,448
Property, equipment and buildings	60,344	462,460	39,704	117,563	3,288	31,180	577,242	-	206,070	1,497,851
<b>Total Expenditures</b>	<b>18,063,695</b>	<b>14,621,277</b>	<b>13,684,284</b>	<b>8,284,654</b>	<b>1,995,717</b>	<b>865,341</b>	<b>2,184,940</b>	<b>153,589</b>	<b>4,533,635</b>	<b>64,387,132</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>										
	3,351,994	2,238,002	(1,272,977)	(1,023,375)	(609,819)	171,313	(1,739,360)	14,693	368,532	1,499,003
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfers in	1,062,262	801,153	1,663,781	-	247,259	-	894,763	-	22,693	4,691,911
Transfers out	(2,813,303)	-	-	(801,153)	-	-	-	(1,000)	(1,076,455)	(4,691,911)
Proceeds from the sale of property	24,454	17,889	400	-	-	-	-	-	-	42,743
<b>Total Other Financing Sources (Uses)</b>	<b>(1,726,587)</b>	<b>819,042</b>	<b>1,664,181</b>	<b>(801,153)</b>	<b>247,259</b>	<b>-</b>	<b>894,763</b>	<b>(1,000)</b>	<b>(1,053,762)</b>	<b>42,743</b>
<b>NET CHANGE IN FUND BALANCES</b>										
	1,625,407	3,057,044	391,204	(1,824,528)	(362,560)	171,313	(844,597)	13,693	(685,230)	1,541,746
<b>FUND BALANCES - BEGINNING OF YEAR, RESTATED</b>										
	6,234,054	4,309,922	1,198,512	3,313,720	1,066,876	535,821	11,330,852	536,250	4,976,603	33,502,610
<b>FUND BALANCES - END OF YEAR</b>										
	\$ 7,859,461	\$ 7,366,966	\$ 1,589,716	\$ 1,489,192	\$ 704,316	\$ 707,134	\$ 10,486,255	\$ 549,943	\$ 4,291,373	\$ 35,044,356

**THE COUNTY OF JEFFERSON, MISSOURI**

**STATEMENT OF FIDUCIARY NET ASSETS  
MODIFIED CASH BASIS - AGENCY FUNDS  
DECEMBER 31, 2011**

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	<b>Agency Funds</b>
<b>-- ASSETS --</b>	
Cash and cash equivalents	\$ 63,475,531
Due from Collector of Revenue	<u>4,408,396</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 67,883,927</u></b>
<b>-- LIABILITIES --</b>	
Due to various taxing authorities and others	\$ 55,270,330
Protested taxes	1,077,422
Funds held in trust	45,203
Due to other funds	<u>11,490,972</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 67,883,927</u></b>

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

### **NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2011**

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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.

In November 2008, the voters of the County approved converting to a charter form of government. Effective January 1, 2011, 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 Assets 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 Assets 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 reported in one column labeled "Non-major Governmental Funds". If applicable, the total fund balances for all governmental funds is reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balance for all

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

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

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governmental funds, if applicable, is reconciled to the total change in net assets 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 assets, 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 \$.0330 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.

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.

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

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

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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 2007 and 2010.

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 2004 and 2010.

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 assets/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 basis is a comprehensive 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 2011, sales tax receipts were insufficient to fully roll back the property tax levy. As a result, the county property tax was levied. The 2011 General Fund property tax levy is \$.0330 or slightly less than four (4) cents per \$100 of assessed valuation.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2011, for purposes of taxation was:

Real estate	\$2,318,579,037
Personal property	<u>675,779,990</u>
<u><b>\$2,994,359,027</b></u>	

During 2011 the County Council approved a \$0.5324 tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2011, for purposes of County taxation, as follows:

General revenue	\$.0330
Parks and recreation	\$.0279
Road and bridge	\$.2115
Health	\$.0742
Developmentally disabled	\$.0929
Mental Health	\$.0929

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

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

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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. Adoption of New Accounting Standards**

For the year ended December 31, 2011, the County adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements for this statement are effective for periods beginning after June 15, 2010.

#### **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, 2011.

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

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

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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, 2011.

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 Assets**

Net assets represents the difference between assets and liabilities. Net assets are 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 other net assets are reported as unrestricted. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The following net assets were reported as restricted:

## THE COUNTY OF JEFFERSON, MISSOURI

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

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Payment of principal and interest on Certificates of Participation	\$ 372,284
Payment of principal and interest on Neighborhood Improvement District bonds	<u>549,943</u>
Special revenue funds restricted by state statute:	
Road and Bridge	7,366,966
Road Tax	1,489,192
Assessment	704,316
Parks and Recreation	707,134
Police Officer Training	102,417
Post Commission	41,676
Sheriff Revolving	301,605
Inmate Security	187,764
Prosecuting Attorney Training	18,681
Prosecuting Attorney Delinquent Tax	100,044
Prosecuting Attorney Bad Check	5,313
Prosecuting Attorney Victim Advocate	7,925
SVDV	2,262
Recorder of Deeds	1,207,871
Mental Health	1,698,889
Jefferson County LEPC	20,871
Election Services	71,879
Tax Maintenance	518,323
Justice Assistance Grant	<u>1,157</u>
 Total special revenue funds restricted by state statute	 <u>14,554,285</u>
 Total Restricted Net Assets	 <u>\$ 15,476,512</u>

#### 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, 2011.

## 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, 2011, and reported at cost, are as follows:

<b>Type</b>	<b>Cost</b>
<b>Deposits:</b>	
Demand deposits	\$11,529,722
Cash on hand	575
Overnight (Sweep) Repurchase Account	68,913,000
Nonnegotiable certificates of deposit	11,360,162
<b>Investments:</b>	
Money Market Mutual Funds	<u>504,254</u>
Total Deposits and Investments	<u><u>\$92,307,713</u></u>
<b>Reconciliation to financial statements:</b>	
<b>Statement of Net Assets:</b>	
Cash and cash equivalents	\$16,636,131
Investments	11,360,162
Restricted cash and investments	835,889
<b>Statement of Fiduciary Net Assets:</b>	
Cash and cash equivalents	<u>63,475,531</u>
	<u><u>\$92,307,713</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, 2011, none of the County's bank balance of \$20,851,628 was exposed to custodial credit risk. In addition, as of December 31, 2011, \$68,913,000 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 does not have a policy for 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 has no formal investment policy that limits investment maturities 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, 2011 mature on January 2, 2012.

#### Investment Credit Risk

The County does not have policies in place to minimize credit risk, the risk of loss due to the failure of the security issuer. As of December 31, 2011, the County's investments were rated as follows:

<b>Investment</b>	<b>Rating</b>	<b>Amount</b>
Money Market Mutual Funds	AAAm	\$ 504,254

#### 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, 2011, 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, 2011, the following changes occurred in long-term debt:

	<b>Balance January 1, 2011</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2011</b>	<b>Amounts Due Within One Year</b>
Special Assessment Debt with Government Commitment: Neighborhood Improvement District Bonds	\$ 2,730,000	\$ -	\$ 55,000	\$ 2,675,000	\$ 145,000
Certificates of Participation	22,930,000	-	730,000	22,200,000	975,000
Capital lease	-	628,000	202,736	425,264	206,478
<b>Total</b>	<b>\$ 25,660,000</b>	<b>\$ 628,000</b>	<b>\$ 987,736</b>	<b>\$ 25,300,264</b>	<b>\$ 1,326,478</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 General Fund and Capital Improvement Fund. The capital lease is liquidated from the General Fund.

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

During 2004, Neighborhood Improvement District Bonds Series 2004 in the amount of \$1,430,000 were issued for the purpose of financing and refinancing the costs of improvements located in Buena Vista 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 at rates ranging from 2.00% to 5.00%, and are payable semiannually on March 1 and September 1 in each year.

The Bonds maturing on March 1, 2013 and thereafter are subject to redemption prior to maturity on March 1, 2012 and thereafter, in whole at any time or in part on any interest payment date, at the option of the County.

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 are payable semiannually on March 1 and September 1 in each.

The bonds maturing on March 1, 2020 and thereafter are subject to redemption prior to maturity on March 1, 2019 and thereafter, in whole at any time or in part on any interest payment date, at the option of the County.

The following is a schedule of future minimum payments of Special Assessment Debt at December 31, 2011:

<b>Year Ending December 31,</b>	<b>Principal Portion</b>	<b>Interest Portion</b>	<b>Total</b>
2012	\$ 145,000	\$ 100,837	\$ 245,837
2013	125,000	96,534	221,534
2014	125,000	92,287	217,287
2015	135,000	87,744	222,744
2016	135,000	82,863	217,863
2017 - 2021	770,000	328,489	1,098,489
2022 - 2026	720,000	156,680	876,680
2027 - 2030	520,000	47,699	567,699
	<b>\$ 2,675,000</b>	<b>\$ 993,133</b>	<b>\$ 3,668,133</b>

## THE COUNTY OF JEFFERSON, MISSOURI

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

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#### B. Certificates of Participation

On December 11, 2007, Certificates of Participation Series 2007 (“2007 COPS”) 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 (“2007 Lease”). The proceeds of the Series 2007 Certificates in the amount of \$18,930,000, were used to pay a portion of the costs of acquiring, constructing, furnishing, and equipping a new law enforcement administration building and juvenile detention facility and renovating the existing County jail.

The 2007 Lease provides for, among other things, rental income equal to 2007 COPS proceeds and a term that ends on the earlier of (a) the date when all the Series 2007 Certificates have been paid in full or provision for payment thereof has been made or (b) March 1, 2028. 2007 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 2007 Project for the remainder of the term of the 2007 Lease, and has the right to sublease its interest in the 2007 Lease upon such terms as it deems prudent. Terms of the 2007 Lease include, among other things, rental payments equal to the principal and interest amounts of the 2007 COPS issuance, the initial rental term, which ended January 1, 2008 with renewal options for twenty (20) renewal terms of one year in duration with the last term ending March 2, 2028, unless the County in its sole discretion exercises the option provided in the 2007 Lease to extend its term for each next succeeding Renewal Term. In addition, the 2007 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 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, 2011 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

## THE COUNTY OF JEFFERSON, MISSOURI

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

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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 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, 2011 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 to 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, 2011 under the Leases, assuming the agreements are renewed each year.

<b>Year Ending December 31,</b>	<b>Principal Portion</b>	<b>Interest Portion</b>	<b>Total</b>
2012	\$ 975,000	\$ 910,364	\$ 1,885,364
2013	1,020,000	874,665	1,894,665
2014	1,050,000	836,840	1,886,840
2015	1,090,000	797,050	1,887,050
2016	1,130,000	754,499	1,884,499
2017 - 2021	6,355,000	3,038,335	9,393,335
2022 - 2026	7,410,000	1,526,605	8,936,605
2027 - 2028	3,170,000	139,097	3,309,097
	<b>\$ 22,200,000</b>	<b>\$ 8,877,455</b>	<b>\$ 31,077,455</b>

#### 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.

## THE COUNTY OF JEFFERSON, MISSOURI

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

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#### 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:

2011 Assessed valuation	<u>\$ 2,994,359,027</u>
Debt limit - 10% of assessed valuation	\$ 299,435,903
Bonded indebtedness applicable to debt limit (Neighborhood Improvement District bonds)	(2,675,000)
Amount available in debt service fund	<u>549,943</u>
Legal debt margin	<u>\$ 297,310,846</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, 2011, \$188,006,910 of these Taxable Industrial Revenue Bonds have been issued and \$85,011,429 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 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.

## THE COUNTY OF JEFFERSON, MISSOURI

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

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#### 5. INTERFUND TRANSFERS

Transfers between funds for the year ended December 31, 2011 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Major Funds</u></b>		
General Fund:		
Law Enforcement Fund	\$ -	\$ 1,663,781
Capital Improvement Fund	-	894,763
Assessment Fund	-	247,259
Prosecuting Attorney Victim Advocate Fund	-	7,500
Debt Service Fund	1,000	-
Tax MaintenanceFund	<u>1,061,262</u>	-
Total General Fund	<u>1,062,262</u>	<u>2,813,303</u>
Law Enforcement:		
General Fund	<u>1,663,781</u>	-
Assessment Fund:		
General Fund	<u>247,259</u>	-
Road Tax Fund:		
Road and Bridge Fund	-	<u>801,153</u>
Road and Bridge Fund:		
Road Tax Fund	<u>801,153</u>	-
Capital Improvement Fund:		
General Fund	<u>894,763</u>	-
Debt Service Fund:		
General Fund	-	<u>1,000</u>
<b><u>Non-Major Funds (Special Revenue)</u></b>		
Tax Maintenance Fund:		
General Fund	-	<u>1,061,262</u>
PA Bad Check:		
PA Delinquent Tax Fund	<u>15,193</u>	-
PA Delinquent Tax Fund:		
PA Bad Check	-	<u>15,193</u>
Prosecuting Attorney Victim Advocate Fund:		
General Fund	<u>7,500</u>	-
Total Transfers	<u>\$ 4,691,911</u>	<u>\$ 4,691,911</u>

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 11.5% (general), 12.6% (police) and 12.6% (road) 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, 2011 were as follows:

Annual required contribution	\$2,904,473
Interest on net pension obligation	14,947
Adjustment to annual required contribution	<u>(10,684)</u>
Annual pension cost	2,908,736
Actual contributions	<u>2,645,975</u>
Increase (decrease) in NPO	262,761
NPO beginning of year	<u>199,293</u>
 NPO end of year	 <u>\$ 462,054</u>

The annual required contributed (ARC) was determined as part of the February 28, 2009 and February 28, 2010 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions 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

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

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

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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 2004 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, 2009 was 30 years for the General division, 30 years for the Police division, and 30 years for the Roads division. The amortization period as of February 30, 2010 was 30 years for the General division, 30 years for the Police division, and 30 years for the Roads division.

#### **Three Year Trend Information**

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<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
06/30/09	\$ 2,386,703	100%	\$ -
06/30/10	\$ 2,622,273	92.4%	\$ 199,293
06/30/11	\$ 2,908,736	91.0%	\$ 462,054

#### Funding Status and Funding Progress

As of February 28, 2011, the most recent actuarial valuation date, the plan was 84 percent funded. The actuarial accrued liability for benefits was \$53.7 million, and the actuarial value of assets was \$44.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$8.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$22.4 million, and the ratio of the UAAL to the covered payroll was 39 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.

## **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.

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

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

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#### **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><u>Year Ended December 31,</u></b>	<b><u>Employee Contributions</u></b>	<b><u>Statutory Charges</u></b>
2011	\$410,000	\$1,271,000
2010	360,000	1,303,000
2009	350,000	1,300,000

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

In accordance with state statute Chapter 56.807 RSMo, the County is required to transmit \$7,752 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.

Under the American Recovery and Reinvestment Act of 2009, certain individuals who are eligible for COBRA continuation health coverage, or similar coverage under state law, may receive a subsidy for 65 percent of the premium. These individuals are required to pay only 35 percent of the premium. The County may recover the subsidy provided to assistance-eligible individuals by taking the subsidy amount as a credit on the County's quarterly employment tax return. The County may provide the subsidy, and take the credit on the County's quarterly employment tax return, only after the County has received the 35 percent premium payment from the individual.

### **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, 2011 financial statements for any such claims and lawsuits.

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

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

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#### **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 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, 2011.

#### **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.

#### **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.

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

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

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#### **11. RISK MANAGEMENT**

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

The County is a member participant in a public entity risk pool which is a corporate and political body 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 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.

#### **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.

## THE COUNTY OF JEFFERSON, MISSOURI

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

	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	\$ -	\$ 7,366,966	\$ -	\$ 1,489,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,856,158
Assessment	-	-	-	-	704,316	-	-	-	-	-	-	704,316
Parks and recreation	-	-	-	-	-	707,134	-	-	-	-	-	707,134
Debt service - COPS	-	-	-	-	-	-	372,284	-	-	-	-	372,284
Debt service - NIDS	-	-	-	-	-	-	-	549,943	-	-	-	549,943
Police officer training	-	-	-	-	-	-	-	-	-	102,417	102,417	
Post commission	-	-	-	-	-	-	-	-	-	41,676	41,676	
Sheriff revolving fund	-	-	-	-	-	-	-	-	-	301,605	301,605	
Inmate security	-	-	-	-	-	-	-	-	-	187,764	187,764	
Prosecuting attorney training	-	-	-	-	-	-	-	-	-	18,681	18,681	
Prosecuting attorney delinquent tax fund	-	-	-	-	-	-	-	-	-	100,044	100,044	
Prosecuting attorney bad check fund	-	-	-	-	-	-	-	-	-	5,313	5,313	
Prosecuting attorney victim advocate fund	-	-	-	-	-	-	-	-	-	7,925	7,925	
SVDV fund	-	-	-	-	-	-	-	-	-	2,262	2,262	
Recorder of deeds	-	-	-	-	-	-	-	-	-	1,207,871	1,207,871	
Mental health fund	-	-	-	-	-	-	-	-	-	1,698,889	1,698,889	
Jeff Co LEPC	-	-	-	-	-	-	-	-	-	20,871	20,871	
Election services	-	-	-	-	-	-	-	-	-	71,879	71,879	
Tax maintenance	-	-	-	-	-	-	-	-	-	518,323	518,323	
JAG grant	-	-	-	-	-	-	-	-	-	1,157	1,157	
Assigned for:												
Prosecuting attorney forfeitures	16,470	-	-	-	-	-	-	-	-	-	-	16,470
Courthouse beautification	1,988	-	-	-	-	-	-	-	-	-	-	1,988
County discretionary fund	11,420	-	-	-	-	-	-	-	-	-	-	11,420
Animal control donations	11,900	-	-	-	-	-	-	-	-	-	-	11,900
Subsequent year's budget deficit	1,254,234	-	-	-	-	-	-	-	-	-	-	1,254,234
Drug forfeiture	-	-	82,953	-	-	-	-	-	-	-	-	82,953
Sheriff's commissary fund	-	-	42,315	-	-	-	-	-	-	-	-	42,315
Sheriff equipment donation fund	-	-	1,002	-	-	-	-	-	-	-	-	1,002
Prisoner phone fund	-	-	194,510	-	-	-	-	-	-	-	-	194,510
Police memorial fund	-	-	9,573	-	-	-	-	-	-	-	-	9,573
Dare fund	-	-	2,901	-	-	-	-	-	-	-	-	2,901
Sheriff's recreation fund	-	-	8,510	-	-	-	-	-	-	-	-	8,510
JCMEG asset forfeiture fund	-	-	68	-	-	-	-	-	-	-	-	68
Law enforcement	-	-	1,247,884	-	-	-	-	-	-	-	-	1,247,884
Capital improvements	-	-	-	-	-	-	10,113,971	-	-	4,696	10,118,667	
Unassigned	6,563,449	-	-	-	-	-	-	-	-	-	-	6,563,449
	\$ 7,859,461	\$ 7,366,966	\$ 1,589,716	\$ 1,489,192	\$ 704,316	\$ 707,134	\$ 10,486,255	\$ 549,943	\$ 4,291,373	\$ 35,044,356		

### 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 GAAP for state and local governments.

In November 2010, the GASB issued Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This Statement also clarifies the reporting

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

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

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of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The requirements of this Statement are effective for periods beginning after June 15, 2012.

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

#### **14. PRIOR PERIOD ADJUSTMENT**

As discussed in Note 1, the County implemented GASB 54 during the year ended December 31, 2011. As a result, some funds that were maintained as special revenue funds for accounting purposes do not meet the criteria for separate reporting in external financial statements and therefore should be presented as part of the general fund, law enforcement fund or debt service fund.

	<b>General Fund</b>	<b>Law Enforcement Fund</b>	<b>Debt Service Fund</b>	<b>Non-Major Governmental Funds</b>
Beginning fund balance, as previously reported	\$ 6,193,336	\$ 821,033	\$ 242,379	\$ 5,688,671
Adjustment for GASB 54 implementation:				
Drug Forfeiture Fund	-	139,601	-	(139,601)
Sheriff's Commissary Fund	-	33,825	-	(33,825)
Sheriff Equipment Donation Fund	-	2,451	-	(2,451)
Prisoner Phone Fund	-	177,819	-	(177,819)
Police Memorial Fund	-	8,472	-	(8,472)
Dare Donations Fund	-	2,899	-	(2,899)
Sheriff Reserve Fund	-	1,430	-	(1,430)
Prosecuting Attorney Forfeiture Fund	16,470	-	-	(16,470)
Courthouse Beautification Fund	4,499	-	-	(4,499)
Discretionary Fund	9,243	-	-	(9,243)
Animal Donations Fund	10,506	-	-	(10,506)
JCMEG Asset Forfeiture Fund	-	68	-	(68)
Sheriff Recreation Fund	-	10,914	-	(10,914)
Neighborhood Improvement District Fund	-	-	293,871	(293,871)
Beginning fund balance, restated	<u><u>\$ 6,234,054</u></u>	<u><u>\$ 1,198,512</u></u>	<u><u>\$ 536,250</u></u>	<u><u>\$ 4,976,603</u></u>

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**Other 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, 2011**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>	
				<b>Final Budget</b>	<b>Final Budget</b>
<b>REVENUES:</b>					
Property taxes	\$ 436,820	\$ 436,820	\$ 1,032,088	\$ 595,268	
Sales tax	9,562,238	9,562,238	10,134,331	572,093	
Other taxes	733,942	733,942	718,894	(15,048)	
Grants, distributions and reimbursements	1,704,184	1,799,232	1,325,496	(473,736)	
Fees, licenses and permits	8,324,456	8,324,456	8,186,725	(137,731)	
Interest	17,807	17,807	9,742	(8,065)	
Other	3,600	3,600	8,413	4,813	
<b>Total Revenues</b>	<b>20,783,047</b>	<b>20,878,095</b>	<b>21,415,689</b>	<b>537,594</b>	
<b>EXPENDITURES:</b>					
Current:					
General county government	11,415,835	11,509,953	10,654,728	855,225	
Financial administration	563,355	563,355	539,797	23,558	
Property valuation and recording	288,511	288,511	287,116	1,395	
Administration of justice and law enforcement	6,546,946	6,535,601	6,193,038	342,563	
Health and welfare	30,400	30,400	22,751	7,649	
Community development	248,494	248,494	-	248,494	
Debt service:					
Principal payments	39,000	39,000	202,736	(163,736)	
Interest and fiscal charges	146,425	146,425	103,185	43,240	
Capital outlay:					
Property, equipment and buildings	376,983	389,238	60,344	328,894	
<b>Total Expenditures</b>	<b>19,655,949</b>	<b>19,750,977</b>	<b>18,063,695</b>	<b>1,687,282</b>	
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,127,098</b>	<b>1,127,118</b>	<b>3,351,994</b>	<b>2,224,876</b>	
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	1,061,000	1,061,000	1,062,262	1,262	
Transfers out	(3,504,303)	(3,504,303)	(2,813,303)	691,000	
Proceeds from the sale of property	-	-	24,454	24,454	
<b>Total Other Financing Sources (Uses)</b>	<b>(2,443,303)</b>	<b>(2,443,303)</b>	<b>(1,726,587)</b>	<b>716,716</b>	
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,316,205)</b>	<b>\$ (1,316,185)</b>	<b>\$ 1,625,407</b>	<b>\$ 2,941,592</b>	
<b>FUND BALANCE - BEGINNING OF YEAR - RESTATED</b>				<b>6,234,054</b>	
<b>FUND BALANCE - END OF YEAR</b>				<b>\$ 7,859,461</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, 2011**

	Budgeted Amounts		Variance With Final Budget
	Original	Final	Positive (Negative)

**EXPENDITURES:**

Current:

General County Government:

Animal Control	\$ 407,282	\$ 407,282	\$ 332,369	\$ 74,913
Auditor	187,495	187,495	180,826	6,669
Board of Equalization	3,000	3,000	2,150	850
Building Department	675,716	681,216	627,305	53,911
Code Enforcement	164,427	184,427	170,362	14,065
County Agencies	13,500	28,500	25,000	3,500
County Clerk	510,017	510,017	412,246	97,771
County Council	42,000	40,132	33,712	6,420
County Executive	263,345	239,929	204,713	35,216
Economic Development	57,500	57,500	57,500	-
Emergency Management	171,496	198,380	147,909	50,471
Facility Services	1,185,126	1,185,126	1,134,012	51,114
Fleet Services	1,188,057	1,188,057	1,366,438	(178,381)
General Services	738,462	733,842	727,710	6,132
Information Technology	1,251,363	1,253,351	1,173,212	80,139
Insurance - Health	1,420,258	1,420,258	1,291,905	128,353
Insurance - Other	169,020	169,020	154,235	14,785
Insurance - Workmen's Compensation	137,000	122,000	103,418	18,582
Land Use and Development	343,666	413,316	287,334	125,982
Missouri University				
Extension Services	73,500	73,500	73,500	-
Organizations	42,000	42,000	38,293	3,707
Other	354,578	354,578	266,239	88,339
Payroll Taxes and Retirement	1,790,718	1,790,718	1,644,907	145,811
Planning and Zoning	226,309	226,309	199,433	26,876
	<u>11,415,835</u>	<u>11,509,953</u>	<u>10,654,728</u>	<u>855,225</u>

Financial Administration:

Collector	419,184	419,184	394,862	24,322
Treasurer	144,171	144,171	144,935	(764)
	<u>563,355</u>	<u>563,355</u>	<u>539,797</u>	<u>23,558</u>

**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, 2011**

	<b>Budgeted Amounts</b>		<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Positive (Negative)</b>
<b>Property Valuation and Recording:</b>			
Recorder of Deeds	288,511	288,511	287,116
			<u>1,395</u>
<b>Administration of Justice and Law</b>			
Enforcement:			
Circuit Clerk	23,660	23,435	24,141
Circuit Courts	131,161	120,315	113,775
Family Court	149,100	148,430	49,162
Jury Script	354,500	354,500	308,216
Juvenile Office	3,081,406	3,081,802	2,987,187
Medical Examiner	307,968	307,968	307,968
Municipal Court	296,601	296,601	298,320
Prosecuting Attorney	2,000,912	2,000,912	1,904,083
Public Administrator	201,638	201,638	200,186
	<u>6,546,946</u>	<u>6,535,601</u>	<u>6,193,038</u>
			<u>342,563</u>
Health and welfare	30,400	30,400	22,751
			<u>7,649</u>
Community Development	248,494	248,494	-
			<u>248,494</u>
<b>Debt Service:</b>			
Principal payments	39,000	39,000	202,736
Interest and fiscal charges	146,425	146,425	103,185
	<u>185,425</u>	<u>185,425</u>	<u>305,921</u>
			<u>(120,496)</u>
<b>Capital Outlay:</b>			
Property, equipment & buildings	376,983	389,238	60,344
	<u>376,983</u>	<u>389,238</u>	<u>60,344</u>
			<u>328,894</u>
<b>Total Expenditures</b>	<b>\$ 19,655,949</b>	<b>\$ 19,750,977</b>	<b>\$ 18,063,695</b>
			<b>\$ 1,687,282</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, 2011**

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	<b>Budgeted Amounts</b>			<b>Variance With Final Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>	
<b>REVENUES:</b>					
Property taxes	\$ 4,493,704	\$ 4,493,704	\$ 4,980,189	\$ 486,485	
Sales tax	482,068	482,068	539,216	57,148	
Other taxes	2,949,265	2,949,265	2,962,370	13,105	
Grants, distributions and reimbursements	8,911,400	8,911,400	7,958,390	(953,010)	
Fees, licenses and permits	394,915	394,915	399,043	4,128	
Interest	2,871	2,871	2,625	(246)	
Other	11,695	11,695	17,446	5,751	
<b>Total Revenues</b>	<b>17,245,918</b>	<b>17,245,918</b>	<b>16,859,279</b>	<b>(386,639)</b>	
<b>EXPENDITURES:</b>					
Current:					
Maintenance of Roads:					
Salaries	5,616,289	5,541,289	5,137,786	403,503	
Office expense	7,600	7,600	3,283	4,317	
Miscellaneous	16,200	16,200	6,240	9,960	
Uniforms	33,000	33,000	20,681	12,319	
Medical expense	12,000	12,000	5,243	6,757	
Safety equipment & supplies	35,000	35,000	22,709	12,291	
Parts and repairs	825,000	825,000	747,511	77,489	
Building maintenance and repairs	151,000	151,000	35,818	115,182	
Utilities	114,000	114,000	84,981	29,019	
Insurance	1,180,171	1,180,171	1,054,722	125,449	
Payroll taxes	439,090	439,090	405,344	33,746	
Pension	660,000	660,000	603,473	56,527	
Training	19,500	19,500	5,703	13,797	
Property and buildings	265,000	265,000	253,845	11,155	
C.A.R.T	175,000	175,000	137,655	37,345	
Vehicle expenses	695,250	770,250	767,466	2,784	
Capital outlay:					
Property, equipment and buildings:					
Equipment	676,729	676,729	456,065	220,664	
Right-of-way	357,000	357,000	6,395	350,605	
Construction of roads and bridges:					
Contractual service	6,630,481	6,630,481	3,598,580	3,031,901	
Road materials	1,681,390	1,681,390	1,000,956	680,434	
Equipment rental	25,000	25,000	7,331	17,669	
Sign material	50,000	50,000	49,982	18	
Engineering fees	892,000	892,000	209,508	682,492	
<b>Total Expenditures</b>	<b>20,556,700</b>	<b>20,556,700</b>	<b>14,621,277</b>	<b>5,935,423</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 - UNAUDITED (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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				Variance With Final Budget
		Budgeted Amounts		Positive (Negative)
		Original	Final	Actual
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		(3,310,782)	(3,310,782)	2,238,002
				<u>5,548,784</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in		801,153	801,153	801,153
Proceeds from the sale of property		-	-	17,889
<b>Total Other Financing Sources</b>		<u>801,153</u>	<u>801,153</u>	<u>819,042</u>
<b>NET CHANGE IN FUND BALANCE</b>		<u><u>\$ (2,509,629)</u></u>	<u><u>\$ (2,509,629)</u></u>	<u><u>3,057,044</u></u>
				<u><u>\$ 5,566,673</u></u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>				<u><u>4,309,922</u></u>
<b>FUND BALANCE - END OF YEAR</b>				<u><u>\$ 7,366,966</u></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, 2011**

					Variance With Final Budget Positive (Negative)
		<b>Budgeted Amounts</b>			
		<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES:</b>					
Sales tax		\$ 9,562,135	\$ 9,562,135	\$ 10,134,310	\$ 572,175
Grants, distributions and reimbursements		1,796,012	1,815,778	1,776,382	(39,396)
Fees, licenses and permits		483,241	483,241	457,525	(25,716)
Interest		1,311	1,311	678	(633)
Other		168,171	168,171	42,412	(125,759)
<b>Total Revenues</b>		<b>12,010,870</b>	<b>12,030,636</b>	<b>12,411,307</b>	<b>380,671</b>
<b>EXPENDITURES:</b>					
Current:					
Administration of Justice and Law Enforcement:					
Salaries		8,665,574	8,706,829	8,593,042	113,787
Payroll taxes		642,648	645,919	650,111	(4,192)
Leased vehicles		72,000	72,000	64,767	7,233
Office expense		50,000	50,000	50,254	(254)
Contractual services		516,272	520,919	489,571	31,348
Professional services		34,000	34,000	30,000	4,000
Uniforms		32,950	32,950	31,025	1,925
Utilities		97,106	97,106	79,275	17,831
Insurance		1,829,993	1,834,891	1,643,285	191,606
Pension		1,045,253	1,050,640	991,964	58,676
Training		52,250	52,250	25,117	27,133
Other		666,190	628,309	351,444	276,865
Institutional placement		15,000	155,000	85,575	69,425
Prisoner medical expense		24,239	24,239	4,990	19,249
Prisoner transport		60,000	60,000	48,299	11,701
Prisoner food		507,185	507,185	443,705	63,480
Jail expense		65,000	65,000	59,036	5,964
Vehicle expense		3,120	3,120	3,120	-
Capital outlay:					
Property, equipment and buildings		167,300	165,489	39,704	125,785
<b>Total Expenditures</b>		<b>14,546,080</b>	<b>14,705,846</b>	<b>13,684,284</b>	<b>1,021,562</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>		<b>(2,535,210)</b>	<b>(2,675,210)</b>	<b>(1,272,977)</b>	<b>1,402,233</b>
<b>OTHER FINANCING SOURCES:</b>					
Transfers in		1,663,781	1,663,781	1,663,781	-
Proceeds from the sale of property		-	-	400	400
<b>Total Other Financing Sources</b>		<b>1,663,781</b>	<b>1,663,781</b>	<b>1,664,181</b>	<b>400</b>
<b>NET CHANGE IN FUND BALANCE</b>		<b>\$ (871,429)</b>	<b>\$ (1,011,429)</b>	<b>391,204</b>	<b>\$ 1,402,633</b>
<b>FUND BALANCE - BEGINNING OF YEAR, RESTATED</b>				<b>1,198,512</b>	
<b>FUND BALANCE - END OF YEAR</b>				<b>\$ 1,589,716</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, 2011**

	<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	\$ 6,891,561	\$ 6,891,561	\$ 7,259,136	\$ 367,575
Interest	6,600	6,600	2,143	(4,457)
<b>Total Revenues</b>	<b>6,898,161</b>	<b>6,898,161</b>	<b>7,261,279</b>	<b>363,118</b>
<b>EXPENDITURES:</b>				
Capital outlay:				
Property, equipment and buildings:				
Right of way	282,000	282,000	117,563	164,437
Construction of roads and bridges:				
Contractual services	6,081,329	6,081,329	5,667,837	413,492
Road materials	2,307,974	2,307,974	2,307,737	237
Equipment rental	75,000	75,000	11,353	63,647
Sign material	70,000	70,000	68,957	1,043
Engineering fees	518,000	518,000	111,207	406,793
<b>Total Expenditures</b>	<b>9,334,303</b>	<b>9,334,303</b>	<b>8,284,654</b>	<b>1,049,649</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(2,436,142)</b>	<b>(2,436,142)</b>	<b>(1,023,375)</b>	<b>1,412,767</b>
<b>OTHER FINANCING USES:</b>				
Transfers out	(801,444)	(801,444)	(801,153)	291
<b>Total Other Financing Uses</b>	<b>(801,444)</b>	<b>(801,444)</b>	<b>(801,153)</b>	<b>291</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (3,237,586)</b>	<b>\$ (3,237,586)</b>	<b>\$ (1,824,528)</b>	<b>\$ 1,413,058</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<b>3,313,720</b>	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 1,489,192</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, 2011**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>	
				<b>Final Budget</b>	<b>Final Budget</b>
<b>REVENUES:</b>					
Property taxes	\$ 1,347,440	\$ 1,347,440	\$ 990,200	\$ (357,240)	(357,240)
Other taxes	8,501	8,501	8,850	349	349
Grants, distributions and reimbursements	429,640	429,640	378,524	(51,116)	(51,116)
Fees, licenses and permits	7,500	7,500	8,112	612	612
Interest	590	590	212	(378)	(378)
<b>Total Revenues</b>	<b>1,793,671</b>	<b>1,793,671</b>	<b>1,385,898</b>	<b>(407,773)</b>	<b>(407,773)</b>
<b>EXPENDITURES:</b>					
Current:					
Property Valuation and Recording:					
Salaries	1,441,686	1,441,686	1,412,599	29,087	29,087
Office	12,000	12,000	9,446	2,554	2,554
Contractual services	25,000	25,000	16,329	8,671	8,671
Miscellaneous	6,100	6,100	3,585	2,515	2,515
Mileage	12,000	12,000	6,588	5,412	5,412
Utilities	1,100	1,100	642	458	458
Insurance	216,393	216,393	210,028	6,365	6,365
Postage	50,000	50,000	48,838	1,162	1,162
Payroll taxes	114,677	114,677	108,199	6,478	6,478
Pension	163,084	163,084	157,311	5,773	5,773
Professional services	30,000	26,712	15,050	11,662	11,662
Training	6,000	6,000	3,814	2,186	2,186
Capital outlay:					
Property, equipment and buildings	-	3,288	3,288	-	-
<b>Total Expenditures</b>	<b>2,078,040</b>	<b>2,078,040</b>	<b>1,995,717</b>	<b>82,323</b>	<b>82,323</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>					
	(284,369)	(284,369)	(609,819)	(325,450)	(325,450)
<b>OTHER FINANCING SOURCES:</b>					
Transfers in	247,259	247,259	247,259	-	-
<b>Total Other Financing Sources</b>	<b>247,259</b>	<b>247,259</b>	<b>247,259</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (37,110)</b>	<b>\$ (37,110)</b>	<b>\$ (362,560)</b>	<b>\$ (325,450)</b>	<b>\$ (325,450)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<b>1,066,876</b>		
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 704,316</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, 2011**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
				<b>Positive</b>	<b>(Negative)</b>
<b>REVENUES:</b>					
Property taxes	\$ 810,265	\$ 810,265	\$ 815,116	\$ 4,851	
Other taxes	5,810	5,810	6,727		917
Grants, distributions and reimbursements	4,800	4,800	65,664		60,864
Fees, licenses and permits	169,057	169,057	148,842		(20,215)
Interest	433	433	305		(128)
<b>Total Revenues</b>	<b>990,365</b>	<b>990,365</b>	<b>1,036,654</b>		<b>46,289</b>
<b>EXPENDITURES:</b>					
Current:					
Park Maintenance:					
Salaries	532,993	532,993	506,905		26,088
Office	1,500	1,500	1,057		443
Contractual services	46,400	46,400	41,148		5,252
Miscellaneous	25,650	25,650	11,682		13,968
Uniforms	1,300	1,300	1,122		178
Medical expense	900	900	1,078		(178)
Parts and repairs	11,000	14,000	10,964		3,036
Rent	800	800	-		800
Utilities	35,739	35,739	22,696		13,043
Insurance	88,347	88,347	86,348		1,999
Payroll taxes	42,274	42,274	41,038		1,236
Pension	57,686	57,686	49,143		8,543
Supplies	5,500	5,500	2,569		2,931
Professional services	12,000	12,000	2,950		9,050
Training	500	500	310		190
Park programs	29,000	29,000	26,435		2,565
Park development	77,548	77,548	-		77,548
Vehicle expense	24,000	32,250	28,716		3,534
Capital outlay:					
Property, equipment and buildings	44,800	33,550	31,180		2,370
<b>Total Expenditures</b>	<b>1,037,937</b>	<b>1,037,937</b>	<b>865,341</b>		<b>172,596</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (47,572)</b>	<b>\$ (47,572)</b>	<b>171,313</b>	<b>\$ 218,885</b>	
<b>FUND BALANCE - BEGINNING OF YEAR</b>				<b>535,821</b>	
<b>FUND BALANCE - END OF YEAR</b>				<b>\$ 707,134</b>	

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

### **NOTES TO BUDGETARY SCHEDULES DECEMBER 31, 2011**

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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.

**THE COUNTY OF JEFFERSON, MISSOURI**

**SCHEDULE OF FUNDING PROGRESS - LAGERS RETIREMENT SYSTEM  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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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
02/28/09	\$38,074,810	\$47,336,364	\$9,261,554	80%	\$22,997,842	40%
02/28/10	\$41,318,694	\$49,583,967	\$8,265,273	83%	\$23,081,526	36%
02/28/11	\$44,847,275	\$53,670,493	\$8,823,218	84%	\$22,422,201	39%

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.

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**Additional Supplementary Information**

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**THE COUNTY OF JEFFERSON, MISSOURI**

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS -  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

Combined Nonmajor Special Revenue Funds	Nonmajor County Building Capital Projects Fund	Total Nonmajor Governmental Funds
---	--	--

**-- ASSETS --**

Cash and cash equivalents	\$ 2,079,179	\$ 4,696	\$ 2,083,875
Investments	735,000	-	735,000
Due from Collector of Revenue	1,500,004	-	1,500,004
Due from Prosecuting Attorney	2,800	-	2,800
<b>TOTAL ASSETS</b>	<b>\$ 4,316,983</b>	<b>\$ 4,696</b>	<b>\$ 4,321,679</b>

**-- LIABILITIES AND FUND BALANCES --**

Due to other taxing authorities and others	\$ 30,306	\$ -	\$ 30,306
<b>TOTAL LIABILITIES</b>	<b>30,306</b>	<b>-</b>	<b>30,306</b>
Fund Balances:			
Restricted	4,286,677	-	4,286,677
Assigned	-	4,696	4,696
<b>Total Fund Balances</b>	<b>4,286,677</b>	<b>4,696</b>	<b>4,291,373</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,316,983</b>	<b>\$ 4,696</b>	<b>\$ 4,321,679</b>

**THE COUNTY OF JEFFERSON, MISSOURI**

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS -  
NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
DECEMBER 31, 2011**

	<b>Police Officer Training Fund</b>	<b>Post Commission Fund</b>	<b>Sheriff Revolving Fund</b>	<b>Inmate Security Fund</b>	<b>Pros Atty Training Fund</b>	<b>Pros Atty Delinquent Tax Fund</b>	<b>Pros Atty Bad Check Fund</b>	<b>Pros Atty Victim Advocate Fund</b>	<b>SVDV Fund</b>
<b>-- ASSETS --</b>									
Cash and cash equivalents	\$ 102,417	\$ 41,676	\$ 301,605	\$ 187,764	\$ 18,681	\$ 100,044	\$ 3,326	\$ 7,925	\$ 2,262
Investments	-	-	-	-	-	-	-	-	-
Due from Collector of Revenue	-	-	-	-	-	-	-	-	-
Due from Prosecuting Attorney	-	-	-	-	-	-	2,800	-	-
<b>TOTAL ASSETS</b>	<b>\$ 102,417</b>	<b>\$ 41,676</b>	<b>\$ 301,605</b>	<b>\$ 187,764</b>	<b>\$ 18,681</b>	<b>\$ 100,044</b>	<b>\$ 6,126</b>	<b>\$ 7,925</b>	<b>\$ 2,262</b>
<b>-- LIABILITIES AND FUND BALANCES --</b>									
Due to other tax authorities and others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 813	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>813</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>									
Restricted	102,417	41,676	301,605	187,764	18,681	100,044	5,313	7,925	2,262
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 102,417</b>	<b>\$ 41,676</b>	<b>\$ 301,605</b>	<b>\$ 187,764</b>	<b>\$ 18,681</b>	<b>\$ 100,044</b>	<b>\$ 6,126</b>	<b>\$ 7,925</b>	<b>\$ 2,262</b>

**THE COUNTY OF JEFFERSON, MISSOURI**

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS -  
NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS) (CONTINUED)  
DECEMBER 31, 2011**

	Recorder's Fund	Mental Health Fund	Jeff Co LEPC Fund	Election Services Fund	Tax Maintenance Fund	Justice Assistance Grant Fund	Economic Development Fund	Total
<b>-- ASSETS --</b>								
Cash and cash equivalents	\$ 502,364	\$ 217,665	\$ 20,871	\$ 71,879	\$ 499,543	\$ 1,157	\$ -	\$ 2,079,179
Investments	735,000	-	-	-	-	-	-	735,000
Due from Collector of Revenue	-	1,481,224	-	-	18,780	-	-	1,500,004
Due from Prosecuting Attorney	-	-	-	-	-	-	-	2,800
<b>TOTAL ASSETS</b>	<b>\$ 1,237,364</b>	<b>\$ 1,698,889</b>	<b>\$ 20,871</b>	<b>\$ 71,879</b>	<b>\$ 518,323</b>	<b>\$ 1,157</b>	<b>\$ -</b>	<b>\$ 4,316,983</b>
<b>- LIABILITIES AND FUND BALANCES --</b>								
Due to other tax authorities and others	\$ 29,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,306
<b>TOTAL LIABILITIES</b>	<b>29,493</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,306</b>
<b>FUND BALANCES</b>								
Restricted	1,207,871	1,698,889	20,871	71,879	518,323	1,157	-	4,286,677
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,237,364</b>	<b>\$ 1,698,889</b>	<b>\$ 20,871</b>	<b>\$ 71,879</b>	<b>\$ 518,323</b>	<b>\$ 1,157</b>	<b>\$ -</b>	<b>\$ 4,316,983</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, 2011**

	Combined Nonmajor Special Revenue Funds	Nonmajor County Building Capital Projects Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>			
Property taxes	\$ 2,745,285	\$ -	\$ 2,745,285
Other taxes	2,643	-	2,643
Grants, distributions and reimbursements	1,037,518	-	1,037,518
Fees, licenses and permits	1,039,478	-	1,039,478
Interest	4,146	11	4,157
Other	250	72,836	73,086
<b>Total Revenues</b>	<b>4,829,320</b>	<b>72,847</b>	<b>4,902,167</b>
<b>EXPENDITURES:</b>			
Current:			
General county government	51,784	-	51,784
Financial administration	45,050	-	45,050
Property valuation and recording	108,232	-	108,232
Administration of justice and law enforcement	496,863	-	496,863
Health and welfare	2,692,760	-	2,692,760
Community development	932,876	-	932,876
Capital outlay:			
Property, equipment and buildings	122,132	83,938	206,070
<b>Total Expenditures</b>	<b>4,449,697</b>	<b>83,938</b>	<b>4,533,635</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>			
	379,623	(11,091)	368,532
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	22,693	-	22,693
Transfers out	(1,076,455)	-	(1,076,455)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,053,762)</b>	<b>-</b>	<b>(1,053,762)</b>
<b>NET CHANGE IN FUND BALANCES</b>			
	(674,139)	(11,091)	(685,230)
<b>FUND BALANCES - BEGINNING OF YEAR, RESTATED</b>			
	4,960,816	15,787	4,976,603
<b>FUND BALANCES - END OF YEAR</b>			
	<b>\$ 4,286,677</b>	<b>\$ 4,696</b>	<b>\$ 4,291,373</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, 2011**

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Grants, distributions and reimbursements	-	19,813	-	-	-	3	-	30,345	-
Fees, licenses and permits	44,875	-	145,328	44,887	11,191	52,344	101,343	-	85,142
Interest	62	16	181	94	10	80	3	6	-
Other	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>44,937</b>	<b>19,829</b>	<b>145,509</b>	<b>44,981</b>	<b>11,201</b>	<b>52,427</b>	<b>101,346</b>	<b>30,351</b>	<b>85,142</b>
<b>EXPENDITURES:</b>									
Current:	-	-	-	-	-	-	-	-	-
General county government	-	-	-	-	-	-	-	-	-
Financial administration	-	-	-	-	-	-	-	-	-
Property valuation and recording	-	-	-	-	-	-	-	-	-
Administration of justice and law enforcement	54,139	8,250	123,399	780	7,726	62,763	119,729	31,755	85,020
Health and welfare	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-
Capital outlay:	-	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	2,110	-	-	30,775	-	-	-
<b>Total Expenditures</b>	<b>54,139</b>	<b>8,250</b>	<b>125,509</b>	<b>780</b>	<b>7,726</b>	<b>93,538</b>	<b>119,729</b>	<b>31,755</b>	<b>85,020</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(9,202)</b>	<b>11,579</b>	<b>20,000</b>	<b>44,201</b>	<b>3,475</b>	<b>(41,111)</b>	<b>(18,383)</b>	<b>(1,404)</b>	<b>122</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	-	-	-	-	-	-	15,193	7,500	-
Transfers out	-	-	-	-	-	(15,193)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,193)</b>	<b>15,193</b>	<b>7,500</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(9,202)</b>	<b>11,579</b>	<b>20,000</b>	<b>44,201</b>	<b>3,475</b>	<b>(56,304)</b>	<b>(3,190)</b>	<b>6,096</b>	<b>122</b>
<b>FUND BALANCES - BEGINNING OF YEAR, RESTATED</b>	<b>111,619</b>	<b>30,097</b>	<b>281,605</b>	<b>143,563</b>	<b>15,206</b>	<b>156,348</b>	<b>8,503</b>	<b>1,829</b>	<b>2,140</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 102,417</b>	<b>\$ 41,676</b>	<b>\$ 301,605</b>	<b>\$ 187,764</b>	<b>\$ 18,681</b>	<b>\$ 100,044</b>	<b>\$ 5,313</b>	<b>\$ 7,925</b>	<b>\$ 2,262</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, 2011**

	Recorder's Fund	Mental Health Fund	Jeff Co LEPC Fund	Election Services Fund	Tax Maintenance Fund	Justice Assistance Grant Fund	Economic Development Fund	Total
<b>REVENUES:</b>								
Property taxes	\$ -	\$ 2,745,285	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,745,285
Other taxes	-	2,643	-	-	-	-	-	2,643
Grants, distributions and reimbursements	-	-	13,454	24,329	-	16,698	932,876	1,037,518
Fees, licenses and permits	146,071	-	-	17,978	390,319	-	-	1,039,478
Interest	2,687	670	10	38	286	3	-	4,146
Other	-	-	250	-	-	-	-	250
<b>Total Revenues</b>	<b>148,758</b>	<b>2,748,598</b>	<b>13,714</b>	<b>42,345</b>	<b>390,605</b>	<b>16,701</b>	<b>932,876</b>	<b>4,829,320</b>
<b>EXPENDITURES:</b>								
Current:								
General county government	-	-	-	51,784	-	-	-	51,784
Financial administration	-	-	-	-	45,050	-	-	45,050
Property valuation and recording	108,232	-	-	-	-	-	-	108,232
Administration of justice and law enforcement	-	-	-	-	-	3,302	-	496,863
Health and welfare	-	2,682,464	10,296	-	-	-	-	2,692,760
Community development	-	-	-	-	-	-	932,876	932,876
Capital outlay:								
Property, equipment and buildings	6,520	-	-	-	66,029	16,698	-	122,132
<b>Total Expenditures</b>	<b>114,752</b>	<b>2,682,464</b>	<b>10,296</b>	<b>51,784</b>	<b>111,079</b>	<b>20,000</b>	<b>932,876</b>	<b>4,449,697</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>34,006</b>	<b>66,134</b>	<b>3,418</b>	<b>(9,439)</b>	<b>279,526</b>	<b>(3,299)</b>	<b>-</b>	<b>379,623</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers in	-	-	-	-	-	-	-	22,693
Transfers out	-	-	-	-	(1,061,262)	-	-	(1,076,455)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,061,262)</b>	<b>-</b>	<b>-</b>	<b>(1,053,762)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>34,006</b>	<b>66,134</b>	<b>3,418</b>	<b>(9,439)</b>	<b>(781,736)</b>	<b>(3,299)</b>	<b>-</b>	<b>(674,139)</b>
<b>FUND BALANCES - BEGINNING OF YEAR, RESTATED</b>	<b>1,173,865</b>	<b>1,632,755</b>	<b>17,453</b>	<b>81,318</b>	<b>1,300,059</b>	<b>4,456</b>	<b>-</b>	<b>4,960,816</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 1,207,871</b>	<b>\$ 1,698,889</b>	<b>\$ 20,871</b>	<b>\$ 71,879</b>	<b>\$ 518,323</b>	<b>\$ 1,157</b>	<b>\$ -</b>	<b>\$ 4,286,677</b>

**THE COUNTY OF JEFFERSON, MISSOURI**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
MODIFIED CASH BASIS - AGENCY FUNDS  
DECEMBER 31, 2011**

	County Treasurer Agency Funds	County Officials and Other Agency Funds	County Collector of Revenue Agency Fund	Total Agency Funds
<b>-- ASSETS --</b>				
Cash and cash equivalents	\$ 8,052,008	\$ 62,263	\$ 55,361,260	\$ 63,475,531
Due from Collector of Revenue	4,408,396	-	-	4,408,396
<b>TOTAL ASSETS</b>	<b>\$ 12,460,404</b>	<b>\$ 62,263</b>	<b>\$ 55,361,260</b>	<b>\$ 67,883,927</b>
<b>-- LIABILITIES --</b>				
Due to various taxing authorities and others	\$ 12,460,404	\$ 14,260	\$ 42,795,666	\$ 55,270,330
Protested taxes	-	-	1,077,422	1,077,422
Funds held in trust	-	45,203	-	45,203
Due to other funds	-	2,800	11,488,172	11,490,972
<b>TOTAL LIABILITIES</b>	<b>\$ 12,460,404</b>	<b>\$ 62,263</b>	<b>\$ 55,361,260</b>	<b>\$ 67,883,927</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, 2011**

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Identification Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Agriculture:</u></b>			
Passed through Missouri Department of Elementary and Secondary Education:			
National School Lunch.....	10.555	820-023	\$ 16,414
Total U.S. Department of Agriculture.....			<u>16,414</u>
<b><u>U.S. Department of Housing and Urban Development:</u></b>			
Direct:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grant.....	14.218	B-10-UC-290002	820,390
ARRA Community Development Block Grant.....	14.253	B-09-UY-290002	112,485
Total CDBG - Entitlement Grants Cluster.....			<u>932,875</u>
Passed through City of Arnold:			
HUD EDI Special Projects Grant.....	14.251	B-04-SP-MO-0398	<u>12,383</u>
Total U.S. Department of Housing and Urban Development.....			<u>945,258</u>
<b><u>U.S. Department of Justice:</u></b>			
Direct:			
Community Defined Solutions to Violence Against Women.....	16.590	2008-WE-AX-0025	193,351
Safe Havens: Supervised Visitation and Safe Exchange Grant Program.....	16.527	2010-CW-AX-K010	29,364
Community Oriented Policing Services (COPS) Methamphetamine Initiative.....	16.710	2007CKWX0243	12,417
Bullet Proof Vest Program.....	16.607	N/A	11,532
JAG Program Cluster:			
Justice Assistance Grant - Local Solicitation.....	16.738	2010-DJ-BX-0055	16,698
Passed through Cape Girardeau Sheriff's Office:			
MOSMART.....	16.710	2010-CKWX0183	133,411
Passed through Missouri Department of Public Safety:			
JAG Program Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program.....	16.738	2008-JAG1-029 2009-JAG-009	86,307 95,677
ARRA Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories.....	16.803	2009-JAG-RA-0053 2009-JAG-RA-081	23,968 35,757

## THE COUNTY OF JEFFERSON, MISSOURI

### Schedule of Expenditures of Federal Awards (continued)

Program Title	Federal CFDA Number	Pass- Through Identification Number	Expenditures
Title II - Juvenile Justice Formula Grants.....	16.540	2010-TITLE2-0012	18,401
Victims of Crime.....	16.575	2009-VOCA-0030-SE 2010-VOCA-0030-SE	21,468 3,296
Subtotal CFDA #16.710.....			<u>145,828</u>
Subtotal CFDA #16.738.....			198,682
Subtotal CFDA #16.803.....			<u>59,725</u>
Total JAG Program Cluster.....			<u>258,407</u>
Total U.S. Department of Justice.....			<u>681,647</u>
<b>U.S. Department of Transportation:</b>			
Passed through Missouri Department of Transportation:			
Highway Planning and Construction Cluster:			
Old Lemay Ferry Road Bridge.....	20.205	BRM-5461 (607)	461,833
Turley Road Bridge.....	20.205	BRO-B050 (014)	395,016
Dulin Creek Road Bridge.....	20.205	BRO-B050 (015)	493
Charter Church Road Bridge at East Flucom.....	20.205	BRO-B050 (017)	6,072
Charter Church Road Bridge Laguna Palma.....	20.205	BRO-B050 (018)	57,231
Lions Den Road Phase 4.....	20.205	STP-5403 (602)	2,680,319
Mammoth Road Bridge.....	20.205	STP-5403 (605)	457,740
Old Highway 141 East Bridge.....	20.205	STP-5403 (609)	10,260
Werde Road East Bridge.....	20.205	STP-5403 (610)	181,719
Hillsboro House Springs Road Bridge Heads Creek.....	20.205	STP-5403 (611)	78,281
Russell Road Bridge.....	20.205	STP-5403 (612)	13,365
Russell Road Bridge.....	20.205	STP-5403 (612)	554,063
Dulin Creek Road Bridge.....	20.205	STP-5403 (613)	122,666
Old Antonia Road Overlay.....	20.205	STP-5403 (617)	215,909
Konert Road Overlay.....	20.205	STP-5403 (618)	145,499
Hillsboro House Springs Road at Ems.....	20.205	STP-5403 (620)	38,485
Castle Ranch Bridge.....	20.205	STP-5403 (621)	48,320
Mapaville-Hematite Road Bridge.....	20.205	STP-5403 (622)	73,784
Whitehead Road Bridge.....	20.205	STP-5403 (623)	37,849
Schneider Drive Bridge.....	20.205	STP-5403 (625)	7,726
Fountain City Road Bride.....	20.205	STP-5403 (629)	78,111
Old Antonia Road Bridge.....	20.205	STP-5403 (630)	70,031
Old Lemay Ferry Road Bridge at Klable.....	20.205	STP-5403 (631)	19,448
Graham Road Overlay.....	20.205	STP-5403 (632)	99,419
East Four Fridge Road Overlay.....	20.205	STP-5476 (605)	10,571
East Rock Creek Road Overlay.....	20.205	STP-5476 (607)	15,553
Sandy Church Road Bridge.....	20.205	STP-5602 (614)	33,457
ARRA Lions Den Road Phase 3.....	20.205	ARRA-STP-7203 (601)	<u>759,629</u>
Total Highway Planning and Construction Cluster.....			<u>6,672,849</u>

**THE COUNTY OF JEFFERSON, MISSOURI**

Schedule of Expenditures of Federal Awards (continued)

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Identification Number</b>	<b>Expenditures</b>
Passed through Missouri Division of			
Highway Safety:			
Highway Safety Cluster:			
State and Community Highway Safety.....	20.600	11-PT-02-56	74,470
		12-PT-02-055	23,035
Alcohol Traffic Safety and Drunk			
Driving Prevention Incentive Grants:			
Sobriety Checkpoint.....	20.601	11-K8-03-40	48,689
		12-K8-03-45	9,472
DWI Enforcement.....	20.601	11-K8-03-39	97,264
		12-154-AL-047	32,087
DWI Enforcement Unit.....	20.601	11-K8-03-42	89,065
		12-K8-03-44	12,290
		12-K8-03-45	6,828
Youth Alcohol Task Force.....	20.601	11-K8-03-41	103,864
		12-K8-03-46	34,699
Passed through University of Central Missouri,			
Missouri Safety Center:			
Highway Safety Cluster:			
Alcohol Open Container Requirements Grants:			
Youth Seat Belt Enforcement.....	20.600	SAF007	287
Click It or Ticket.....	20.600	SAF014	8,354
St. Patrick's Weekend Enforcement.....	20.601	SAF003	473
Statewide Youth Alcohol Enforcement.....	20.601	SAF006	432
DWI You Drink & Drive, You Lose.....	20.601	SAF006	870
Child Passenger Safety.....	20.613	SAF008	<u>1,928</u>
Subtotal CFDA #20.600.....			106,146
Subtotal CFDA #20.601.....			436,033
Subtotal CFDA #20.613.....			<u>1,928</u>
Total Highway Safety Cluster.....			<u>544,107</u>
Total U.S. Department of Transportation.....			<u>7,216,956</u>
 <u>General Services Administration:</u>			
Passed through Missouri Secretary of State:			
Help America Vote Act.....	39.011	N/A	<u>12,595</u>
Total General Services Administration.....			<u>12,595</u>
 <u>U.S. Environmental Protection Agency:</u>			
Direct:			
Big River Watershed Master Plan.....	66.802	V97722001	8,959
Passed through Missouri Department of			
Natural Resources:			
Nonpoint Source Implementation Grants.....	66.460	G09-NPS-09	7,570
		G11-NPS-08	5,938
Total U.S. Environmental Protection Agency.....			<u>22,467</u>

**THE COUNTY OF JEFFERSON, MISSOURI**

Schedule of Expenditures of Federal Awards (continued)

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Identification Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Health and Human Services:</u></b>			
Passed through Missouri Department of Social Services:			
Child Support Enforcement.....	93.563	N/A	<u>414,824</u>
Total U.S. Department of Health and Human Services.....			<u>414,824</u>
<b><u>U.S. Department of Homeland Security:</u></b>			
Passed through Missouri State Emergency Management Agency:			
Emergency Management Performance Grants.....	97.042	2011 EMPG	66,403
Flood Parks Reimbursement Grant.....	97.036	1749-DR-MO	26,263
State Homeland Security Grant Program.....	97.067	2007-GE-T7-0034 2008-GE-T8-0014	4,468 29,943 <u>127,077</u>
Total U.S. Department of Homeland Security.....			
<b><u>Office of National Drug Control Policy:</u></b>			
Passed through Missouri State Highway Patrol:			
High Intensity Drug Trafficking Area.....	07.10GMW0001A G10MW0001A-V G10MW0001A-JJ G11MW0001A-JJ		4,559 16,078 111,154 <u>131,791</u>
Total Office of National Drug Control Policy.....			<u><u>\$ 9,569,029</u></u>

**THE COUNTY OF JEFFERSON, MISSOURI**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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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 2011, the County did not receive nonmonetary assistance.

**Note 3 - Insurance**

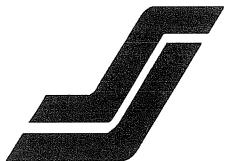
The County did not have any federal insurance in effect during the fiscal year ended December 31, 2011.

**Note 4 - Loans/Loan Guarantees**

The County did not have any loans or loan guarantees outstanding as of December 31, 2011.

**Note 5 - Subrecipients**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County provided no federal awards to subrecipients.



# SCHOWALTER & JABOURI, P.C.

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## 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

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

We have audited 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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 30, 2012. As described in Note 1, the County prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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.

### 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."

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs (2011-01) that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

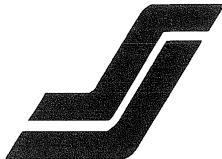
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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*. We noted certain immaterial instances of noncompliance that we have reported to the management of the County, in a separate letter dated March 30, 2012.

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



SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri  
March 30, 2012



# SCHOWALTER & JABOURI, P.C.

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## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

### INDEPENDENT AUDITORS' REPORT

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

#### Compliance

We have audited the compliance of The County of Jefferson, Missouri (the "County") 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, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the 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, 2011.

#### 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

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## Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in the entity's internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri  
March 30, 2012

**THE COUNTY OF JEFFERSON, MISSOURI**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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1. **SUMMARY OF AUDITORS' RESULTS**

A. Financial Statements

1. Type of auditor's report issued: Unqualified 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: Unqualified

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>
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20.205	Highway Planning and Construction Cluster (including ARRA)
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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

2011-01      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 projected 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 2013 budget documents.

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

There were no federal award findings and questioned costs.

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

2010-02      ARRA Homelessness Prevention and Rapid Re-housing, CFDA #93.104

Passed Through: Missouri Department of Social Services

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

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

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

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Finding Type: Significant deficiency in internal control

Condition: During our audit, we noted that the County did not have controls in place to monitor its sub-recipient to ensure the proper use of federal funds.

Status: This comment has been implemented and will no longer apply.