

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014

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HILLSBORO, MISSOURI
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HILLSBORO, MISSOURI
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FINANCIAL SECTION



Daniel Jones & Associates

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Jefferson (County), Missouri, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County of Jefferson, Missouri's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of U.S. Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, each major fund and the aggregate remaining fund information of the County of Jefferson, Missouri, as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with the modified cash basis of accounting described in Note I.

Basis of Accounting

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

Other Matters

Required Supplementary Information

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

Disclaimer of Opinion on Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Jefferson, Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards and related information on pages 54 through 57 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2015, on our consideration of the County of Jefferson, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Jefferson, Missouri's internal control over financial reporting and compliance.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

May 21, 2015

BASIC FINANCIAL STATEMENTS

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2014

| | Governmental activities |
|--|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 23,056,589 |
| Investments | 19,039,816 |
| Due from Collector of Revenue | 3,645,977 |
| Due from various taxing authorities and others | 105 |
| Restricted cash and investments | 889,630 |
| TOTAL ASSETS | \$ 46,632,117 |
| LIABILITIES | |
| Due to various taxing authorities and others | \$ 960,527 |
| Total liabilities | 960,527 |
| NET POSITION | |
| Restricted for: | |
| Neighborhood Improvement District bond payment and reserve funds | 676,191 |
| Certificates of Participation payment and reserve funds | 267,403 |
| Special revenue funds restricted by state statute | 23,767,927 |
| Unrestricted | 20,960,069 |
| Total net position | 45,671,590 |
| TOTAL LIABILITIES AND NET POSITION | \$ 46,632,117 |

The accompanying notes are an integral part of this statement.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

| Function/Program | Expenses | Program revenues | | | Net (expense) revenue and changes in net position |
|---|----------------------|----------------------------|--|--|--|
| | | Charges for services | Operating grants contributions and debt proceeds | Capital grants and contributions | Total governmental activities |
| Governmental activities | | | | | |
| General county government | \$ 13,431,484 | \$ 1,158,319 | \$ 55,913 | \$ - | \$ (12,217,252) |
| Financial administration | 836,203 | 2,931,848 | - | - | 2,095,645 |
| Property valuation and recording | 2,154,378 | 1,071,841 | 357,145 | - | (725,392) |
| Administration of justice and law enforcement | 22,698,048 | 6,104,694 | 3,714,355 | 103,045 | (12,775,954) |
| Health and welfare | 2,800,042 | - | 76,883 | - | (2,723,159) |
| Maintenance of roads | 20,680,944 | 24,168 | 442,562 | 4,077,988 | (16,136,226) |
| Parks and recreation | 1,234,203 | 161,134 | 1,962 | - | (1,071,107) |
| Community and economic development | 1,067,964 | - | - | 1,067,964 | - |
| Debt Service: | | | | | |
| Principal payments | 1,913,788 | - | - | 261,348 | (1,652,440) |
| Interest and fiscal charges | 748,299 | - | - | - | (748,299) |
| Total governmental activities | \$ 67,565,353 | \$ 11,452,004 | \$ 4,648,820 | \$ 5,510,345 | (45,954,184) |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for: | | | | | |
| General purposes | | | | | 10,262,532 |
| Sales tax | | | | | 30,664,571 |
| Other taxes | | | | | 5,352,809 |
| Interest | | | | | 108,399 |
| Proceeds from sale of capital assets | | | | | 25,043 |
| Miscellaneous | | | | | 41,744 |
| Total general revenues | | | | | 46,455,098 |
| Change in net position | | | | | 500,914 |
| Net position, beginning of year | | | | | 45,170,676 |
| Net position, end of year | | | | | \$ 45,671,590 |

The accompanying notes are an integral part of this statement.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2014

| | <u>General</u> | <u>Road and Bridge</u> | <u>Law Enforcement</u> | <u>Road Tax</u> | <u>Assessment</u> | <u>Parks and Recreation</u> | <u>Capital Improvement</u> | <u>Debt Service</u> | <u>Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|---------------------------------|--------------------------------|--------------------------|---|---|
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ 4,654,149 | \$ 3,168,919 | \$ 1,891,756 | \$ 7,512,634 | \$ 725,478 | \$ 512,242 | \$ 1,469,927 | \$ - | \$ 3,121,484 | \$ 23,056,589 |
| Investments | 6,050,355 | 1,000,000 | - | 4,360,021 | - | - | 6,894,440 | - | 735,000 | 19,039,816 |
| Due from Collector of Revenue | 791,541 | 1,286,150 | - | - | 501,465 | 262,190 | - | 53,965 | 750,666 | 3,645,977 |
| Due from various taxing authorities and others | - | - | - | - | 105 | - | - | - | - | 105 |
| Restricted cash and investments | - | - | - | - | - | - | 267,403 | 622,226 | 1 | 889,630 |
| Total assets | <u>\$ 11,496,045</u> | <u>\$ 5,455,069</u> | <u>\$ 1,891,756</u> | <u>\$ 11,872,655</u> | <u>\$ 1,227,048</u> | <u>\$ 774,432</u> | <u>\$ 8,631,770</u> | <u>\$ 676,191</u> | <u>\$ 4,607,151</u> | <u>\$ 46,632,117</u> |
| LIABILITIES | | | | | | | | | | |
| Due to various taxing authorities and others | \$ 875,075 | \$ 6,371 | \$ 51,983 | \$ - | \$ - | \$ 9 | \$ - | \$ - | \$ 27,089 | \$ 960,527 |
| Total liabilities | <u>875,075</u> | <u>6,371</u> | <u>51,983</u> | <u>-</u> | <u>-</u> | <u>9</u> | <u>-</u> | <u>-</u> | <u>27,089</u> | <u>960,527</u> |
| FUND BALANCES | | | | | | | | | | |
| Restricted | - | 5,448,698 | - | 11,872,655 | 1,227,048 | 774,423 | 267,403 | 676,191 | 4,445,103 | 24,711,521 |
| Assigned | 2,551,603 | - | 1,839,773 | - | - | - | 8,364,367 | - | 134,959 | 12,890,702 |
| Unassigned | 8,069,367 | - | - | - | - | - | - | - | - | 8,069,367 |
| Total fund balances | <u>10,620,970</u> | <u>5,448,698</u> | <u>1,839,773</u> | <u>11,872,655</u> | <u>1,227,048</u> | <u>774,423</u> | <u>8,631,770</u> | <u>676,191</u> | <u>4,580,062</u> | <u>45,671,590</u> |
| Total liabilities and fund balances | <u>\$ 11,496,045</u> | <u>\$ 5,455,069</u> | <u>\$ 1,891,756</u> | <u>\$ 11,872,655</u> | <u>\$ 1,227,048</u> | <u>\$ 774,432</u> | <u>\$ 8,631,770</u> | <u>\$ 676,191</u> | <u>\$ 4,607,151</u> | <u>\$ 46,632,117</u> |

The accompanying notes are an integral part of this statement.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

| | General | Road and Bridge | Law Enforcement | Road Tax | Assessment | Parks and Recreation | Capital Improvement | Debt Service | Non-Major Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|---------------------|----------------------|---------------------|-------------------------|------------------------|-------------------|------------------------------------|--------------------------------|
| Revenues | | | | | | | | | | |
| Property taxes | \$ 775,984 | \$ 5,461,695 | \$ - | \$ - | \$ 1,323,706 | \$ 840,998 | \$ - | \$ - | \$ 2,804,536 | \$ 11,206,919 |
| Special assessments | - | - | - | - | - | - | - | 261,348 | - | 261,348 |
| Sales tax | 11,019,125 | 3,033,901 | 11,019,005 | 7,864,934 | - | - | - | - | - | 32,936,965 |
| Other taxes | 804,742 | 761,506 | - | - | 8,082 | 5,537 | - | - | 2,767 | 1,582,634 |
| Grants, distributions and reimbursements | 1,586,326 | 4,106,633 | 419,744 | - | 334,869 | 317 | 280,865 | - | 1,275,142 | 8,003,896 |
| Fees, licenses and permits | 10,090,139 | 419,461 | 2,000,169 | - | 10,962 | 161,134 | - | - | 1,168,857 | 13,850,722 |
| Interest | 35,929 | 1,667 | 1,173 | 10,192 | 92 | 226 | 55,305 | 234 | 3,581 | 108,399 |
| Other | 15,336 | 22,293 | 50,817 | - | - | 1,645 | - | - | 250 | 90,341 |
| Total revenues | 24,327,581 | 13,807,156 | 13,490,908 | 7,875,126 | 1,677,711 | 1,009,857 | 336,170 | 261,582 | 5,255,133 | 68,041,224 |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General county government | 12,017,234 | - | - | - | - | - | - | - | 97,834 | 12,115,068 |
| Financial administration | 573,168 | - | - | - | - | - | - | - | 238,943 | 812,111 |
| Property valuation and recording | 272,844 | - | - | - | 1,672,263 | - | - | - | 201,767 | 2,146,874 |
| Administration of justice and law enforcement | 6,750,368 | - | 14,955,264 | - | - | - | - | - | 666,576 | 22,372,208 |
| Health and welfare | 27,670 | - | - | - | - | - | - | - | 2,772,371 | 2,800,041 |
| Maintenance of roads | - | 9,263,695 | - | - | - | - | - | - | - | 9,263,695 |
| Parks and recreation | - | - | - | - | - | 1,202,310 | - | - | - | 1,202,310 |
| Community development | - | - | - | - | - | - | - | - | 1,067,964 | 1,067,964 |
| Debt service: | | | | | | | | | | |
| Principal payments | 628,788 | - | - | - | - | - | 1,130,000 | 155,000 | - | 1,913,788 |
| Interest and fiscal charges - includes cost of issuance related to 2013 NIDS | 13,912 | - | - | - | - | - | 654,078 | 80,309 | - | 748,299 |
| Capital outlay: | | | | | | | | | | |
| Construction of roads and bridges | - | 5,541,149 | - | 5,309,272 | - | - | - | - | - | 10,850,421 |
| Property, equipment and buildings | 1,198,238 | 541,937 | 150,788 | 24,892 | 4,895 | 31,894 | - | - | 319,930 | 2,272,574 |
| Total expenditures | 21,482,222 | 15,346,781 | 15,106,052 | 5,334,164 | 1,677,158 | 1,234,204 | 1,784,078 | 235,309 | 5,365,385 | 67,565,353 |
| Revenues over (under) expenditures | 2,845,359 | (1,539,625) | (1,615,144) | 2,540,962 | 553 | (224,347) | (1,447,908) | 26,273 | (110,252) | 475,871 |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers | (2,901,853) | 514,444 | 1,836,836 | (514,444) | 122,040 | - | 936,000 | - | 6,977 | - |
| Lawsuit settlement | - | - | - | - | - | - | - | - | - | - |
| Redemption of temporary municipal notes | - | - | - | - | - | - | - | - | - | - |
| Proceeds from sale of bonds | - | - | - | - | - | - | - | - | - | - |
| Proceeds from the sale of property | 25,043 | - | - | - | - | - | - | - | - | 25,043 |
| Total other financing sources (uses) | (2,876,810) | 514,444 | 1,836,836 | (514,444) | 122,040 | - | 936,000 | - | 6,977 | 25,043 |
| NET CHANGE IN FUND BALANCES | (31,451) | (1,025,181) | 221,692 | 2,026,518 | 122,593 | (224,347) | (511,908) | 26,273 | (103,275) | 500,914 |
| Fund balances, beginning of year | 10,652,421 | 6,473,879 | 1,618,081 | 9,846,137 | 1,104,455 | 998,770 | 9,143,678 | 649,918 | 4,683,337 | 45,170,676 |
| Fund balances, end of year | <u>\$ 10,620,970</u> | <u>\$ 5,448,698</u> | <u>\$ 1,839,773</u> | <u>\$ 11,872,655</u> | <u>\$ 1,227,048</u> | <u>\$ 774,423</u> | <u>\$ 8,631,770</u> | <u>\$ 676,191</u> | <u>\$ 4,580,062</u> | <u>\$ 45,671,590</u> |

The accompanying notes are an integral part of this statement.

**THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION
MODIFIED CASH BASIS - AGENCY FUNDS
AS OF DECEMBER 31, 2014**

| | <u>Agency Funds</u> |
|--|-----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 67,201,195 |
| Due from Collector of Revenue | 4,840,276 |
| TOTAL ASSETS | <u>\$ 72,041,471</u> |
| LIABILITIES | |
| Due to various taxing authorities and others | \$ 62,251,286 |
| Protested taxes | 1,242,077 |
| Funds held in trust | 62,855 |
| Due to other funds | 8,485,253 |
| TOTAL LIABILITIES | <u>\$ 72,041,471</u> |

The accompanying notes are an integral part of this statement.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Jefferson, Missouri (County) (Jefferson County), which is governed by a seven member county council and a county executive, was established in 1818 by an Act of the Missouri Territory.

As discussed further in Note I, 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 Governmental 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 in 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.

County 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
East-West Gateway Coordinating Council

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (concluded)

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

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

B. Basis of Presentation

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

Fund Financial Statements: (concluded)

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

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

Governmental Fund Types

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

The following are the County’s governmental major funds:

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. Due to the loss of sales tax revenue, the property tax rollback was waived and a \$.0238 property tax levy was added.

Road and Bridge Fund – A Special Revenue Fund used to account for receipts of the County-wide \$.2136 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

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Types (concluded):

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 \$.0283 property tax levy and related expenditures for land acquisition, and for park maintenance, improvements and park programs.

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

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

The other governmental funds of the County are considered non-major funds. They include special revenue funds, which account for the proceeds of specific revenue sources that generally are legally restricted to expenditures for specific purposes. In addition, the County Building Fund is a non-major 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 of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similarly to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other agency operations.

C. Basis of Accounting

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

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (concluded)

proceeds of tax anticipation notes are recorded as liabilities. This is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

D. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year. From 1984 to 2008, sales tax receipts were sufficient to roll back the General Fund property tax levy to zero. From 2009 to 2013, sales tax receipts were insufficient to fully roll back the property tax levy. As a result, the county property tax was levied. The 2014 General Fund property tax levy is \$0.0238 or slightly less than three (3) cents per \$100 of assessed valuation.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2014, for purposes of taxation was:

| | |
|-------------------|------------------|
| Real Estate | \$ 2,359,787,426 |
| Personal Property | 624,779,916 |
| | \$ 2,984,567,342 |

During 2014, the County Council approved a \$0.5311 tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2014, for purposes of County taxation, as follows:

| | |
|--------------------------|-----------|
| General revenue | \$ 0.0238 |
| Parks and recreation | 0.0283 |
| Road and bridge | 0.2136 |
| Health | 0.0758 |
| Developmentally disabled | 0.0948 |
| Mental health | 0.0948 |
| | \$ 0.5311 |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 II.

F. Restricted Cash and Investments

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

G. Interfund Transactions

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

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

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

H. Governmental Fund Balances

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

Nonspendable – This consists of the governmental fund balances that are not in spendable form or legally or contractually required to be maintained intact. The County has no nonspendable fund balance as of December 31, 2014.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Governmental Fund Balances (concluded)

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 XII.

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, 2014.

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 XII.

Unassigned – This consists of the governmental funds that do not meet the definition of “nonspendable,” “restricted,” “committed,” or “assigned.”

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

I. Net Position

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

| | |
|---|-------------------|
| Payment of principal and interest on | |
| Certificates of Participation | \$ <u>676,191</u> |
| Payment of principal and interest on Neighborhood | |
| Improvement District bonds | \$ <u>267,403</u> |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Net Position (concluded)

Special revenue funds restricted by state statute:

| | |
|---|----------------------|
| Road and Bridge | \$ 5,448,698 |
| Road Tax | 11,872,655 |
| Assessment | 1,227,048 |
| Parks and Recreation | 774,423 |
| Police Officer Training | 61,170 |
| Post Commission | 39,850 |
| Sheriff Revolving | 482,161 |
| Inmate Security | 206,847 |
| Prosecuting Attorney Training | 33,507 |
| Prosecuting Attorney Delinquent Tax | 71,581 |
| Prosecuting Attorney Bad Check | 149,899 |
| Prosecuting Attorney Victim Advocate | (1,008) |
| SVDV | 1,902 |
| Recorder of Deeds | 1,041,880 |
| Mental Health | 1,835,302 |
| Jefferson County LEPC | 5,449 |
| Election Services | 142,368 |
| Tax Maintenance | 374,179 |
| NID Projects | 1 |
| Justice Assistance Grant | 15 |
| Total Special Revenue Funds Restricted by State Statute | <u>23,767,927</u> |
| Total Restricted Net Position | <u>\$ 24,711,521</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, 2014.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

L. Adoption of New Accounting Standards

For the year ended December 31, 2014, the County adopted GASB Statement No. 67 “*Financial Reporting for Pension Plans*” and Statement No. 68 “*Accounting and Reporting for Pensions.*” The objectives of these statements are to revise existing accounting and financial reporting requirements for most pension plans, and to revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits.

For the year ended December 31, 2014, the County adopted GASB Statement No. 69, “*Government Combinations and Disposals of Government Operations.*” The objective of this statement is to establish accounting principles for government mergers and acquisitions as well as government disposals.

For the year ended December 31, 2014, the County adopted GASB Statement No. 70, “*Accounting and Financial Reporting for Nonexchange Financial Guarantees.*” The objective of this statement is to establish accounting principles for situations when governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction).

II. 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 I. The deposits and investments held at December 31, 2014, and reported at cost, are as follows:

| Type | Cost |
|---|-----------------------|
| Deposits: | |
| Demand deposits | \$ 7,279,883 |
| Cash on hand | 455 |
| Overnight (Sweep) repurchase account | 83,319,000 |
| Debt service escrow | 548,076 |
| Investments: | |
| Nonnegotiable certificates of deposit | <u>19,039,816</u> |
| Total deposits and investments | <u>\$ 110,187,230</u> |
| Reconciliation to financial statements: | |
| Statement of Net Position | |
| Cash and cash equivalents | \$ 23,056,589 |
| Investments | 19,039,816 |
| Restricted cash and investments | 889,630 |
| Statement of Fiduciary Net Position | |
| Cash and cash equivalents | <u>67,201,195</u> |
| | <u>\$ 110,187,230</u> |

II. CASH AND INVESTMENTS (concluded)

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, 2014, none of the County's bank balance of \$31,056,444 was exposed to custodial credit risk. In addition, as of December 31, 2014, \$83,319,000 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 is not subject to custodial credit risk. The County's investment policy does not address custodial credit risk relating to investments.

Investment Interest Rate Risk

The County's investment policy limits investment maturities to securities with a maturity of less than twenty-four (24) months as a means of managing its exposure to fair value losses arising from increasing interest rates. The County's investments earn interest based on variable interest rates. Investments (money market mutual funds) held at December 31, 2014, mature on January 1, 2015.

Investment Credit Risk

The County's investment policy does not address investment credit risk, the risk of loss due to the failure of the security issuer. As of December 31, 2014, the County's investments were rated as follows:

| <u>Investment</u> | <u>Rating</u> | <u>Amount</u> |
|---------------------------|---------------|---------------|
| Money Market Mutual Funds | AAAm | \$ 548,076 |

Concentration of Investment Credit Risk

Concentration of investment 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 investments. The County's investments were not exposed to concentration of investment credit risk for the year ended December 31, 2014.

III. LONG-TERM DEBT

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

III. LONG-TERM DEBT (continued)

For the year ended December 31, 2014, the following changes occurred in long-term debt:

| | Balance January 1, 2014 | Additions | Retirements | Balance December 31, 2014 | Amounts Due Within One Year |
|--|-------------------------------|-------------|---------------------|---------------------------------|-----------------------------------|
| Special Assessment Debt with Government Commitment: Neighborhood Improvement District Bonds | \$ 2,829,994 | \$ - | \$ 155,000 | \$ 2,674,994 | \$ 165,000 |
| Certificates of Participation | 20,325,000 | - | 1,130,000 | 19,195,000 | 1,160,000 |
| Capital Leases | 628,788 | - | 628,788 | - | - |
| Total | <u>\$ 23,783,782</u> | <u>\$ -</u> | <u>\$ 1,913,788</u> | <u>\$ 21,869,994</u> | <u>\$ 1,325,000</u> |

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

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

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

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

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

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

III. LONG-TERM DEBT (continued)

A. Special Assessment Debt with Government Commitment – Neighborhood Improvement District Bonds (concluded)

The following is a schedule of future minimum payments of Special Assessment Debt at December 31, 2014:

| Year Ending December 31, | Principal | Interest | Total |
|-----------------------------|--------------|------------|--------------|
| 2015 | \$ 165,000 | \$ 77,260 | \$ 242,260 |
| 2016 | 119,994 | 114,458 | 234,452 |
| 2017 | 165,000 | 71,480 | 236,480 |
| 2018 | 170,000 | 67,441 | 237,441 |
| 2019 | 180,000 | 63,149 | 243,149 |
| 2020-2024 | 940,000 | 241,363 | 1,181,363 |
| 2025-2029 | 570,000 | 122,736 | 692,736 |
| 2030-2033 | 365,000 | 13,834 | 378,834 |
| | \$ 2,674,994 | \$ 771,721 | \$ 3,446,715 |

B. Certificates of Participation

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

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

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

III. LONG-TERM DEBT (continued)

B. Certificates of Participation (continued)

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, 2013, with renewal options for twelve (12) renewal terms of one year in duration with the last term ending September 15, 2022, unless the County in its sole discretion exercises the option provided in the 2010B Lease to extend its term of each next succeeding Renewal Term. In addition, the 2010B Lease provides that the County’s obligations are year to year and such obligations to not extend beyond the amount budgeted in the County’s budgeted expenditures for any respective fiscal year.

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

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

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

III. LONG-TERM DEBT (concluded)

B. Certificates of Participation (concluded)

The following is a schedule of future minimum rental payments at December 31, 2014, under the Leases, assuming the agreements are renewed each year.

| Year Ending December 31, | Principal | Interest | Total |
|-----------------------------|----------------------|---------------------|----------------------|
| 2015 | \$ 1,160,000 | \$ 613,547 | \$ 1,773,547 |
| 2016 | 1,195,000 | 577,967 | 1,772,967 |
| 2017 | 1,230,000 | 540,267 | 1,770,267 |
| 2018 | 1,265,000 | 500,566 | 1,765,566 |
| 2019 | 1,310,000 | 458,824 | 1,768,824 |
| 2020-2024 | 7,080,000 | 1,585,181 | 8,665,181 |
| 2025-2028 | 5,955,000 | 375,762 | 6,330,762 |
| | <u>\$ 19,195,000</u> | <u>\$ 4,652,114</u> | <u>\$ 23,847,114</u> |

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. This was paid in full as of December 31, 2014.

In 2013, the County entered into a lease purchase agreement with a bank in order to purchase vehicles. This lease is for a principle amount of \$1,257,261 at 2.25%. Principal and interest are payable in two annual payments of \$649,925. This was paid in full as of December 31, 2014.

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:

| | |
|---|-------------------------|
| 2014 assessed valuation | \$ <u>2,984,567,342</u> |
| Debt limit - 10% of assessed valuation | \$ 298,456,734 |
| Bonded indebtedness applicable to debt limit (Neighborhood Improvement District bonds) | (2,674,994) |
| Amount available in debt service fund | <u>676,191</u> |
| Legal debt margin | <u>\$ 296,457,931</u> |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

IV. 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.

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.

V. INTERFUND TRANSFERS

Transfers between funds for the year ended December 31, 2014, are as follows:

| | <u>Transfers In</u> | <u>Transfers Outs</u> |
|---|---------------------|-----------------------|
| <u>Major Funds</u> | | |
| General Fund: | | |
| Law Enforcement Fund | \$ - | \$ 1,836,836 |
| Capital Improvement Fund | - | 936,000 |
| Assessment Fund | - | 122,040 |
| Prosecuting Attorney Victim Advocate Fund | - | 6,977 |
| Total General Fund | <u>-</u> | <u>2,901,853</u> |
| Law Enforcement: | | |
| General Fund | 1,836,836 | - |
| Assessment Fund: | | |
| General Fund | 122,040 | - |
| Road Tax Fund: | | |
| Road and Bridge Fund | - | 514,444 |
| Road and Bridge Fund: | | |
| Road Tax Fund | 514,444 | - |
| Capital Improvement Fund: | | |
| General Fund | 936,000 | - |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

V. INTERFUND TRANSFERS (concluded)

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--|---------------------|----------------------|
| <u>Non-Major Funds (Special Revenue)</u> | | |
| Prosecuting Attorney Delinquent Tax Fund: | | |
| Prosecuting Attorney Victim Advocate Fund | \$ - | \$ 7,740 |
| Prosecuting Attorney Victim Advocate Fund: | | |
| General Fund | 6,977 | - |
| Prosecuting Attorney Delinquent Tax Fund | 7,740 | - |
| Total Transfers | \$ 3,424,037 | \$ 3,423,837 |

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.

VI. 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 30th statutorily required contribution rates are 11.0% (General), 12.5% (Police) and 14.1% (Roads) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the County. The contribution provisions of the County are established by state statute.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

VI. LAGERS RETIREMENT PLAN (continued)

C. Annual Pension Costs and Net Pension Obligation

The County's annual pension cost and net pension obligation for the plan year ended June 30, 2014, were as follows:

| | |
|--|--------------------------|
| Annual required contribution | \$ 3,088,710 |
| Interest on net pension obligation | 38,834 |
| Adjustment to annual required contribution | <u>(35,960)</u> |
| Annual pension cost | 3,091,584 |
| Actual contributions | <u>3,082,533</u> |
| Increase (decrease) in NPO | 9,051 |
| NPO beginning of year | <u>535,641</u> |
| NPO end of year | <u><u>\$ 544,692</u></u> |

The annual required contributed (ARC) was determined as part of the February 29, 2012, and February 28, 2013, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table for males set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 29, 2012, was 23 years for the General division, 18 years for the Police division, and 20 years for the Roads division. The amortization period as of February 28, 2013, was 30 years for the General division, 21 years for the Police division, and 19 years for the Roads division.

| <u>Three Year Trend Information</u> | | | |
|-------------------------------------|---------------------------------|-------------------------------------|------------------------------|
| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| 6/30/2012 | \$ 2,989,864 | 97.7% | \$ 531,176 |
| 6/30/2013 | \$ 3,088,317 | 99.9% | \$ 535,641 |
| 6/30/2014 | \$ 3,091,584 | 99.7% | \$ 544,692 |

Funding Status and Funding Progress

As of February 28, 2014, the most recent actuarial valuation date, the plan was 94 percent funded. The actuarial accrued liability for benefits was \$59.3 million, and the actuarial value of assets was \$55.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$24.5 million, and the ratio of the UAAL to the covered payroll was 16 percent.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

VI. LAGERS RETIREMENT PLAN (concluded)

C. Annual Pension Costs and Net Pension Obligation (concluded)

Funding Status and Funding Progress (concluded)

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.

VII. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

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

A. Plan Description

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

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

B. Pension Benefits

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

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

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

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

VII. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (concluded)

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:

| <u>December 31,</u> | <u>Contributions</u> | <u>Charges</u> |
|---------------------|----------------------|----------------|
| 2014 | \$ 559,000 | \$ 1,074,000 |
| 2013 | \$ 510,000 | \$ 1,331,000 |
| 2012 | \$ 447,000 | \$ 1,285,000 |

VIII. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$7,752 for the year ended December 31, 2014.

IX. 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. Premiums paid during the year were \$5,238 at December 31, 2014.

X. 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, 2014, financial statements for any such claims and lawsuits.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

X. CLAIMS COMMITMENTS AND CONTINGENCIES (concluded)

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, 2014.

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 \$101,000.

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

D. Contracts

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

E. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate 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
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

XI. 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.

XII. FUND BALANCE CONSTRAINTS

The constraints on fund balance are 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
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

XII. FUND BALANCE CONSTRAINTS (concluded)

| | Major Special Revenue Funds | | | | | | | | Non-Major Governmental Funds | Total |
|--|-----------------------------|---------------------|---------------------|----------------------|---------------------|----------------------------|-----------------------------|-------------------|------------------------------------|----------------------|
| | General | Road and Bridge | Law Enforcement | Road Tax | Assess- ment | Parks and Recreation | Capital Improve- ment | Debt Service | | |
| Fund Balances: | | | | | | | | | | |
| Restricted for: | | | | | | | | | | |
| Roads and bridges | \$ - | \$ 5,448,698 | \$ - | \$ 11,872,655 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 17,321,353 |
| Assessment | - | - | - | - | 1,227,048 | - | - | - | - | 1,227,048 |
| Parks and recreation | - | - | - | - | - | 774,423 | - | - | - | 774,423 |
| Debt service - COPS | - | - | - | - | - | - | 267,403 | - | - | 267,403 |
| Debt service - NIDS | - | - | - | - | - | - | - | 676,191 | - | 676,191 |
| Police officer training | - | - | - | - | - | - | - | - | 61,170 | 61,170 |
| Post commission | - | - | - | - | - | - | - | - | 39,850 | 39,850 |
| Sheriff revolving fund | - | - | - | - | - | - | - | - | 482,161 | 482,161 |
| Inmate security | - | - | - | - | - | - | - | - | 206,847 | 206,847 |
| Prosecuting attorney training | - | - | - | - | - | - | - | - | 33,507 | 33,507 |
| Prosecuting attorney delinquent tax fund | - | - | - | - | - | - | - | - | 71,581 | 71,581 |
| Prosecuting attorney bad check fund | - | - | - | - | - | - | - | - | 149,899 | 149,899 |
| Prosecuting attorney victim advocate fund | - | - | - | - | - | - | - | - | (1,008) | (1,008) |
| SVDV fund | - | - | - | - | - | - | - | - | 1,902 | 1,902 |
| Recorder of deeds | - | - | - | - | - | - | - | - | 1,041,880 | 1,041,880 |
| Mental health fund | - | - | - | - | - | - | - | - | 1,835,302 | 1,835,302 |
| Jeff Co LEPC | - | - | - | - | - | - | - | - | 5,449 | 5,449 |
| Election services | - | - | - | - | - | - | - | - | 142,368 | 142,368 |
| Tax maintenance | - | - | - | - | - | - | - | - | 374,179 | 374,179 |
| NID projects | - | - | - | - | - | - | - | - | 1 | 1 |
| JAG grant | - | - | - | - | - | - | - | - | 15 | 15 |
| Total Restricted | - | 5,448,698 | - | 11,872,655 | 1,227,048 | 774,423 | 267,403 | 676,191 | 4,445,103 | 24,711,521 |
| Assigned for: | | | | | | | | | | |
| Prosecuting attorney forfeitures | 16,471 | - | - | - | - | - | - | - | - | 16,471 |
| Courthouse beautification | 437 | - | - | - | - | - | - | - | - | 437 |
| County discretionary fund | 14,362 | - | - | - | - | - | - | - | - | 14,362 |
| Animal control donations | 20,333 | - | - | - | - | - | - | - | - | 20,333 |
| Subsequent year's budget deficit | 2,500,000 | - | - | - | - | - | - | - | - | 2,500,000 |
| Drug forfeiture | - | - | 73,709 | - | - | - | - | - | - | 73,709 |
| Sheriff's commissary fund | - | - | 74,568 | - | - | - | - | - | - | 74,568 |
| Sheriff equipment donation fund | - | - | 1,005 | - | - | - | - | - | - | 1,005 |
| Prisoner phone fund | - | - | 69,714 | - | - | - | - | - | - | 69,714 |
| Police memorial fund | - | - | 14,379 | - | - | - | - | - | - | 14,379 |
| Sheriff's reserve fund | - | - | 934 | - | - | - | - | - | - | 934 |
| JCMG asset forfeiture fund | - | - | 24,855 | - | - | - | - | - | - | 24,855 |
| Law enforcement | - | - | 1,580,609 | - | - | - | - | - | - | 1,580,609 |
| Capital improvements | - | - | - | - | - | - | 8,364,367 | - | 134,959 | 8,499,326 |
| Total Assigned | 2,551,603 | - | 1,839,773 | - | - | - | 8,364,367 | - | 134,959 | 12,890,702 |
| Unassigned | 8,069,367 | - | - | - | - | - | - | - | - | 8,069,367 |
| | <u>\$ 10,620,970</u> | <u>\$ 5,448,698</u> | <u>\$ 1,839,773</u> | <u>\$ 11,872,655</u> | <u>\$ 1,227,048</u> | <u>\$ 774,423</u> | <u>\$ 8,631,770</u> | <u>\$ 676,191</u> | <u>\$ 4,580,062</u> | <u>\$ 45,671,590</u> |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

XIII. SUBSEQUENT EVENTS

The County entered into a lease purchase agreement for multiple police vehicles. The principal amount of this purchase is \$508,000 with an interest rate of 2.25%. The term of the lease is 20 months due in annual principal and interest payments of \$261,544.

XIV. 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 Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

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

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

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

XV. ADOPTION OF NEW ACCOUNTING STANDARDS

For the year ended December 31, 2014, the County adopted GASB Statement No. 67 "*Financial Reporting for Pension Plans*" and Statement No. 68 "*Accounting and Reporting for Pensions*." The objectives of these statements are to revise existing accounting and financial reporting requirements for most pension plans, and to revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits.

For the year ended December 31, 2014, the County adopted GASB Statement No. 69, "*Government Combinations and Disposals of Government Operations*." The objective of this statement is to establish accounting principles for government mergers and acquisitions as well as government disposals.

For the year ended December 31, 2014, the County adopted GASB Statement No. 70, "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*." The objective of this statement is to establish accounting principles for situations when governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction).

SUPPLEMENTARY INFORMATION

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Budgeted amounts</u> | | <u>Actual</u> | <u>Variance with final budget positive (negative)</u> |
|---|-------------------------|---------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property taxes | \$ 974,598 | \$ 974,598 | \$ 775,984 | \$ (198,614) |
| Sales tax | 10,070,000 | 10,070,000 | 11,019,125 | 949,125 |
| Other taxes | 752,915 | 752,915 | 804,742 | 51,827 |
| Grants, distributions and reimbursements | 1,800,736 | 1,844,808 | 1,586,326 | (258,482) |
| Fees, licenses and permits | 10,141,239 | 10,141,239 | 10,090,139 | (51,100) |
| Interest | 24,519 | 24,519 | 35,929 | 11,410 |
| Other | 4,370 | 4,370 | 15,336 | 10,966 |
| Total revenues | 23,768,377 | 23,812,449 | 24,327,581 | 515,132 |
| Expenditures: | | | | |
| Current: | | | | |
| General county government | 13,374,116 | 13,135,754 | 12,017,234 | 1,118,520 |
| Financial administration | 593,988 | 593,988 | 573,168 | 20,820 |
| Property valuation and recording | 280,040 | 280,040 | 272,844 | 7,196 |
| Administration of justice and law enforcement | 7,352,811 | 7,394,103 | 6,750,368 | 643,735 |
| Health and welfare | 27,180 | 27,180 | 27,670 | (490) |
| Debt service: | | | | |
| Principal payments | 650,624 | 650,624 | 628,788 | 21,836 |
| Interest and fiscal charges | 53,059 | 47,059 | 13,912 | 33,147 |
| Capital outlay: | | | | |
| Property, equipment and buildings | 551,524 | 1,300,755 | 1,198,238 | 102,517 |
| Total expenditures | 22,883,342 | 23,429,503 | 21,482,222 | 1,947,281 |
| Excess of revenues over (under) expenditures | 885,035 | 382,946 | 2,845,359 | 2,462,413 |
| Other financing sources (uses) | | | | |
| Transfers | (3,854,962) | (3,860,962) | (2,901,853) | 959,109 |
| Lawsuit settlement | - | - | - | - |
| Proceeds from the sale of property | - | - | 25,043 | 25,043 |
| Total other financing sources (uses) | (3,854,962) | (3,860,962) | (2,876,810) | 984,152 |
| NET CHANGE IN FUND BALANCE | (2,969,927) | (3,478,016) | (31,451) | 3,446,565 |
| FUND BALANCE - BEGINNING OF YEAR | 10,652,421 | 10,652,421 | 10,652,421 | - |
| FUND BALANCE - END OF YEAR | \$ 7,682,494 | \$ 7,174,405 | \$ 10,620,970 | \$ 3,446,565 |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
DEPARTMENTAL SCHEDULE OF EXPENDITURES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Budgeted amounts | | Actual | Variance with final budget positive (negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General County Government: | | | | |
| Animal Control | \$ 484,373 | \$ 484,293 | \$ 445,430 | \$ 38,863 |
| Auditor | 221,671 | 221,671 | 215,849 | 5,822 |
| Board of Equalization | 3,000 | 3,000 | 1,000 | 2,000 |
| Building Department | 771,246 | 771,546 | 636,632 | 134,914 |
| Code Enforcement | 201,941 | 201,941 | 173,317 | 28,624 |
| County Agencies | 10,000 | 10,000 | 10,000 | - |
| County Clerk | 1,032,471 | 1,032,471 | 1,025,179 | 7,292 |
| County Council | 124,171 | 124,171 | 118,783 | 5,388 |
| County Executive | 117,299 | 117,299 | 104,936 | 12,363 |
| Economic Development | 81,000 | 81,000 | 81,000 | - |
| Emergency Management | 198,153 | 176,468 | 169,342 | 7,126 |
| Facility Services | 1,371,538 | 1,370,138 | 1,328,830 | 41,308 |
| Fleet Services | 1,301,728 | 1,081,231 | 1,061,230 | 20,001 |
| General Services | 942,317 | 942,317 | 825,264 | 117,053 |
| Information Technology | 1,605,636 | 1,605,636 | 1,569,445 | 36,191 |
| Insurance - Health | 1,575,424 | 1,575,424 | 1,541,399 | 34,025 |
| Insurance - Other | 212,500 | 212,500 | 180,872 | 31,628 |
| Insurance - Workmen's Compensation | 115,000 | 115,000 | 74,014 | 40,986 |
| Land Use and Development | 394,613 | 394,613 | 203,840 | 190,773 |
| Missouri University Extension Services | 111,000 | 111,000 | 111,000 | - |
| Organizations | 43,000 | 42,700 | 38,348 | 4,352 |
| Other | 265,100 | 270,400 | 121,411 | 148,989 |
| Payroll Taxes and Retirement | 1,901,254 | 1,901,254 | 1,724,223 | 177,031 |
| Planning and Zoning | 289,681 | 289,681 | 255,890 | 33,791 |
| | <u>13,374,116</u> | <u>13,135,754</u> | <u>12,017,234</u> | <u>1,118,520</u> |
| Financial Administration: | | | | |
| Collector | 437,740 | 437,740 | 418,438 | 19,302 |
| Treasurer | 156,248 | 156,248 | 154,730 | 1,518 |
| | <u>593,988</u> | <u>593,988</u> | <u>573,168</u> | <u>20,820</u> |
| Property Valuation and Recording: | | | | |
| Recorder of Deeds | 280,040 | 280,040 | 272,844 | 7,196 |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
DEPARTMENTAL SCHEDULE OF EXPENDITURES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Budgeted amounts</u> | | <u>Actual</u> | <u>Variance with final budget positive (negative)</u> |
|--|--------------------------|--------------------------|--------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| EXPENDITURES: | | | | |
| Administration of Justice and Law Enforcement: | | | | |
| Circuit Clerk | 26,334 | 26,334 | 22,003 | 4,331 |
| Circuit Courts | 628,629 | 628,629 | 364,220 | 264,409 |
| Family Court | - | - | - | - |
| Jury Script | 494,500 | 494,500 | 341,648 | 152,852 |
| Juvenile Office | 3,136,122 | 3,180,194 | 3,019,817 | 160,377 |
| Medical Examiner | 346,422 | 346,422 | 346,421 | 1 |
| Municipal Court | 371,453 | 371,453 | 344,553 | 26,900 |
| Prosecuting Attorney | 2,101,649 | 2,099,449 | 2,070,290 | 29,159 |
| Public Administrator | 247,702 | 247,122 | 241,416 | 5,706 |
| | <u>7,352,811</u> | <u>7,394,103</u> | <u>6,750,368</u> | <u>643,735</u> |
| Health and Welfare | <u>27,180</u> | <u>27,180</u> | <u>27,670</u> | <u>(490)</u> |
| Debt Service: | | | | |
| Principal Payments | 650,624 | 650,624 | 628,788 | 21,836 |
| Interest and Fiscal Charges | 53,059 | 47,059 | 13,912 | 33,147 |
| | <u>703,683</u> | <u>697,683</u> | <u>642,700</u> | <u>54,983</u> |
| Capital Outlay: | | | | |
| Property, Equipment and Buildings | 551,524 | 1,300,755 | 1,198,238 | 102,517 |
| Total Expenditures | <u>\$ 22,883,342</u> | <u>\$ 23,429,503</u> | <u>\$ 21,482,222</u> | <u>\$ 1,947,281</u> |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Budgeted amounts | | Actual | Variance with final budget positive (negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 5,441,510 | \$ 5,441,510 | \$ 5,461,695 | \$ 20,185 |
| Sales tax | 2,941,261 | 2,941,261 | 3,033,901 | 92,640 |
| Other taxes | 536,495 | 536,495 | 761,506 | 225,011 |
| Grants, distributions and reimbursements | 6,645,070 | 6,645,070 | 4,106,633 | (2,538,437) |
| Fees, licenses and permits | 400,763 | 400,763 | 419,461 | 18,698 |
| Interest | 6,037 | 6,037 | 1,667 | (4,370) |
| Other | 21,190 | 21,190 | 22,293 | 1,103 |
| Total revenues | 15,992,326 | 15,992,326 | 13,807,156 | (2,185,170) |
| Expenditures: | | | | |
| Current: | | | | |
| Maintenance of roads: | | | | |
| Salaries | 5,440,607 | 5,440,607 | 5,329,938 | 110,669 |
| Office expense | 20,100 | 20,100 | 16,070 | 4,030 |
| Miscellaneous | 25,420 | 31,420 | 14,298 | 17,122 |
| Uniforms | 26,000 | 26,000 | 22,697 | 3,303 |
| Medical expense | 12,000 | 12,000 | 6,544 | 5,456 |
| Safety equipment & supplies | 29,000 | 32,000 | 29,198 | 2,802 |
| Parts and repairs | 600,000 | 600,000 | 414,617 | 185,383 |
| Building maintenance and repairs | - | - | - | - |
| Utilities | 101,630 | 101,630 | 75,096 | 26,534 |
| Insurance | 1,364,918 | 1,364,918 | 1,097,706 | 267,212 |
| Payroll taxes | 442,804 | 442,804 | 405,828 | 36,976 |
| Pension | 684,683 | 684,683 | 674,563 | 10,120 |
| Training | 37,500 | 37,500 | 4,930 | 32,570 |
| Property and buildings | 281,139 | 281,139 | 265,281 | 15,858 |
| C.A.R.T. | 185,658 | 185,658 | 153,515 | 32,143 |
| Vehicle expenses | 795,250 | 795,250 | 753,414 | 41,836 |
| Capital outlay: | | | | |
| Property, equipment and buildings: | | | | |
| Equipment | 282,280 | 279,280 | 229,635 | 49,645 |
| Right-of-way | 340,436 | 340,436 | 312,302 | 28,134 |
| Construction of roads and bridges: | | | | |
| Contractual service | 8,446,240 | 8,446,240 | 3,826,060 | 4,620,180 |
| Road materials | 1,370,000 | 1,364,000 | 1,257,305 | 106,695 |
| Equipment rental | 30,000 | 30,000 | 25,975 | 4,025 |
| Sign material | 50,000 | 50,000 | 47,698 | 2,302 |
| Engineering fees | 634,622 | 634,622 | 384,111 | 250,511 |
| Total expenditures | 21,200,287 | 21,200,287 | 15,346,781 | 5,853,506 |
| Excess of revenues over (under) expenditures | (5,207,961) | (5,207,961) | (1,539,625) | 3,668,336 |
| Other financing sources (uses) | | | | |
| Transfers | 2,625,000 | 2,625,000 | 514,444 | (2,110,556) |
| Proceeds from the sale of property | - | - | - | - |
| Total other financing sources (uses) | 2,625,000 | 2,625,000 | 514,444 | (2,110,556) |
| NET CHANGE IN FUND BALANCE | (2,582,961) | (2,582,961) | (1,025,181) | 1,557,780 |
| FUND BALANCE - BEGINNING OF YEAR | 6,473,879 | 6,473,879 | 6,473,879 | - |
| FUND BALANCE - END OF YEAR | \$ 3,890,918 | \$ 3,890,918 | \$ 5,448,698 | \$ 1,557,780 |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
LAW ENFORCEMENT FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Budgeted amounts</u> | | <u>Actual</u> | <u>Variance with final budget positive (negative)</u> |
|---|-------------------------|--------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Sales tax | \$ 10,070,000 | \$ 10,070,000 | \$ 11,019,005 | \$ 949,005 |
| Grants, distributions and reimbursements | 565,537 | 565,537 | 419,744 | (145,793) |
| Fees, licenses and permits | 2,101,276 | 2,144,547 | 2,000,169 | (144,378) |
| Interest | 1,027 | 1,027 | 1,173 | 146 |
| Other | 108,214 | 108,214 | 50,817 | (57,397) |
| Total revenues | 12,846,054 | 12,889,325 | 13,490,908 | 601,583 |
| Expenditures: | | | | |
| Current: | | | | |
| Administration of Justice and Law Enforcement: | | | | |
| Salaries | 9,801,207 | 10,048,453 | 9,718,807 | 329,646 |
| Payroll taxes | 737,442 | 764,685 | 725,049 | 39,636 |
| Leased vehicles | 72,000 | 72,000 | 59,563 | 12,438 |
| Office expense | 46,700 | 46,700 | 45,296 | 1,404 |
| Contractual services | 447,543 | 447,543 | 388,985 | 58,558 |
| Professional services | 34,000 | 34,000 | 30,000 | 4,000 |
| Uniforms | 78,900 | 80,100 | 46,812 | 33,288 |
| Utilities | 94,365 | 94,365 | 87,047 | 7,318 |
| Insurance | 1,944,580 | 1,999,393 | 1,893,330 | 106,063 |
| Pension | 1,162,168 | 1,200,729 | 1,123,109 | 77,620 |
| Training | 36,510 | 71,315 | 21,802 | 49,513 |
| Other | 526,967 | 525,211 | 291,276 | 233,935 |
| Institutional placement | 6,800 | 6,800 | 2,388 | 4,412 |
| Prisoner medical expense | 9,000 | 9,000 | 6,656 | 2,344 |
| Prisoner transport | 29,000 | 39,000 | 36,173 | 2,827 |
| Prisoner food | 450,000 | 450,000 | 432,230 | 17,770 |
| Jail expense | 93,205 | 93,205 | 45,546 | 47,659 |
| Vehicle expense | 1,200 | 1,200 | 1,195 | 5 |
| Capital outlay: | | | | |
| Property, equipment and buildings | 120,200 | 170,173 | 150,788 | 19,385 |
| Total expenditures | 15,691,787 | 16,153,872 | 15,106,052 | 1,047,820 |
| Excess of revenues over (under) expenditures | (2,845,733) | (3,264,547) | (1,615,144) | 1,649,403 |
| Other financing sources (uses) | | | | |
| Transfers | 1,994,945 | 1,994,945 | 1,836,836 | (158,109) |
| Proceeds from the sale of property | - | - | - | - |
| Total other financing sources (uses) | 1,994,945 | 1,994,945 | 1,836,836 | (158,109) |
| NET CHANGE IN FUND BALANCE | (850,788) | (1,269,602) | 221,692 | 1,491,294 |
| FUND BALANCE - BEGINNING OF YEAR | 1,618,081 | 1,618,081 | 1,618,081 | - |
| FUND BALANCE - END OF YEAR | \$ 767,293 | \$ 348,479 | \$ 1,839,773 | \$ 1,491,294 |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD TAX FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Budgeted amounts</u> | | <u>Actual</u> | <u>Variance with final budget positive (negative)</u> |
|---|-------------------------|---------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Sales tax | \$ 7,200,000 | \$ 7,200,000 | \$ 7,864,934 | \$ 664,934 |
| Interest | 5,547 | 5,547 | 10,192 | 4,645 |
| Total revenues | 7,205,547 | 7,205,547 | 7,875,126 | 669,579 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Property, equipment and buildings: | | | | |
| Right of way | 128,610 | 128,610 | 24,892 | 103,718 |
| Construction of roads and bridges: | | | | |
| Contractual services | 3,525,971 | 3,525,971 | 2,391,383 | 1,134,588 |
| Motor vehicle equipment | 907,000 | 907,000 | 840,616 | 66,384 |
| Road materials | 2,200,000 | 2,200,000 | 1,767,421 | 432,579 |
| Equipment rental | - | - | - | - |
| Sign material | 75,000 | 75,000 | 27,500 | 47,500 |
| Engineering fees | 523,155 | 523,155 | 282,352 | 240,803 |
| Total expenditures | 7,359,736 | 7,359,736 | 5,334,164 | 2,025,572 |
| Excess of revenues over (under) expenditures | (154,189) | (154,189) | 2,540,962 | 2,695,151 |
| Other financing sources (uses) | | | | |
| Transfers | (2,625,000) | (2,625,000) | (514,444) | 2,110,556 |
| Total other financing sources (uses) | (2,625,000) | (2,625,000) | (514,444) | 2,110,556 |
| NET CHANGE IN FUND BALANCE | (2,779,189) | (2,779,189) | 2,026,518 | 4,805,707 |
| FUND BALANCE - BEGINNING OF YEAR | 9,846,137 | 9,846,137 | 9,846,137 | - |
| FUND BALANCE - END OF YEAR | \$ 7,066,948 | \$ 7,066,948 | \$ 11,872,655 | \$ 4,805,707 |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ASSESSMENT FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Budgeted amounts</u> | | <u>Actual</u> | <u>Variance with final budget positive (negative)</u> |
|---|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property taxes | \$ 1,344,292 | \$ 1,344,292 | \$ 1,323,706 | \$ (20,586) |
| Other taxes | 9,747 | 9,747 | 8,082 | (1,665) |
| Grants, distributions and reimbursements | 334,044 | 334,044 | 334,869 | 825 |
| Fees, licenses and permits | 6,218 | 6,218 | 10,962 | 4,744 |
| Interest | 500 | 500 | 92 | (408) |
| Total revenues | 1,694,801 | 1,694,801 | 1,677,711 | (17,090) |
| Expenditures: | | | | |
| Current: | | | | |
| Property valuation and recording: | | | | |
| Salaries | 1,170,165 | 1,170,165 | 1,145,418 | 24,747 |
| Office | 15,000 | 15,000 | 11,398 | 3,602 |
| Contractual services | 30,000 | 30,000 | 21,847 | 8,153 |
| Miscellaneous | 12,350 | 12,350 | 8,841 | 3,509 |
| Mileage | 500 | 500 | 106 | 394 |
| Utilities | 1,000 | 1,000 | 466 | 534 |
| Insurance | 218,800 | 218,800 | 187,718 | 31,082 |
| Postage | 60,000 | 60,000 | 52,084 | 7,916 |
| Payroll taxes | 92,019 | 92,019 | 87,061 | 4,958 |
| Pension | 128,719 | 128,719 | 120,942 | 7,777 |
| Professional services | 32,500 | 32,500 | 15,047 | 17,453 |
| Training | 20,000 | 20,000 | 17,425 | 2,575 |
| Vehicle Gas & Oil | 3,000 | 4,400 | 3,910 | 490 |
| Capital outlay: | | | | |
| Property, equipment and buildings | 14,623 | 13,223 | 4,895 | 8,328 |
| Total expenditures | 1,798,676 | 1,798,676 | 1,677,158 | 121,518 |
| Excess of revenues over (under) expenditures | (103,875) | (103,875) | 553 | 104,428 |
| Other financing sources (uses) | | | | |
| Transfers | 122,040 | 122,040 | 122,040 | - |
| Total other financing sources (uses) | 122,040 | 122,040 | 122,040 | - |
| NET CHANGE IN FUND BALANCE | 18,165 | 18,165 | 122,593 | 104,428 |
| FUND BALANCE - BEGINNING OF YEAR | 1,104,455 | 1,104,455 | 1,104,455 | - |
| FUND BALANCE - END OF YEAR | \$ 1,122,620 | \$ 1,122,620 | \$ 1,227,048 | \$ 104,428 |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
PARKS AND RECREATION FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Budgeted amounts</u> | | <u>Actual</u> | <u>Variance with final budget positive (negative)</u> |
|---|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property taxes | \$ 835,658 | \$ 835,658 | \$ 840,998 | \$ 5,340 |
| Other taxes | 7,742 | 7,742 | 5,537 | (2,205) |
| Grants, distributions and reimbursements | 384 | 384 | 317 | (67) |
| Fees, licenses and permits | 175,542 | 175,542 | 161,134 | (14,408) |
| Interest | 629 | 629 | 226 | (403) |
| Other | - | - | 1,645 | 1,645 |
| Total revenues | 1,019,955 | 1,019,955 | 1,009,857 | (10,098) |
| Expenditures: | | | | |
| Current: | | | | |
| Park Maintenance: | | | | |
| Salaries | 585,935 | 585,935 | 550,620 | 35,315 |
| Office | 2,500 | 2,500 | 1,982 | 518 |
| Contractual services | 46,460 | 46,460 | 43,255 | 3,205 |
| Miscellaneous | 21,470 | 21,470 | 14,266 | 7,204 |
| Uniforms | 1,600 | 1,600 | 1,359 | 241 |
| Medical expense | 1,300 | 1,300 | 1,115 | 185 |
| Parts and repairs | 9,000 | 9,000 | 5,800 | 3,200 |
| Rent | 500 | 500 | 167 | 333 |
| Utilities | 22,300 | 22,300 | 17,411 | 4,889 |
| Insurance | 133,421 | 133,421 | 92,812 | 40,609 |
| Payroll taxes | 49,079 | 49,079 | 45,366 | 3,713 |
| Pension | 60,732 | 60,732 | 50,279 | 10,453 |
| Supplies | 4,200 | 4,200 | 2,836 | 1,364 |
| Professional services | 8,000 | 8,000 | 6,043 | 1,957 |
| Training | 1,550 | 1,550 | 1,329 | 221 |
| Park programs | 38,490 | 38,490 | 28,124 | 10,366 |
| Park development | 72,718 | 361,563 | 316,494 | 45,069 |
| Vehicle expense | 38,000 | 38,000 | 23,052 | 14,948 |
| Capital outlay: | | | | |
| Property, equipment and buildings | 72,700 | 72,700 | 31,894 | 40,806 |
| Total expenditures | 1,169,955 | 1,458,800 | 1,234,204 | 224,596 |
| Excess of revenues over (under) expenditures | (150,000) | (438,845) | (224,347) | 214,498 |
| Other financing sources (uses) | | | | |
| Transfers | | | | |
| Proceeds from the sale of property | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| NET CHANGE IN FUND BALANCE | (150,000) | (438,845) | (224,347) | 214,498 |
| FUND BALANCE - BEGINNING OF YEAR | 998,770 | 998,770 | 998,770 | - |
| FUND BALANCE - END OF YEAR | \$ 848,770 | \$ 559,925 | \$ 774,423 | \$ 214,498 |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO BUDGETARY SCHEDULES
DECEMBER 31, 2014

Budget 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
HILLSBORO, MISSOURI
SCHEDULE OF FUNDING PROGRESS – LAGERS RETIREMENT SYSTEM
DECEMBER 31, 2014

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

| 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 |
|--------------------------------|--|---|--|--------------------------|-------------------------------------|--|
| 2/29/2012 | \$ 47,512,174 | \$ 55,266,857 | \$ 7,754,683 | 86% | \$ 23,426,761 | 33% |
| 2/28/2013 | \$ 50,752,859 | \$ 56,135,883 | \$ 5,383,024 | 90% | \$ 23,445,131 | 23% |
| 2/28/2014 | \$ 55,513,582 | \$ 59,310,777 | \$ 3,797,195 | 94% | \$ 24,489,306 | 16% |

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

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
COMBINING BALANCE SHEET - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2014

| | Combined Nonmajor Special Revenue Funds | Nonmajor County Building Capital Projects Fund | Total Nonmajor Governmental Funds |
|--|--|---|--|
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,986,525 | \$ 134,959 | \$ 3,121,484 |
| Investments | 735,000 | - | 735,000 |
| Due from Collector of Revenue | 750,666 | - | 750,666 |
| Restricted investments | 1 | - | 1 |
| Total assets | \$ 4,472,192 | \$ 134,959 | \$ 4,607,151 |
| LIABILITIES | | | |
| Due to various taxing authorities and others | \$ 27,089 | \$ - | \$ 27,089 |
| Total liabilities | 27,089 | - | 27,089 |
| FUND BALANCES | | | |
| Restricted | 4,445,103 | - | 4,445,103 |
| Assigned | - | 134,959 | 134,959 |
| Total fund balances | 4,445,103 | 134,959 | 4,580,062 |
| Total liabilities and fund balances | \$ 4,472,192 | \$ 134,959 | \$ 4,607,151 |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
COMBINING BALANCE SHEET - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
AS OF DECEMBER 31, 2014

| | 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 |
|--|---|-------------------------------------|---------------------------------------|-------------------------------------|--|--|---|---|----------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 61,170 | \$ 39,850 | \$ 482,250 | \$ 206,847 | \$ 33,507 | \$ 71,581 | \$ 150,554 | \$ - | \$ 1,902 |
| Investments | - | - | - | - | - | - | - | - | - |
| Due from Collector of Revenue | - | - | - | - | - | - | - | - | - |
| Restricted investments | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 61,170 | \$ 39,850 | \$ 482,250 | \$ 206,847 | \$ 33,507 | \$ 71,581 | \$ 150,554 | \$ - | \$ 1,902 |
| LIABILITIES | | | | | | | | | |
| Due to various taxing authorities and others | - | - | 89 | - | - | - | 655 | 1,008 | - |
| Total liabilities | - | - | 89 | - | - | - | 655 | 1,008 | - |
| FUND BALANCES | | | | | | | | | |
| Restricted | 61,170 | 39,850 | 482,161 | 206,847 | 33,507 | 71,581 | 149,899 | (1,008) | 1,902 |
| Total fund balances | 61,170 | 39,850 | 482,161 | 206,847 | 33,507 | 71,581 | 149,899 | (1,008) | 1,902 |
| Total liabilities and fund balances | \$ 61,170 | \$ 39,850 | \$ 482,250 | \$ 206,847 | \$ 33,507 | \$ 71,581 | \$ 150,554 | \$ - | \$ 1,902 |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
COMBINING BALANCE SHEET - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
AS OF DECEMBER 31, 2014

| | Recorder's Fund | Mental Health Fund | Jeff Co LEPC Fund | Election Services Fund | Tax Maintenance Fund | Neighborhood Improvement District Fund | Justice Assistance Grant Fund | Economic Development Fund | Total |
|--|---------------------|--------------------------|-------------------------|------------------------------|----------------------------|--|-------------------------------------|---------------------------------|---------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 332,217 | \$ 1,115,397 | \$ 5,449 | \$ 142,368 | \$ 343,418 | \$ - | \$ 15 | \$ - | \$ 2,986,525 |
| Investments | 735,000 | - | - | - | - | - | - | - | 735,000 |
| Due from Collector of Revenue | - | 719,905 | - | - | 30,761 | - | - | - | 750,666 |
| Restricted investments | - | - | - | - | - | 1 | - | - | 1 |
| Total assets | \$ 1,067,217 | \$ 1,835,302 | \$ 5,449 | \$ 142,368 | \$ 374,179 | \$ 1 | \$ 15 | \$ - | \$ 4,472,192 |
| LIABILITIES | | | | | | | | | |
| Due to various taxing authorities and others | \$ 25,337 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 27,089 |
| Total liabilities | 25,337 | - | - | - | - | - | - | - | 27,089 |
| FUND BALANCES | | | | | | | | | |
| Restricted | 1,041,880 | 1,835,302 | 5,449 | 142,368 | 374,179 | 1 | 15 | - | 4,445,103 |
| Total fund balances | 1,041,880 | 1,835,302 | 5,449 | 142,368 | 374,179 | 1 | 15 | - | 4,445,103 |
| Total liabilities and fund balances | \$ 1,067,217 | \$ 1,835,302 | \$ 5,449 | \$ 142,368 | \$ 374,179 | \$ 1 | \$ 15 | \$ - | \$ 4,472,192 |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCES - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Combined Nonmajor Special Revenue Funds | Nonmajor County Building Capital Projects Fund | Total Nonmajor Governmental Funds |
|---|--|---|--|
| REVENUES: | | | |
| Property taxes | \$ 2,804,536 | \$ - | \$ 2,804,536 |
| Other taxes | 2,767.00 | - | 2,767 |
| Grants, distributions and reimbursements | 1,275,142.00 | - | 1,275,142 |
| Fees, licenses and permits | 1,168,857.00 | - | 1,168,857 |
| Interest | 3,440.00 | 141 | 3,581 |
| Other | 250.00 | - | 250 |
| Total revenues | 5,254,992 | 141 | 5,255,133 |
| EXPENDITURES: | | | |
| Current: | | | |
| General county government | 97,835 | - | 97,835 |
| Financial administration | 238,943 | - | 238,943 |
| Property valuation and recording | 201,766 | - | 201,766 |
| Administration of justice and law enforcement | 666,577 | - | 666,577 |
| Health and welfare | 2,772,371 | - | 2,772,371 |
| Community development | 1,067,964 | - | 1,067,964 |
| Capital outlay: | | | |
| Property, equipment and buildings | 186,534 | 133,395 | 319,929 |
| Total expenditures | 5,231,990 | 133,395 | 5,365,385 |
| Excess of revenues over (under) expenditures | 23,002 | (133,254) | (110,252) |
| Other financing sources (uses) | | | |
| Transfers | 14,717 | - | 14,717 |
| Proceeds from the sale of property | (7,740) | - | (7,740) |
| Total other financing sources (uses) | 6,977 | - | 6,977 |
| NET CHANGE IN FUND BALANCE | 29,979 | (133,254) | (103,275) |
| FUND BALANCE - BEGINNING OF YEAR | 4,415,124 | 268,213 | 4,683,337 |
| FUND BALANCE - END OF YEAR | \$ 4,445,103 | \$ 134,959 | \$ 4,580,062 |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES -
MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
AS OF DECEMBER 31, 2014

| | 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 |
|---|---|-------------------------------------|---------------------------------------|-------------------------------------|--|--|---|---|----------------------|
| REVENUES: | | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other taxes | - | - | - | - | - | - | - | - | - |
| Grants, distributions and reimbursements | 50 | 21,090 | - | - | - | - | - | 25,698 | - |
| Fees, licenses and permits | 42,758 | - | 276,224 | 52,201 | 10,736 | 77,258 | 58,653 | - | 79,457 |
| Interest | 41 | 18 | 267 | 114 | 14 | 34 | 12 | 1 | - |
| Other | - | - | - | - | - | - | - | - | - |
| Total revenues | \$ 42,849 | \$ 21,108 | \$ 276,491 | \$ 52,315 | \$ 10,750 | \$ 77,292 | \$ 58,665 | \$ 25,699 | \$ 79,457 |
| EXPENDITURES: | | | | | | | | | |
| Current: | | | | | | | | | |
| General county government | - | - | - | - | - | - | - | - | - |
| Financial administration | - | - | - | - | - | - | - | - | - |
| Property valuation and recording | - | - | - | - | - | - | - | - | - |
| Administration of justice and law enforcement | 81,245 | 19,385 | 223,449 | 90,437 | 5,123 | 75,817 | 43,773 | 44,274 | 80,130 |
| Health and welfare | - | - | - | - | - | - | - | - | - |
| Community development | - | - | - | - | - | - | - | - | - |
| Capital outlay: | | | | | | | | | |
| Property, equipment and buildings | - | - | 43,662 | 11,862 | - | 15,285 | - | - | - |
| Total expenditures | 81,245 | 19,385 | 267,111 | 102,299 | 5,123 | 91,102 | 43,773 | 44,274 | 80,130 |
| Excess of revenues over (under) expenditures | (38,396) | 1,723 | 9,380 | (49,984) | 5,627 | (13,810) | 14,892 | (18,575) | (673) |
| Other financing sources (uses) | | | | | | | | | |
| Transfers | - | - | - | - | - | (7,740) | - | 14,717 | - |
| Proceeds from the sale of property | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | (7,740) | - | 14,717 | - |
| NET CHANGE IN FUND BALANCE | (38,396) | 1,723 | 9,380 | (49,984) | 5,627 | (21,550) | 14,892 | (3,858) | (673) |
| FUND BALANCE - BEGINNING OF YEAR | 99,566 | 38,127 | 472,781 | 256,831 | 27,880 | 93,131 | 135,007 | 2,850 | 2,575 |
| FUND BALANCE - END OF YEAR | \$ 61,170 | \$ 39,850 | \$ 482,161 | \$ 206,847 | \$ 33,507 | \$ 71,581 | \$ 149,899 | \$ (1,008) | \$ 1,902 |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES -
MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
AS OF DECEMBER 31, 2014

| | Recorder's Fund | Mental Health Fund | Jeff Co LEPC Fund | Election Services Fund | Tax Maintenance Fund | Neighborhood Improvement District Fund | Justice Assistance Grant Fund | Economic Development Fund | Total |
|---|---------------------|--------------------------|-------------------------|------------------------------|----------------------------|--|-------------------------------------|---------------------------------|---------------------|
| REVENUES: | | | | | | | | | |
| Property taxes | \$ - | \$ 2,804,536 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,804,536 |
| Other taxes | - | 2,767 | - | - | - | - | - | - | 2,767 |
| Grants, distributions and reimbursements | 22,276 | - | - | 46,746 | - | - | 91,318 | 1,067,964 | 1,275,142 |
| Fees, licenses and permits | 132,828 | - | - | 38,449 | 400,293 | - | - | - | 1,168,857 |
| Interest | 2,026 | 602 | 12 | 51 | 248 | - | - | - | 3,440 |
| Other | - | - | 250 | - | - | - | - | - | 250 |
| Total revenues | \$ 157,130 | \$ 2,807,905 | \$ 262 | \$ 85,246 | \$ 400,541 | \$ - | \$ 91,318 | \$ 1,067,964 | \$ 5,254,992 |
| EXPENDITURES: | | | | | | | | | |
| Current: | | | | | | | | | |
| General county government | - | - | - | 97,834 | - | - | - | - | 97,834 |
| Financial administration | - | - | - | - | 238,943 | - | - | - | 238,943 |
| Property valuation and recording | 201,767 | - | - | - | - | - | - | - | 201,767 |
| Administration of justice and law enforcement | - | - | - | - | - | - | 2,943 | - | 666,576 |
| Health and welfare | - | 2,754,080 | 18,291 | - | - | - | - | - | 2,772,371 |
| Community development | - | - | - | - | - | - | - | 1,067,964 | 1,067,964 |
| Capital outlay: | | | | | | | | | |
| Property, equipment and buildings | 2,610 | - | 648 | - | 24,093 | - | 88,375 | - | 186,535 |
| Total expenditures | 204,377 | 2,754,080 | 18,939 | 97,834 | 263,036 | - | 91,318 | 1,067,964 | 5,231,990 |
| Excess of revenues over (under) expenditures | (47,247) | 53,825 | (18,677) | (12,588) | 137,505 | - | - | - | 23,002 |
| Other financing sources (uses) | | | | | | | | | |
| Transfers | - | - | - | - | - | - | - | - | 6,977 |
| Proceeds from the sale of property | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | 6,977 |
| NET CHANGE IN FUND BALANCE | (47,247) | 53,825 | (18,677) | (12,588) | 137,505 | - | - | - | 29,979 |
| FUND BALANCE - BEGINNING OF YEAR | 1,089,127 | 1,781,477 | 24,126 | 154,956 | 236,674 | 1 | 15 | - | 4,415,124 |
| FUND BALANCE - END OF YEAR | \$ 1,041,880 | \$ 1,835,302 | \$ 5,449 | \$ 142,368 | \$ 374,179 | \$ 1 | \$ 15 | \$ - | \$ 4,445,103 |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
AGENCY FUNDS
AS OF DECEMBER 31, 2014

| | County Treasurer Agency Funds | County Officials and Other Agency Funds | County Collector Revenue Agency Funds | Total Agency Funds |
|--|--|--|--|-----------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 8,826,501 | \$ 62,976 | \$ 58,311,718 | \$ 67,201,195 |
| Due from Collector of Revenue | 4,840,276 | - | - | 4,840,276 |
| Total assets | \$ 13,666,777 | \$ 62,976 | \$ 58,311,718 | \$ 72,041,471 |
| LIABILITIES | | | | |
| Due to various taxing authorities and others | \$ 13,666,777 | \$ 120 | \$ 48,584,389 | \$ 62,251,286 |
| Protested taxes | - | - | 1,242,077 | 1,242,077 |
| Funds held in trust | - | 62,855 | - | 62,855 |
| Due to other funds | - | - | 8,485,253 | 8,485,253 |
| Total liabilities | \$ 13,666,777 | \$ 62,975 | \$ 58,311,719 | \$ 72,041,471 |

STATE COMPLIANCE SECTION

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SCHEDULE OF STATE FINDINGS
YEAR ENDED DECEMBER 31, 2014

SCHEDULE OF STATE FINDINGS

There are no state audit findings for the year ended December 31, 2014.

FEDERAL COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Jefferson (County), Missouri as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 21, 2015. As described in Note I, the County prepares its financial statements on the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

May 21, 2015



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the County of Jefferson, Missouri's (County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

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

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

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

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

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

May 21, 2015

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

| Program Title | Federal CFDA Number | Pass- Through Identification Number | Expenditures |
|--|---------------------------|--|------------------|
| <u>U.S. Department of Housing and Urban Development:</u> | | | |
| Direct: | | | |
| Community Development Block Grant..... | 14.218 | B13-UC-29-0002 | \$ 849,222 |
| | | B12-UC-29-0002 | 218,742 |
| Subtotal CFDA# 14.218..... | | | <u>1,067,964</u> |
| Total U.S. Dept. of Housing and Urban Dev..... | | | 1,067,964 |
| <u>U.S. Department of Justice</u> | | | |
| Direct: | | | |
| Safe Havens: Supervised Visitation and Safe Exchange Program..... | 16.527 | 2010-CW-AX-K010 | 108,888 |
| Community Defined Solutions to Violence Against Women..... | 16.590 | 2008-WE-AX-0025 | 115,277 |
| Equitable Sharing Program..... | 16.922 | N/A | 144,437 |
| JAG Program Cluster: | | | |
| Justice Assistance Grant - Local Solicitation..... | 16.738 | 2013-DJ-BX-0136 | 33,200 |
| | | 2012-DJ-BX-0729 | 29,997 |
| | | 2011-DJ-BX-0729 | 3,809 |
| | | 2010-DJ-BX-0729 | 24,312 |
| Subtotal CFDA# 16.738..... | | | <u>91,318</u> |
| Passed Through Missouri Department of Public Safety: | | | |
| JAG Program Cluster: | | | |
| Edward Byrne Memorial Justice Assistance Grant..... | 16.738 | 2013-JAG-015 | 98,919 |
| | | 2012-JAG-013 | 65,385 |
| Subtotal CFDA# 16.738..... | | | <u>164,304</u> |
| Total JAG Program Cluster..... | | | 255,622 |
| Title II - Juvenile Justice Formula Grants..... | 16.540 | 2013-TITLE2-05 | 1,340 |
| | | 2011-TITLE2-05 | 16,584 |
| Subtotal CFDA# 16.540..... | | | <u>17,924</u> |
| Victims of Crime..... | 16.575 | 2011-VOCA-065-SE | 25,820 |
| Passed Through Regional Computer Crimes Education and Enforcement Group | | | |
| Equitable Sharing of Seized and Forfeited Property..... | 16.922 | N/A | 2,256 |
| Total U.S. Department of Justice..... | | | <u>670,224</u> |

The notes to the schedule of expenditures of federal awards is an integral part of this statement.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

| Program Title | Federal CFDA Number | Pass- Through Identification Number | Expenditures |
|---|---------------------------|--|--------------|
| <u>U.S. Department of Transportation</u> | | | |
| Passed Through Missouri Department of Transportation | | | |
| Highway Planning and Construction Cluster: | | | |
| Romaine Creek Road Bridge..... | 20.205 | BRM-5403(654) | 50,203 |
| Klondike Road Bridge..... | 20.205 | BRO-B050 (19) | 45,871 |
| Maness Road Bridge..... | 20.205 | BRO-B050 (20) | 41,919 |
| Hillsboro House Springs Road at EMS..... | 20.205 | STP-5403 (620) | 209,615 |
| Castle Ranch Bridge..... | 20.205 | STP-5403 (621) | 410,489 |
| Mapaville-Hematite Bridge..... | 20.205 | STP-5403 (622) | 446,850 |
| Whitehead Road Bridge..... | 20.205 | STP-5403 (623) | 174,555 |
| Schneider Drive Bridge..... | 20.205 | STP-5403 (625) | 179,800 |
| Fountain City Road Bridge..... | 20.205 | STP-5403 (629) | 279,372 |
| Old Antonia Road Bridge..... | 20.205 | STP-5403 (630) | 5,620 |
| Old Lemay Ferry Road Bridge at Klabe..... | 20.205 | STP-5403 (631) | 171,600 |
| Butcher Branch Road Bridge..... | 20.205 | STP-5403 (635) | 58,344 |
| Gravois Road at Main..... | 20.205 | STP-5403 (637) | 117,400 |
| Old Lemay Ferry Road at Vogel Roundabout..... | 20.205 | STP-5403 (641) | 8,749 |
| Saline Road - Phase I..... | 20.205 | STP-5403 (642) | 143,309 |
| Vogel Road Improvements Phase II..... | 20.205 | STP-5403 (643) | 47,552 |
| Vogel Road Phase I..... | 20.205 | STP-5403 (644) | 169,366 |
| West Four Ridge Road Overlay..... | 20.205 | STP-5403 (645) | 9,492 |
| Wilson Hollow Road Bridge..... | 20.205 | STP-5403 (646) | 443,810 |
| Gravois Road Pavement Prevention..... | 20.205 | STP-5403 (650) | 99,084 |
| High Ridge Blvd Pavement Prevention..... | 20.205 | STP-5403 (651) | 61,321 |
| Kramme Road Bridge..... | 20.205 | STP-5403 (652) | 47,915 |
| Old Route 141 Pavement Prevention..... | 20.205 | STP-5403 (653) | 183,596 |
| Seckman Road Pavement Prevention..... | 20.205 | STP-5403 (655) | 384,944 |
| Stroup Road Bridge..... | 20.205 | STP-5403 (656) | 70,715 |
| Tomahawk-Vogel Overlay..... | 20.205 | STP-5403 (657) | 94,528 |
| Total Highway Planning and Construction Cluster..... | | | 3,956,019 |
| Passed Through Missouri Division of Highway Safety: | | | |
| Highway Safety Cluster: | | | |
| Hazardous Moving Violation..... | 20.600 | 15-PT-02-040 | 64,294 |
| | | 14-PT-02-051 | 128,211 |
| Subtotal CFDA# 20.600..... | | | 192,505 |
| DWI Enforcement: | | | |
| Sobriety Checkpoint..... | 20.601 | 14-154-AL-092 | 11,727 |
| | | 14-M5HVE-03-011 | 37,839 |
| DWI Enforcement..... | | | |
| | 20.601 | 14-M5HVE-03-008 | 9,256 |
| | | 15-M5HVE-03-025 | 40,394 |
| | | 15-M5HVE-03-026 | 26,692 |
| | | 14-K8-03-037 | 24,061 |
| | | 14-K8-03-035 | 162,830 |
| | | 14-M5HVE-03-009 | 11,204 |
| DWI Enforcement Unit..... | | | |
| | 20.601 | 14-K8-03-038 | 59,787 |
| Youth Alcohol Task Force..... | | | |
| | 20.601 | 14-K8-03-036 | 124,971 |
| | | 15-M5HVE-03-023 | 67,017 |
| | | 14-M5HVE-03-010 | 17,839 |
| Subtotal CFDA# 20.601..... | | | 593,617 |

The notes to the schedule of expenditures of federal awards is an integral part of this statement.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

| Program Title | Federal CFDA Number | Pass- Through Identification Number | Expenditures |
|--|---------------------------|---|---|
| Passed Through Missouri Safety Center: | | | |
| Highway Safety Cluster: | | | |
| Hazardous Moving Violation - Click It or Ticket..... | 20.600 | 14-OP-05-002 | 11,728 |
| Passed Through University of Central Missouri: | | | |
| Highway Safety Cluster: | | | |
| Child Safety Enforcement..... | 20.613 | 14-K3-05-001 | 5,623 |
| Total Highway Safety Cluster..... | | | 803,473 |
| Drive Sober or Get Pulled Over..... | 20.607 | 14-154-AL-062 | 4,865 |
| National Priority Safety Programs..... | 20.616 | 15-M5HVE-03-035 | 4,975 |
| Total U.S. Department of Transportation..... | | | 4,769,332 |
| <u>U.S. Environmental Protection Agency</u> | | | |
| Direct: | | | |
| Big River Watershed Master Plan..... | 66.802 | V-97722001 | 1,029 |
| Passed Through Missouri Department of Natural Resources: | | | |
| Nonpoint Source Implementation Grants..... | 66.460 | G12-NPS-08 G11-NPS-08 | 636 667 |
| Subtotal CFDA# 66.460..... | | | 1,303 |
| Total U.S. Environmental Protection Agency..... | | | 2,332 |
| <u>U.S. Department of Health and Senior Services</u> | | | |
| Direct: | | | |
| Substance Abuse and Mental Health Services Projects..... | 93.243 | 5H79TI024224-02 5H79TI024224-03 | 143,157 32,300 |
| Subtotal CFDA# 93.243..... | | | 175,457 |
| Passed Through Missouri Department of Social Services: | | | |
| Child Support Enforcement Cooperative..... | 93.563 | COUNTY FIPS #99 | 282,251 |
| Total U.S. Department of Health and Senior Services.. | | | 457,708 |
| <u>U.S. Executive Office of the President</u> | | | |
| Passed Through Missouri State Highway Patrol: | | | |
| High Intensity Drug Trafficking Area Program..... | 95.001 | G14MW0001A-JJ G13MW0001A-JJ G12MW0001A-JJ G14MV0001A-V G13MW0001A-V | 38,200 92,414 1,883 5,610 999 |
| Subtotal CFDA# 95.001..... | | | 139,106 |
| Total U.S. Executive Office of the President..... | | | 139,106 |
| <u>U.S. U.S. Department of Homeland Security</u> | | | |
| Passed Through Missouri State Emergency Management Agency: | | | |
| Emergency Management Performance Grants..... | 97.042 | 2014-EP-00005-056 | 77,835 |
| Total U.S. U.S. Department of Homeland Security..... | | | 77,835 |
| Total Expenditures of Federal Awards..... | | | 7,184,501 |

The notes to the schedule of expenditures of federal awards is an integral part of this statement.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each major program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Jefferson County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

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

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

Accordingly, the schedule includes expenditures of both cash and, if applicable, noncash awards.

C. Basis of Accounting

The schedule is presented on the modified cash basis of accounting, which recognizes amounts only when disbursed in cash.

NOTE 2 – SUB-RECIPIENTS

The County provided federal awards to sub-recipients during the year ended December 31, 2014. The sub-recipients are as follows:

| <u>Program Title</u> | <u>Subrecipient</u> | <u>Federal CFDA Number</u> | <u>Amount Provided to Subrecipient</u> |
|--|---------------------------------|------------------------------------|--|
| Safe Havens: Supervised Visitation and Safe Exchange Grant Program | Community Treatment, Inc. | 16.527 | \$ 108,888 |
| | Total Provided to Subrecipients | | <u>\$ 108,888</u> |

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified – Modified Cash Basis
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? Yes No
 - b. Significant deficiencies identified? Yes None Reported
3. Noncompliance material to financial statements noted? Yes No

B. Federal Awards

1. Internal control over major federal programs:
 - a. Material weakness(es) identified? Yes No
 - b. Significant deficiencies identified? Yes None Reported
2. Type of auditor's report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of *Circular A-133*? Yes No

4. Identification of major federal programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|-------------------|------------------------------------|
| 14.218 | Community Development Block Grant |
| 20.205 | Highway Planning and Construction |

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
HILLSBORO, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

II. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the fiscal year ended December 31, 2014.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2014

There were no federal award findings or questioned costs for the fiscal year ended December 31, 2014.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

2013-01 Budget Procedures

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

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

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

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

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

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

Status: This finding has been resolved in the current year.

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

Passed Through: Missouri Department of Economic Development

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

Finding Type: Significant deficiency in internal control

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

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

2013-02 Criteria: 24 CFR Part 85 indicates the County is responsible for monitoring a subrecipient. This includes ensuring that subrecipients who spend \$500,000 or more in federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 and that audits are completed within nine months of the end of the subrecipient's audit period, issuing a management decision on audit findings within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely appropriate corrective action on all findings.

Questioned Costs: Undeterminable.

Context: Overarching.

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

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

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

Management's Response:

1. The Department of Administrative Services, Contracts & Grants Division is in receipt of the (sub-recipient's) 2012/2013 single audit. The Department has requested prior year audits covering 2010/2011 and 2011/2012 from the sub-recipient. Upon receipt of the remaining (sub-recipient) audits, the County (pass-through entity) will issue a management decision on all audit findings and ensure that the sub-recipient takes timely, appropriate corrective action on any audit findings noted.
2. The County will continue to work with all sub-recipients to ensure that accurate financial and performance reports are submitted on time and with all necessary information.
3. The Department will continue to maintain regular contact with all sub-recipients on a monthly basis.
4. The Department will develop a schedule for quarterly site visits of all sub-recipients. The purpose of the site visits will be to monitor and review financial and programmatic records, observe operations and to verify that the policies are being followed and reported accurately.
5. The Department will review OMB Circular A-133 sub-recipient compliance requirements and implement effective internal controls and procedures to monitor all sub-recipients in accordance with applicable regulations.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

- 2013-02 6. The Department is currently reviewing procedures and will implement appropriate changes to ensure effective internal controls are in place.
7. Contacts & Grants Department staff will be scheduled to participate in applicable Grant and Cooperative training.

Status: This finding has been resolved in the current year.

2013-03 Community Development Block Grant, CFDA #14.218

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

Finding Type: Significant deficiency in internal control

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

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

Questioned Costs: Undeterminable.

Context: Overarching.

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

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

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

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (concluded)

2013-02 Management's Response: The Economic Development Corporation as administrator of the CDBG funds for Jefferson County has for many years verified all contractors bidding on jobs under the CDBG program by checking the Excluded Parties List System. This process has been completed on a yearly basis typically coinciding with the contractor's insurance renewal or license renewal if applicable. During the routine monitoring by U.S. Department of Housing and Urban Development for program year 2013, it was noted that debarment of contracts should be done on an individual activity basis rather than yearly. In coordination with both HUD and the County outside Auditor, Showalter & Jabouri, P.C., a clause regarding suspension and debarment regulations has been added to all contracts under the CDBG program and is signed and certified by each individual contractor on each submitted bid document prior to award. The Economic Development Corporation will continue to check the Excluded Parties List System. This updated control and procedure became effective April 1, 2014.

Status: This finding has been resolved in the current year.