

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2016

**THE COUNTY OF JEFFERSON
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, 2016, 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 of the accompanying financial statements; 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. 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, 2016, 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

Other 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 36 through 51 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on pages 57 through 58 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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.

The budgetary comparison schedules, notes to the budgetary comparison schedules, combining balance sheets – modified cash basis – non-major funds, combining statement of revenues, expenditures and changes in fund balances – modified cash basis – non-major governmental funds, and the combining statement of fiduciary net position – modified cash basis – agency funds have 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2017, on our consideration of the County of Jefferson, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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

June 14, 2017

BASIC FINANCIAL STATEMENTS

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 23,727,487
Investments	16,364,854
Due from Collector of Revenue	2,785,531
Due from various taxing authorities and others	886
Restricted cash and investments	873,431
TOTAL ASSETS	\$ 43,752,189
LIABILITIES	
Bank overdraft	\$ 2,701
Due to various taxing authorities and others	857,706
Total liabilities	860,407
NET POSITION	
Restricted for:	
Neighborhood Improvement District bond payment and reserve funds	633,624
Certificates of Participation payment and reserve funds	265,539
Special revenue funds restricted by state statute	20,953,943
Unrestricted	21,038,676
Total net position	42,891,782
TOTAL LIABILITIES AND NET POSITION	\$ 43,752,189

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, 2016

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	\$ 14,042,357	\$ 1,292,651	\$ 127,341	\$ 19,000	\$ (12,603,365)
Financial administration	929,683	2,947,464	-	-	2,017,781
Property valuation and recording	2,308,229	1,216,670	361,273	-	(730,286)
Administration of justice and law enforcement	23,419,978	5,231,679	3,069,359	32,428	(15,086,512)
Health and welfare	2,994,063	-	125,694	-	(2,868,369)
Maintenance of roads	25,541,157	571	820,484	5,222,022	(19,498,080)
Parks and recreation	932,689	128,259	37,598	-	(766,832)
Community and economic development	1,265,619	-	-	1,265,619	-
Other	789,856	-	-	-	(789,856)
Debt Service:					
Principal payments	1,754,716	-	-	203,063	(1,551,653)
Interest and fiscal charges	671,215	-	-	-	(671,215)
Total governmental activities	\$ 74,649,562	\$ 10,817,294	\$ 4,541,749	\$ 6,742,132	(52,548,387)
General revenues:					
Taxes:					
Property taxes, levied for:					
General purposes					9,612,605
Sales tax					32,282,565
Other taxes					5,423,171
Interest					309,766
Proceeds from sale of capital assets					804
Proceeds from loan					327,590
Miscellaneous					83,377
Total general revenues					48,039,878
Change in net position					(4,508,509)
Net position, beginning of year					47,400,441
Net position, end of year					\$ 42,891,932

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, 2016

	<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	\$ 6,554,112	\$ 4,227,628	\$ 3,088,692	\$ 3,363,791	\$ 1,018,392	\$ 642,660	\$ 1,559,510	\$ -	\$ 3,272,702	\$ 23,727,487
Investments	4,423,684	1,000,000	-	4,863,350	-	-	5,584,470	-	493,350	16,364,854
Due from Collector of Revenue	498,976	988,285	-	-	442,271	219,193	-	26,435	610,371	2,785,531
Due from various taxing authorities and others	-	-	-	-	105	781	-	-	-	886
Restricted cash and investments	-	-	-	-	-	-	265,539	607,891	1	873,431
Total assets	\$ 11,476,772	\$ 6,215,913	\$ 3,088,692	\$ 8,227,141	\$ 1,460,768	\$ 862,634	\$ 7,409,519	\$ 634,326	\$ 4,376,424	\$ 43,752,189
LIABILITIES										
Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,701	\$ 2,701
Due to various taxing authorities and others	734,074	62,930	32,890	-	-	-	-	702	27,110	857,706
Total liabilities	734,074	62,930	32,890	-	-	-	-	702	29,811	860,407
FUND BALANCES										
Restricted	-	6,152,983	-	8,227,141	1,460,768	862,634	265,539	633,624	4,250,417	21,853,106
Assigned	4,538,219	-	3,055,802	-	-	-	7,143,980	-	96,196	14,834,197
Unassigned	6,204,479	-	-	-	-	-	-	-	-	6,204,479
Total fund balances	10,742,698	6,152,983	3,055,802	8,227,141	1,460,768	862,634	7,409,519	633,624	4,346,613	42,891,782
Total liabilities and fund balances	\$ 11,476,772	\$ 6,215,913	\$ 3,088,692	\$ 8,227,141	\$ 1,460,768	\$ 862,634	\$ 7,409,519	\$ 634,326	\$ 4,376,424	\$ 43,752,189

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, 2016

	<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>
Revenues										
Property taxes	\$ 34,159	\$ 5,393,295	\$ -	\$ -	\$ 1,388,829	\$ 861,540	\$ -	\$ -	\$ 2,852,964	\$ 10,530,787
Special assessments	-	-	-	-	-	-	-	203,063	-	203,063
Sales tax	11,811,048	820,829	11,810,965	7,839,723	-	-	-	-	-	32,282,565
Other taxes	926,207	3,011,877	-	-	5,583	4,120	-	-	7,429	3,955,216
Grants, distributions and reimbursements	1,327,872	5,623,638	1,918,798	2,102	361,170	37,882	190,572	-	1,394,914	10,856,948
Fees, licenses and permits	9,430,846	436,042	434,940	-	11,914	127,828	-	-	1,133,568	11,575,138
Interest	92,908	26,794	16,058	83,356	3,506	3,269	62,070	235	21,577	309,773
Other	30,146	20,251	46,575	1,651	-	146	-	-	250	99,019
Total revenues	23,653,186	15,332,726	14,227,336	7,926,832	1,771,002	1,034,785	252,642	203,298	5,410,702	69,812,509
Expenditures										
Current										
General county government	12,218,499	-	-	-	-	-	-	-	97,883	12,316,382
Financial administration	565,293	-	-	-	-	-	-	-	351,971	917,264
Property valuation and recording	271,342	-	-	-	1,745,468	-	-	-	247,881	2,264,691
Administration of justice and law enforcement	6,882,693	-	15,666,248	-	-	-	-	-	560,616	23,109,557
Health and welfare	22,085	-	-	-	-	-	-	-	2,971,978	2,994,063
Maintenance of roads	-	9,498,413	-	-	-	-	-	-	-	9,498,413
Parks and recreation	-	-	-	-	-	865,336	-	-	-	865,336
Community development	-	-	-	-	-	-	-	-	1,265,619	1,265,619
Debt service:										
Principal payments	399,716	-	-	-	-	-	1,195,000	160,000	-	1,754,716
Interest and fiscal charges - includes cost of issuance related to 2013 NIDS	7,477	-	-	-	-	-	585,258	78,480	-	671,215
Capital outlay:										
Construction of roads and bridges	-	5,715,314	-	9,082,893	-	-	-	-	-	14,798,207
Property, equipment and buildings	1,698,932	191,610	148,751	1,052,929	39,623	67,353	-	-	205,045	3,404,243
Total expenditures	22,066,037	15,405,337	15,814,999	10,135,822	1,785,091	932,689	1,780,258	238,480	5,700,993	73,859,706
Revenues over (under) expenditures	1,587,149	(72,611)	(1,587,663)	(2,208,990)	(14,089)	102,096	(1,527,616)	(35,182)	(290,291)	(4,047,197)
Other financing sources (uses):										
Transfers	(2,904,264)	769,880	1,994,945	(769,880)	122,228	-	886,485	-	(99,394)	-
Lawsuit settlement	-	-	-	(789,856)	-	-	-	-	-	(789,856)
Redemption of temporary municipal notes	-	-	-	-	-	-	-	-	-	-
Proceeds from loan	327,590	-	-	-	-	-	-	-	-	327,590
Proceeds from the sale of property	804	-	-	-	-	-	-	-	-	804
Total other financing sources (uses)	(2,575,870)	769,880	1,994,945	(1,559,736)	122,228	-	886,485	-	(99,394)	(461,462)
NET CHANGE IN FUND BALANCES	(988,721)	697,269	407,282	(3,768,726)	108,139	102,096	(641,131)	(35,182)	(389,685)	(4,508,659)
Fund balances, beginning of year	11,731,419	5,455,714	2,648,520	11,995,867	1,352,629	760,538	8,050,650	668,806	4,736,298	47,400,441
Fund balances, end of year	<u>\$ 10,742,698</u>	<u>\$ 6,152,983</u>	<u>\$ 3,055,802</u>	<u>\$ 8,227,141</u>	<u>\$ 1,460,768</u>	<u>\$ 862,634</u>	<u>\$ 7,409,519</u>	<u>\$ 633,624</u>	<u>\$ 4,346,613</u>	<u>\$ 42,891,782</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, 2016**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 53,502,279
Due from Collector of Revenue	2,644,016
TOTAL ASSETS	<u>\$ 56,146,295</u>
LIABILITIES	
Due to various taxing authorities and others	\$ 50,475,947
Protested taxes	132,972
Funds held in trust	108,829
Due to other funds	5,428,547
TOTAL LIABILITIES	<u>\$ 56,146,295</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, 2016

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, 2016

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, 2016

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.

Road and Bridge Fund – A Special Revenue Fund used to account for receipts of the County-wide \$.1987 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, 2016

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 \$.0280 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, 2016

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. In 2016, the County rolled the property tax back again.

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

Real Estate	\$ 2,440,526,407
Personal Property	<u>667,057,359</u>
	<u>\$ 3,107,583,766</u>

During 2016, the County Council approved a \$0.5256 tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2016, for purposes of County taxation, as follows:

General revenue	\$ 0.0000
Parks and recreation	0.0280
Road and bridge	0.1987
Health	0.1109
Developmentally disabled	0.0940
Mental health	<u>0.0940</u>
	<u>\$ 0.5256</u>

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016.

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HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 XIV.

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, 2016.

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 XIV.

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	\$ 265,539
Payment of principal and interest on Neighborhood Improvement District bonds	\$ 633,624

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Net Position (concluded)

Special revenue funds restricted by state statute:		
Road and Bridge	\$	6,152,983
Road Tax		8,227,141
Assessment		1,460,768
Parks and Recreation		862,634
Police Officer Training		36,107
Post Commission		39,493
Sheriff Revolving		656,659
Inmate Security		211,634
Prosecuting Attorney Training		32,678
Prosecuting Attorney Delinquent Tax		46,003
Prosecuting Attorney Bad Check		148,864
Prosecuting Attorney Victim Advocate		(2,701)
SVDV		1,753
Recorder of Deeds		864,665
Mental Health		1,820,416
Jefferson County LEPC		17,433
Election Services		80,457
Tax Maintenance		296,940
NID Projects		1
Justice Assistance Grant		15
Total Special Revenue Funds Restricted by State Statute		<u>20,953,943</u>
Total Restricted Net Position	\$	<u><u>21,853,106</u></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, 2016.

L. Adoption of New Accounting Standards

For the year ended December 31, 2016, the County adopted GASB Statement No. 72 “*Fair Value Measurement and Application*”. The objective of this Statement is to revise existing accounting and financial reporting requirements when reporting the fair market value of assets. The requirements in Statement No. 72 are effective for periods beginning after June 15, 2015.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

L. Adoption of New Accounting Standards (concluded)

For the year ended December 31, 2016, the County adopted GASB Statement No. 74 “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*” and No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”. The objective of these Statements is to revise existing accounting and financial reporting requirements for postemployment benefit plans other than pension plans. The requirements in Statement No. 74 are effective for periods beginning after June 15, 2016, and the requirements in Statement No. 75 are effective for the periods beginning after June 15, 2017.

For the year ended December 31, 2016, the County adopted GASB Statement No. 77 “*Tax Abatement Disclosures*”. The objective of this Statement is to provide guidance and requirements for reporting tax abatement programs within the notes to the financial statements. The requirements in Statement No. 77 are effective for periods beginning after December 15, 2015.

For the year ended December 31, 2016, the County adopted GASB Statement No. 78 “*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*”. The objective of these Statements is to revise existing accounting and financial reporting requirements for pension plans provided through multiple-employer defined benefit plans. The requirements in Statement No. 74 are effective for periods beginning after December 15, 2015.

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 Note I. The deposits and investments held at December 31, 2016, and reported at cost, are as follows:

Type	Cost
Deposits:	
Demand deposits	\$ 77,555,965
Cash on hand	605
Debt service escrow	546,628
Investments:	
Nonnegotiable certificates of deposit	16,364,853
Total deposits and investments	\$ 94,468,051
Reconciliation to financial statements:	
Statement of Net Position	
Cash and cash equivalents	\$ 23,727,487
Investments	16,364,854
Restricted cash and investments	873,431
Statement of Fiduciary Net Position	
Cash and cash equivalents	53,502,279
	\$ 94,468,051

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016, none of the County's bank balance of \$101,976,180.88 was exposed to custodial credit risk.

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, 2016, mature on January 1, 2017.

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, 2016, the County's investments were rated as follows:

<u>Investment</u>	<u>Rating</u>	<u>Amount</u>
Money Market Mutual Funds	AAAm	\$ 546,628

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, 2016.

III. LONG-TERM DEBT

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

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

III. LONG-TERM DEBT (continued)

For the year ended December 31, 2016, the following changes occurred in long-term debt:

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Amounts Due Within One Year
Special Assessment Debt with Government Commitment: Neighborhood Improvement					
District Bonds	\$ 2,509,994	\$ -	\$ 119,994	\$ 2,390,000	\$ 165,000
Certificates of Participation	18,035,000	-	1,195,000	16,840,000	1,230,000
Capital Leases & Loans	254,907	1,426,000	399,716	1,281,191	472,455
Total	<u>\$ 20,799,901</u>	<u>\$ 1,426,000</u>	<u>\$ 1,714,710</u>	<u>\$ 20,511,191</u>	<u>\$ 1,867,455</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 Buena 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, 2016

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, 2016:

Year Ending December 31,	Principal	Interest	Total
2017	\$ 165,000	\$ 71,480	\$ 236,480
2018	170,000	67,441	237,441
2019	180,000	63,149	243,149
2020	180,000	58,685	238,685
2021	190,000	53,799	243,799
2022-2026	790,000	190,318	980,318
2027-2031	655,000	72,821	727,821
2032-2033	60,000	2,310	62,310
	\$ 2,390,000	\$ 580,003	\$ 2,970,003

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, 2016

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, 2016

III. LONG-TERM DEBT (continued)

B. Certificates of Participation (concluded)

The following is a schedule of future minimum rental payments at December 31, 2016, under the Leases, assuming the agreements are renewed each year.

Year Ending December 31,	Principal	Interest	Total
2017	\$ 1,230,000	\$ 540,267	\$ 1,770,267
2018	1,265,000	500,567	1,765,567
2019	1,310,000	458,821	1,768,821
2020	1,355,000	414,810	1,769,810
2021	1,395,000	368,199	1,763,199
2022-2026	7,295,000	1,083,264	8,378,264
2027-2028	2,990,000	94,671	3,084,671
	<u>\$ 16,840,000</u>	<u>\$ 3,460,599</u>	<u>\$ 20,300,599</u>

C. Lease/Purchase Agreement

In 2015, the County entered into a lease purchase agreement with a bank in order to purchase vehicles. This lease is for a principal amount of \$508,000 at 2.25%. Principal and interest are payable in two annual payments of \$261,544. The final payment was made in December 2016.

In 2016, the County entered into a lease purchase agreement with a bank in order to purchase vehicles. This lease is for a principal amount of \$426,000 at 3.00%. Principal and interest are payable in three annual payments of \$147,714. The final payment was made in December 2016.

In 2016, the County entered into a lease purchase loan agreement with a bank in order to purchase and renovate a building for the Animal Resource Center. This loan is for a principal amount of \$1,000,000 at 2.245%. Principal and interest are payable in three annual principal payments of \$333,333.33 plus the interest.

The following is a schedule of future minimum rental payments at December 31, 2016, under the Leases, assuming the agreements are renewed each year.

Year Ending December 31,	Principal	Interest	Total
2017	\$ 472,455	\$ 31,042	\$ 503,497
2018	475,403	19,327	494,730
2019	333,333	7,483	340,816
	<u>\$ 1,281,191</u>	<u>\$ 57,852</u>	<u>\$ 835,546</u>

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

III. LONG-TERM DEBT (concluded)

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:

2016 assessed valuation	\$ <u>3,107,583,766</u>
Debt limit - 10% of assessed valuation	\$ 310,758,377
Bonded indebtedness applicable to debt limit (Neighborhood Improvement District bonds)	(2,390,000)
Amount available in debt service fund	<u>634,327</u>
Legal debt margin	\$ <u>309,002,704</u>

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.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

V. INTERFUND TRANSFERS

Transfers between funds for the year ended December 31, 2016, are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Funds</u>		
General Fund:		
Law Enforcement Fund	\$ -	\$ 1,994,945
Capital Improvement Fund	-	886,485
Assessment Fund	-	122,228
Tax Maintenance Fund	106,371	-
Prosecuting Attorney Victim Advocate Fund	-	6,977
Total General Fund	<u>106,371</u>	<u>3,010,635</u>
Law Enforcement:		
General Fund	1,994,945	-
Assessment Fund:		
General Fund	122,228	-
Road Tax Fund:		
Road and Bridge Fund	-	769,880
Road and Bridge Fund:		
Road Tax Fund	769,880	-
Capital Improvement Fund:		
General Fund	886,485	-
<u>Non-Major Funds (Special Revenue)</u>		
Prosecuting Attorney Delinquent Tax Fund:		
Prosecuting Attorney Victim Advocate Fund	-	11,277
Prosecuting Attorney Victim Advocate Fund:		
Prosecuting Attorney Delinquent Tax Fund	11,277	-
General Fund	6,977	-
Tax Maintenance Fund:		
General Fund	-	106,371
Total Transfers	<u>\$ 3,898,163</u>	<u>\$ 3,898,163</u>

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

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
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VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

Plan Description

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

Benefits Provided

LAGERS provides retirement, death and disability benefits to employees of participating political subdivisions. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program then in effect for their political subdivision. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance. The LAGERS Board of Trustees establishes the benefit plans and provisions that are available for adoption. The political subdivision's governing body adopts all benefits of the plan.

2016 Valuation

Benefit Multiplier:	1.75%
Final Average Salary:	3 Years
Member Contributions:	4%

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

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

Employees Covered By Benefit Terms

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

	<u>General</u>	<u>Police</u>	<u>Road</u>
Inactive employees or beneficiaries currently receiving benefits	218	100	93
Inactive employees entitled to but not yet receiving benefits	136	82	27
Active employees	339	135	110
	<u>693</u>	<u>317</u>	<u>230</u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employer contribution rates are 9.8% (General), 9.9% (Police), and 15.5% (Roads) of annual covered payroll.

Net Pension Liability

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

Actuarial Assumptions

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

Inflation	3.0%
Salary Increase	3.5% to 6.8% including inflation
Investment rate of return	7.25%

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 0 years for both males and females.

The actuarial assumptions used in the February 29, 2016, valuation were based on the results of an actuarial experience study for the period March 1, 2005, through February 29, 2010.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
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VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.50%	5.50%
Fixed Income	25.00%	2.25%
Real Assets	20.00%	4.50%
Strategic Assets	6.50%	7.50%

Discount Rate

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

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HILLSBORO, MISSOURI
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VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

Changes in the Net Pension Liability

Schedule of Changes in Net Pension Liability and Related Ratios

	General Division	Police Division	Road Division
A. Total Pension Liability			
1 Service Cost	\$ 1,331,419	\$ 725,856	\$ 532,380
2 Interest on Total Pension Liability	3,303,082	2,242,729	1,559,768
3 Changes of Benefit Terms	-	-	-
4 Difference between expected and actual experience of the Total Pension Liability	114,310	(1,097,845)	(258,307)
5 Changes of Assumptions	2,038,584	1,050,383	902,501
6 Benefit payments, including refunds of employee contributions	(1,936,583)	(1,072,580)	(1,049,969)
7 Net change in total pension liability	4,850,812	1,848,543	1,686,373
8 Total pension liability - beginning	45,857,045	31,104,519	21,768,307
9 Total pension liability - ending	<u>\$ 50,707,857</u>	<u>\$ 32,953,062</u>	<u>\$ 23,454,680</u>
B. Plan Fiduciary Net Position			
1 Contributions - employer	\$ 1,276,258	\$ 771,519	\$ 749,912
2 Contributions - employee	-	-	-
3 Net investment income	(80,100)	(42,089)	(40,256)
4 Benefit payments, including refunds of employee contributions	(1,936,583)	(1,072,580)	(1,049,696)
5 Pension plan administrative expense	(55,776)	(23,890)	(19,261)
6 Other (net transfer)	(203,506)	(249,573)	(216,058)
7 Net change in plan fiduciary net position	(999,707)	(616,613)	(575,359)
8 Plan fiduciary net position - beginning	52,054,991	33,978,800	21,535,696
9 Plan fiduciary net position - ending	<u>\$ 51,055,284</u>	<u>\$ 33,362,187</u>	<u>\$ 20,960,337</u>
C. Net Pension Liability / (Asset)	<u>\$ (347,427)</u>	<u>\$ (409,125)</u>	<u>\$ 2,494,343</u>
D. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.69%	101.24%	89.36%
E. Covered-Employee Payroll	\$ 13,082,912	\$ 6,928,486	\$ 5,242,647
F. Net Pension Liability as a Percentage of Covered Employee Payroll	-2.66%	-5.90%	47.58%

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
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VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

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

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate.

Sensitivity of Net Pension Liability to the Single Discount Rate

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
General Division:			
Total Pension Liability (TPL)	\$ 58,620,865	\$ 50,707,857	\$ 44,275,122
Plan Fiduciary Net Position	51,055,284	51,055,284	51,055,284
Net Pension Liability / (Asset) (NPL)	\$ 7,565,581	\$ (347,427)	\$ (6,780,162)
Police Division:			
Total Pension Liability (TPL)	\$ 52,865	\$ 32,953,062	\$ 28,574,519
Plan Fiduciary Net Position	33,362,187	33,362,187	33,362,187
Net Pension Liability / (Asset) (NPL)	\$ (33,309,322)	\$ (409,125)	\$ (4,787,668)
Roads Division:			
Total Pension Liability (TPL)	\$ 26,701,288	\$ 23,454,680	\$ 20,765,545
Plan Fiduciary Net Position	20,960,064	20,960,064	20,960,064
Net Pension Liability / (Asset) (NPL)	\$ 5,741,224	\$ 2,494,616	\$ (194,519)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the employer would have recognized pension expense of \$5,598,179 under the GAAP financial reporting standards. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

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HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
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VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (concluded)

	General		Police		Roads	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 92,768	\$ (836,733)	\$ -	\$ (1,043,521)	\$ -	\$ (418,894)
Changes in assumptions	1,654,409	-	839,729	-	725,363	-
Net difference between projected and actual earnings on pension plan investments	4,669,677	-	3,044,381	-	1,953,884	-
Employer contributions subsequent to the measurement date	-	-	-	-	-	-
Total	<u>\$ 6,416,854</u>	<u>\$ (836,733)</u>	<u>\$ 3,884,110</u>	<u>\$ (1,043,521)</u>	<u>\$ 2,679,247</u>	<u>\$ (418,894)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending June 30, 2016.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources - General	Net Deferred Outflows of Resources - Police	Net Deferred Outflows of Resources - Roads
2017	\$ 1,467,590	\$ 787,027	\$ 606,769
2018	1,467,590	787,027	606,769
2019	1,467,590	787,027	606,771
2020	1,053,040	479,508	428,045
2021	124,309	-	11,999
Thereafter	-	-	-
Total	<u>\$ 5,580,119</u>	<u>\$ 2,840,589</u>	<u>\$ 2,260,353</u>

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

C. Funding Policy

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

<u>Year Ended</u> <u>December 31,</u>	<u>Employee</u> <u>Contributions</u>	<u>Statutory</u> <u>Charges</u>
2016	\$ 621,600	\$ 1,274,000
2015	\$ 620,170	\$ 1,223,000
2014	\$ 559,000	\$ 1,074,000

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
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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, 2016.

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. There were no COBRA participants for the year ended December 31, 2016.

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, 2016, financial statements for any such claims and lawsuits.

B. Compensated Absences

The County provides employees with up to five weeks of paid vacation based upon the number of years of continuing service. Earned vacation may be accumulated up to one year. Upon separation from county employment, an employee shall be compensated for unused vacation. Sick leave is earned at a rate of one day per month for a maximum of 120 days. Upon termination from county employment, an employee is not reimbursed for unused sick leave except when the employee retires after the age of 55, and the employee is a vested employee. An employee is vested after five years of continuous employment with the County. Vested, retiring employees are compensated for unused sick days at the rate of 40% of accrued sick days at the date of termination of employment. This provision 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, 2016.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

X. CLAIMS COMMITMENTS AND CONTINGENCIES (concluded)

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 \$158,000.

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.

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 OF JEFFERSON
HILLSBORO, MISSOURI
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XI. RISK MANAGEMENT (concluded)

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. SUBSEQUENT EVENTS

The County did not have any subsequent events to report as of the audit report date.

XIII. 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 March 2016, the GASB issued Statement No. 80 "*Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*". The objective of this Statement is to revise existing accounting and financial reporting requirements when analyzing component unit inclusion in the financial statements. The requirements in Statement No. 80 are effective for periods beginning after June 15, 2016.

In March 2016, the GASB issued Statement No. 81 "*Irrevocable Split-Interest Payments*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements in Statement No. 81 are effective for periods beginning after December 15, 2016.

In March 2016, the GASB issued Statement No. 82 "*Pension Issues – an amendment of GASB Statement No. 67, 68, and 73*". The objective of this Statement is to improve accounting and financial reporting for pensions previously discussed in prior statements. The requirements in Statement No. 82 are effective for periods beginning after June 15, 2016.

XIV. FUND BALANCE CONSTRAINTS

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

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HILLSBORO, MISSOURI
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XIV. 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	\$ -	\$ 6,152,983	\$ -	\$ 8,227,141	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,380,124
Assessment	-	-	-	-	1,460,768	-	-	-	-	1,460,768
Parks and recreation	-	-	-	-	-	862,634	-	-	-	862,634
Debt service - COPS	-	-	-	-	-	-	265,539	-	-	265,539
Debt service - NIDS	-	-	-	-	-	-	-	633,624	-	633,624
Police officer training	-	-	-	-	-	-	-	-	36,107	36,107
Post commission	-	-	-	-	-	-	-	-	39,493	39,493
Sheriff revolving fund	-	-	-	-	-	-	-	-	656,659	656,659
Inmate security	-	-	-	-	-	-	-	-	211,634	211,634
Prosecuting attorney training	-	-	-	-	-	-	-	-	32,678	32,678
Prosecuting attorney delinquent tax fund	-	-	-	-	-	-	-	-	46,003	46,003
Prosecuting attorney admin handling cost	-	-	-	-	-	-	-	-	148,864	148,864
Prosecuting attorney victim advocate fund	-	-	-	-	-	-	-	-	(2,701)	(2,701)
SVDV fund	-	-	-	-	-	-	-	-	1,753	1,753
Recorder of deeds	-	-	-	-	-	-	-	-	864,665	864,665
Mental health fund	-	-	-	-	-	-	-	-	1,820,416	1,820,416
Jeff Co LEPC	-	-	-	-	-	-	-	-	17,433	17,433
Election services	-	-	-	-	-	-	-	-	80,457	80,457
Tax maintenance	-	-	-	-	-	-	-	-	296,940	296,940
NID projects	-	-	-	-	-	-	-	-	1	1
JAG grant	-	-	-	-	-	-	-	-	15	15
Total Restricted	-	6,152,983	-	8,227,141	1,460,768	862,634	265,539	633,624	4,250,417	21,853,106
Assigned for:										
Prosecuting attorney forfeitures	16,470	-	-	-	-	-	-	-	-	16,470
Courthouse beautification	442	-	-	-	-	-	-	-	-	442
County discretionary fund	20,852	-	-	-	-	-	-	-	-	20,852
Animal control donations	30,205	-	-	-	-	-	-	-	-	30,205
Subsequent year's budget deficit	4,470,250	-	-	-	-	-	-	-	-	4,470,250
Drug forfeiture	-	-	190,541	-	-	-	-	-	-	190,541
Sheriff's commissary fund	-	-	91,166	-	-	-	-	-	-	91,166
Sheriff equipment donation fund	-	-	3,406	-	-	-	-	-	-	3,406
Prisoner phone fund	-	-	275,234	-	-	-	-	-	-	275,234
Police memorial fund	-	-	13,257	-	-	-	-	-	-	13,257
Sheriff's reserve fund	-	-	944	-	-	-	-	-	-	944
JCMPEG asset forfeiture fund	-	-	23,866	-	-	-	-	-	-	23,866
Law enforcement	-	-	2,457,388	-	-	-	-	-	-	2,457,388
Capital improvements	-	-	-	-	-	-	7,143,980	-	96,196	7,240,176
Total Assigned	4,538,219	-	3,055,802	-	-	-	7,143,980	-	96,196	14,834,197
Unassigned	6,204,479	-	-	-	-	-	-	-	-	6,204,479
	<u>\$ 10,742,698</u>	<u>\$ 6,152,983</u>	<u>\$ 3,055,802</u>	<u>\$ 8,227,141</u>	<u>\$ 1,460,768</u>	<u>\$ 862,634</u>	<u>\$ 7,409,519</u>	<u>\$ 633,624</u>	<u>\$ 4,346,613</u>	<u>\$ 42,891,782</u>

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

XV. ADOPTION OF NEW ACCOUNTING STANDARDS

For the year ended December 31, 2016, the County adopted GASB Statement No. 72 “*Fair Value Measurement and Application*”. The objective of this Statement is to revise existing accounting and financial reporting requirements when reporting the fair market value of assets. The requirements in Statement No. 72 are effective for periods beginning after June 15, 2015.

For the year ended December 31, 2016, the County adopted GASB Statement No. 74 “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*” and No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”. The objective of these Statements is to revise existing accounting and financial reporting requirements for postemployment benefit plans other than pension plans. The requirements in Statement No. 74 are effective for periods beginning after June 15, 2016, and the requirements in Statement No. 75 are effective for the periods beginning after June 15, 2017.

For the year ended December 31, 2016, the County adopted GASB Statement No. 77 “*Tax Abatement Disclosures*”. The objective of this Statement is to provide guidance and requirements for reporting tax abatement programs within the notes to the financial statements. The requirements in Statement No. 77 are effective for periods beginning after December 15, 2015.

For the year ended December 31, 2016, the County adopted GASB Statement No. 78 “*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*”. The objective of these Statements is to revise existing accounting and financial reporting requirements for pension plans provided through multiple-employer defined benefit plans. The requirements in Statement No. 74 are effective for periods beginning after December 15, 2015.

SUPPLEMENTARY INFORMATION

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 308,174	\$ 308,174	\$ 34,159	\$ (274,015)
Sales tax	11,300,000	11,300,000	11,811,048	511,048
Other taxes	867,911	867,911	926,207	58,296
Grants, distributions and reimbursements	1,402,919	1,454,445	1,327,872	(126,573)
Fees, licenses and permits	9,611,765	9,611,765	9,430,846	(180,919)
Interest	46,622	46,622	92,908	46,286
Other	5,040	5,040	30,146	25,106
Total revenues	<u>23,542,431</u>	<u>23,593,957</u>	<u>23,653,186</u>	<u>59,229</u>
Expenditures:				
Current:				
General county government	13,303,954	13,358,548	12,218,499	1,140,049
Financial administration	612,313	612,313	565,293	47,020
Property valuation and recording	271,683	271,683	271,342	341
Administration of justice and law enforcement	7,522,182	7,521,841	6,882,693	639,148
Health and welfare	32,970	32,970	22,085	10,885
Debt service:				
Principal payments	-	-	399,716	(399,716)
Interest and fiscal charges	-	-	7,477	(7,477)
Capital outlay:				
Property, equipment and buildings	2,004,554	2,571,577	1,698,932	872,645
Total expenditures	<u>23,747,656</u>	<u>24,368,932</u>	<u>22,066,037</u>	<u>2,302,895</u>
Excess of revenues over (under) expenditures	(205,225)	(774,975)	1,587,149	2,362,124
Other financing sources (uses)				
Transfers	(3,714,635)	(3,714,635)	(2,904,264)	810,371
Lawsuit settlement	-	-	-	-
Loan Proceeds	-	-	327,590	327,590
Proceeds from the sale of property	-	-	804	804
Total other financing sources (uses)	<u>(3,714,635)</u>	<u>(3,714,635)</u>	<u>(2,575,870)</u>	<u>1,138,765</u>
NET CHANGE IN FUND BALANCE	(3,919,860)	(4,489,610)	(988,721)	3,500,889
FUND BALANCE - BEGINNING OF YEAR	11,731,419	11,731,419	11,731,419	-
FUND BALANCE - END OF YEAR	<u>\$ 7,811,559</u>	<u>\$ 7,241,809</u>	<u>\$ 10,742,698</u>	<u>\$ 3,500,889</u>

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, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
Current:				
General County Government:				
Animal Control	\$ 519,693	\$ 519,693	\$ 470,868	\$ 48,825
Auditor	228,093	226,715	220,805	5,910
Board of Equalization	3,000	3,000	850	2,150
Code Enforcement	676,327	662,595	607,225	55,370
Solid Waste	176,855	184,855	178,521	6,334
County Agencies	10,000	10,000	10,000	-
County Clerk	1,105,453	1,105,453	1,014,430	91,023
County Council	128,787	128,787	123,278	5,509
County Executive	121,073	121,073	115,159	5,914
Economic Development	60,750	81,000	81,000	-
Emergency Management	222,392	232,774	208,864	23,910
Facility Services	1,517,545	1,517,431	1,335,719	181,712
Fleet Services	1,091,085	1,062,502	799,476	263,026
General Services	976,967	976,736	889,647	87,089
Information Technology	1,836,429	1,836,429	1,710,677	125,752
Insurance - Health	1,655,935	1,655,935	1,644,597	11,338
Insurance - Other	218,700	218,700	189,355	29,345
Insurance - Workmen's Compensation	100,000	100,000	131,601	(31,601)
County Services and Code Enforcement	199,982	199,982	222,466	(22,484)
Missouri University Extension Services	81,000	81,000	81,000	-
Organizations	43,000	43,000	38,618	4,382
Other	293,850	343,850	292,258	51,592
Payroll Taxes and Retirement	1,742,519	1,742,519	1,601,501	141,018
Planning and Zoning	294,519	304,519	250,584	53,935
	<u>13,303,954</u>	<u>13,358,548</u>	<u>12,218,499</u>	<u>1,140,049</u>
Financial Administration:				
Collector	449,912	449,912	403,598	46,314
Treasurer	162,401	162,401	161,695	706
	<u>612,313</u>	<u>612,313</u>	<u>565,293</u>	<u>47,020</u>
Property Valuation and Recording:				
Recorder of Deeds	271,683	271,683	271,342	341

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, 2016

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
EXPENDITURES:				
Administration of Justice and Law Enforcement:				
Circuit Clerk	33,310	35,310	28,054	7,256
Circuit Courts	439,994	438,928	186,257	252,671
Jury Script	396,000	396,000	376,564	19,436
Juvenile Office	2,929,306	2,929,306	2,729,038	200,268
Juvenile Treatment Center	455,730	455,730	432,287	23,443
Municipal Court	395,316	395,027	352,634	42,393
Medical Examiner	374,690	374,690	374,690	-
Prosecuting Attorney	2,207,624	2,206,900	2,142,265	64,635
Public Administrator	290,212	289,950	260,904	29,046
	<u>7,522,182</u>	<u>7,521,841</u>	<u>6,882,693</u>	<u>639,148</u>
Health and Welfare	<u>32,970</u>	<u>32,970</u>	<u>22,085</u>	<u>10,885</u>
Debt Service:				
Principal Payments	-	-	399,716	(399,716)
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>7,477</u>	<u>(7,477)</u>
	<u>-</u>	<u>-</u>	<u>407,193</u>	<u>(407,193)</u>
Capital Outlay:				
Property, Equipment and Buildings	<u>2,004,554</u>	<u>2,571,577</u>	<u>1,698,932</u>	<u>872,645</u>
Total Expenditures	<u>\$ 23,747,656</u>	<u>\$ 24,368,932</u>	<u>\$ 22,066,037</u>	<u>\$ 2,302,895</u>

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 5,576,435	\$ 5,576,435	\$ 5,393,295	\$ (183,140)
Sales tax	552,720	552,720	820,829	268,109
Other taxes	2,977,229	2,977,229	3,011,877	34,648
Grants, distributions and reimbursements	6,650,173	6,650,173	5,623,638	(1,026,535)
Fees, licenses and permits	406,530	406,530	436,042	29,512
Interest	11,984	11,984	26,794	14,810
Other	23,000	23,000	20,251	(2,749)
Total revenues	16,198,071	16,198,071	15,332,726	(865,345)
Expenditures:				
Current:				
Maintenance of roads:				
Salaries	5,898,817	5,898,817	5,444,506	454,311
Office expense	20,100	20,100	15,311	4,789
Miscellaneous	36,850	34,900	23,522	11,378
Uniforms	26,260	26,260	26,024	236
Medical expense	8,000	8,000	4,316	3,684
Safety equipment & supplies	29,150	29,150	27,414	1,736
Parts and repairs	600,000	597,731	419,424	178,307
Utilities	106,630	106,630	64,046	42,584
Insurance	1,441,154	1,441,154	1,476,746	(35,592)
Payroll taxes	471,168	471,168	412,154	59,014
Pension	725,201	725,201	736,434	(11,233)
Training	25,000	25,000	17,869	7,131
City Tax Distribution	275,000	276,159	276,159	-
C.A.R.T.	203,194	203,194	178,101	25,093
Vehicle expenses	720,250	720,250	376,387	343,863
Capital outlay:				
Property, equipment and buildings:				
Equipment	276,200	280,419	176,810	103,609
Right-of-way	69,480	69,480	14,800	54,680
Construction of roads and bridges:				
Contractual service	5,437,390	5,457,390	4,984,359	473,031
Road materials	1,350,000	1,313,841	385,591	928,250
Equipment rental	20,000	35,000	22,915	12,085
Sign material	-	-	-	-
Engineering fees	451,500	451,500	322,449	129,051
Total expenditures	18,191,344	18,191,344	15,405,337	2,786,007
Excess of revenues over (under) expenditures	(1,993,273)	(1,993,273)	(72,611)	1,920,662
Other financing sources (uses)				
Transfers	500,000	500,000	769,880	269,880
Proceeds from the sale of property	-	-	-	-
Total other financing sources (uses)	500,000	500,000	769,880	269,880
NET CHANGE IN FUND BALANCE	(1,493,273)	(1,493,273)	697,269	2,190,542
FUND BALANCE - BEGINNING OF YEAR	5,455,714	5,455,714	5,455,714	-
FUND BALANCE - END OF YEAR	\$ 3,962,441	\$ 3,962,441	\$ 6,152,983	\$ 2,190,542

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
LAW ENFORCEMENT FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales tax	\$ 11,300,000	\$ 11,300,000	\$ 11,810,965	\$ 510,965
Grants, distributions and reimbursements	1,985,448	2,169,662	1,918,798	(250,864)
Fees, licenses and permits	553,687	553,687	434,940	(118,747)
Interest	3,716	3,716	16,058	12,342
Other	90,818	90,818	46,575	(44,243)
Total revenues	13,933,669	14,117,883	14,227,336	109,453
Expenditures:				
Current:				
Administration of Justice and Law Enforcement:				
Salaries	10,617,864	10,653,998	9,967,014	686,984
Payroll taxes	796,635	798,141	745,338	52,803
Leased vehicles	50,400	54,724	53,004	1,720
Office expense	52,000	52,000	42,614	9,386
Contractual services	585,920	553,320	460,410	92,910
Professional services	24,000	45,600	22,060	23,540
Uniforms	72,700	72,700	50,942	21,758
Utilities	80,376	83,376	81,727	1,649
Insurance	2,136,751	2,140,974	2,210,990	(70,016)
Pension	1,023,685	1,025,634	931,402	94,232
Training	124,263	156,355	66,133	90,222
Other	693,838	680,808	416,943	263,865
Institutional placement	13,000	13,000	1,305	11,695
Prisoner medical expense	12,000	12,000	5,609	6,391
Prisoner transport	80,000	80,000	34,185	45,815
Prisoner food	465,650	508,250	511,877	(3,627)
Vehicle expense	1,200	2,400	1,148	1,252
Jail Expense	138,500	127,270	63,547	63,723
Capital outlay:				
Property, equipment and buildings	114,740	222,511	148,751	73,760
Total expenditures	17,083,522	17,283,061	15,814,999	1,468,062
Excess of revenues over (under) expenditures	(3,149,853)	(3,165,178)	(1,587,663)	1,577,515
Other financing sources (uses)				
Transfers	1,994,945	1,994,945	1,994,945	-
Proceeds from the sale of property	-	-	-	-
Total other financing sources (uses)	1,994,945	1,994,945	1,994,945	-
NET CHANGE IN FUND BALANCE	(1,154,908)	(1,170,233)	407,282	1,577,515
FUND BALANCE - BEGINNING OF YEAR	2,648,520	2,648,520	2,648,520	-
FUND BALANCE - END OF YEAR	\$ 1,493,612	\$ 1,478,287	\$ 3,055,802	\$ 1,577,515

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD TAX FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales tax	\$ 8,000,000	\$ 8,000,000	\$ 7,839,723	\$ (160,277)
Grants, distributions and reimbursements	242,481	242,481	2,102	(240,379)
Interest	44,618	44,618	83,356	38,738
Other	-	-	1,651	1,651
Total revenues	8,287,099	8,287,099	7,926,832	(360,267)
Expenditures:				
Capital outlay:				
Property, equipment and buildings:				
Right of way	111,120	111,120	57,938	53,182
Motor vehicle equipment	1,025,000	1,025,000	959,396	65,604
Other Equipment	-	71,190	35,595	35,595
Construction of roads and bridges:				
Contractual services	6,736,507	7,246,507	6,727,750	518,757
Road materials	2,500,000	1,740,000	1,381,597	358,403
Equipment rental	30,000	30,000	29,655	345
Sign material	750,000	678,810	88,792	590,018
Engineering fees	933,000	933,000	855,099	77,901
Total expenditures	12,085,627	11,835,627	10,135,822	1,699,805
Excess of revenues over (under) expenditures	(3,798,528)	(3,548,528)	(2,208,990)	1,339,538
Other financing sources (uses)				
Transfers	(500,000)	(750,000)	(769,880)	(19,880)
Lawsuit Settlement	-	(789,856)	(789,856)	-
Total other financing sources (uses)	(500,000)	(1,539,856)	(1,559,736)	(19,880)
NET CHANGE IN FUND BALANCE	(4,298,528)	(5,088,384)	(3,768,726)	1,319,658
FUND BALANCE - BEGINNING OF YEAR	11,995,867	11,995,867	11,995,867	-
FUND BALANCE - END OF YEAR	\$ 7,697,339	\$ 6,907,483	\$ 8,227,141	\$ 1,319,658

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ASSESSMENT FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,344,358	\$ 1,344,358	\$ 1,388,829	\$ 44,471
Other taxes	8,082	8,082	5,583	(2,499)
Grants, distributions and reimbursements	334,869	334,869	361,170	26,301
Fees, licenses and permits	11,000	11,000	11,914	914
Interest	300	300	3,506	3,206
Total revenues	1,698,609	1,698,609	1,771,002	72,393
Expenditures:				
Current:				
Property valuation and recording:				
Salaries	1,200,998	1,200,998	1,171,898	29,100
Office	15,000	19,000	19,940	(940)
Contractual services	40,000	40,000	36,550	3,450
Miscellaneous	12,350	12,350	8,277	4,073
Mileage	500	500	331	169
Utilities	620	620	634	(14)
Insurance	226,454	226,454	204,619	21,835
Postage	65,000	65,000	64,666	334
Payroll taxes	98,658	98,658	88,533	10,125
Pension	109,241	109,241	102,047	7,194
Professional services	32,500	28,500	26,073	2,427
Training	20,000	20,000	20,200	(200)
Vehicle Gas & Oil	3,000	3,000	1,700	1,300
Capital outlay:				
Property, equipment and buildings	71,252	103,225	39,623	63,602
Total expenditures	1,895,573	1,927,546	1,785,091	142,455
Excess of revenues over (under) expenditures	(196,964)	(228,937)	(14,089)	214,848
Other financing sources (uses)				
Transfers	122,228	122,228	122,228	-
Total other financing sources (uses)	122,228	122,228	122,228	-
NET CHANGE IN FUND BALANCE	(74,736)	(106,709)	108,139	214,848
FUND BALANCE - BEGINNING OF YEAR	1,352,629	1,352,629	1,352,629	-
FUND BALANCE - END OF YEAR	\$ 1,277,893	\$ 1,245,920	\$ 1,460,768	\$ 214,848

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
PARKS AND RECREATION FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 854,428	\$ 854,428	\$ 861,540	\$ 7,112
Other taxes	5,826	5,826	4,120	(1,706)
Grants, distributions and reimbursements	350	350	37,882	37,532
Fees, licenses and permits	130,834	130,834	127,828	(3,006)
Interest	790	790	3,269	2,479
Other	-	-	146	146
Total revenues	992,228	992,228	1,034,785	42,557
Expenditures:				
Current:				
Park Maintenance:				
Salaries	630,315	630,315	520,204	110,111
Office	2,200	2,200	1,037	1,163
Contractual services	54,600	54,600	45,141	9,459
Miscellaneous	29,300	29,300	18,327	10,973
Utilities	32,675	32,675	19,431	13,244
Uniforms	2,000	2,000	882	1,118
Medical Expenses	550	550	274	276
Parts and Repairs	8,000	8,000	6,638	1,362
Rent	800	800	200	600
Insurance	113,510	113,510	105,312	8,198
Payroll taxes	52,220	52,220	39,516	12,704
Pension	50,827	50,827	41,018	9,809
Supplies	4,000	4,000	2,248	1,752
Professional services	3,000	3,000	1,965	1,035
Training	2,900	2,900	1,394	1,506
Park programs	38,500	38,500	23,279	15,221
Park development	187,848	189,992	25,172	164,820
Vehicle expense	32,000	32,000	13,298	18,702
Capital outlay:				
Property, equipment and buildings	57,700	92,224	67,353	24,871
Total expenditures	1,302,945	1,339,613	932,689	406,924
Excess of revenues over (under) expenditures	(310,717)	(347,385)	102,096	449,481
Other financing sources (uses)				
Transfers				
Proceeds from the sale of property	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(310,717)	(347,385)	102,096	449,481
FUND BALANCE - BEGINNING OF YEAR	760,538	760,538	760,538	-
FUND BALANCE - END OF YEAR	\$ 449,821	\$ 413,153	\$ 862,634	\$ 449,481

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
COMBINING BALANCE SHEET - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2016

	Combined Nonmajor Special Revenue Funds	Nonmajor County Building Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,176,506	\$ 96,196	\$ 3,272,702
Investments	493,350	-	493,350
Due from Collector of Revenue	610,371	-	610,371
Restricted investments	1	-	1
Total assets	\$ 4,280,228	\$ 96,196	\$ 4,376,424
LIABILITIES			
Bank Overdraft	\$ 2,701	\$ -	\$ 2,701
Due to various taxing authorities and others	27,110	-	27,110
Total liabilities	29,811	-	29,811
FUND BALANCES			
Restricted	4,250,417	-	4,250,417
Assigned	-	96,196	96,196
Total fund balances	4,250,417	96,196	4,346,613
Total liabilities and fund balances	\$ 4,280,228	\$ 96,196	\$ 4,376,424

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
NOTES TO BUDGETARY SCHEDULES
DECEMBER 31, 2016

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.

STATE COMPLIANCE SECTION

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
COMBINING BALANCE SHEET - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
AS OF DECEMBER 31, 2016

	Police Officer Training Fund	Post Commission Fund	Sheriff Revolving Fund	Inmate Security Fund	Pros Atty Training Fund	Pros Atty Delinquent Tax Fund	Pros Atty Admin Handling Cost Fund	Pros Atty Victim Advocate Fund	SVDV Fund
ASSETS									
Cash and cash equivalents	\$ 36,107	\$ 39,493	\$ 656,748	\$ 211,634	\$ 32,678	\$ 46,003	\$ 149,684	\$ -	\$ 1,753
Investments	-	-	-	-	-	-	-	-	-
Due from Collector of Revenue	-	-	-	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-	-	-	-
Total assets	\$ 36,107	\$ 39,493	\$ 656,748	\$ 211,634	\$ 32,678	\$ 46,003	\$ 149,684	\$ -	\$ 1,753
LIABILITIES									
Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,701	\$ -
Due to various taxing authorities and others	-	-	89	-	-	-	820	-	-
Total liabilities	-	-	89	-	-	-	820	2,701	-
FUND BALANCES									
Restricted	36,107	39,493	656,659	211,634	32,678	46,003	148,864	(2,701)	1,753
Total fund balances	36,107	39,493	656,659	211,634	32,678	46,003	148,864	(2,701)	1,753
Total liabilities and fund balances	\$ 36,107	\$ 39,493	\$ 656,748	\$ 211,634	\$ 32,678	\$ 46,003	\$ 149,684	\$ -	\$ 1,753

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
COMBINING BALANCE SHEET - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
AS OF DECEMBER 31, 2016

	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	\$ 397,516	\$ 1,239,065	\$ 17,433	\$ 80,457	\$ 267,920	\$ -	\$ 15	\$ -	\$ 3,176,506
Investments	493,350	-	-	-	-	-	-	-	493,350
Due from Collector of Revenue	-	581,351	-	-	29,020	-	-	-	610,371
Restricted investments	-	-	-	-	-	1	-	-	1
Total assets	\$ 890,866	\$ 1,820,416	\$ 17,433	\$ 80,457	\$ 296,940	\$ 1	\$ 15	\$ -	\$ 4,280,228
LIABILITIES									
Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,701
Due to various taxing authorities and others	26,201	-	-	-	-	-	-	-	27,110
Total liabilities	26,201	-	-	-	-	-	-	-	29,811
FUND BALANCES									
Restricted	864,665	1,820,416	17,433	80,457	296,940	1	15	-	4,250,417
Total fund balances	864,665	1,820,416	17,433	80,457	296,940	1	15	-	4,250,417
Total liabilities and fund balances	\$ 890,866	\$ 1,820,416	\$ 17,433	\$ 80,457	\$ 296,940	\$ 1	\$ 15	\$ -	\$ 4,280,228

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Combined Nonmajor Special Revenue Funds	Nonmajor County Building Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES:			
Property taxes	\$ 2,852,964	\$ -	\$ 2,852,964
Other taxes	7,429	-	7,429
Grants, distributions and reimbursements	1,394,914	-	1,394,914
Fees, licenses and permits	1,133,568	-	1,133,568
Interest	21,010	567	21,577
Other	250	-	250
Total revenues	5,410,135	567	5,410,702
EXPENDITURES:			
Current:			
General county government	97,883	-	97,883
Financial administration	351,971	-	351,971
Property valuation and recording	247,881	-	247,881
Administration of justice and law enforcement	560,616	-	560,616
Health and welfare	2,971,978	-	2,971,978
Community development	1,265,619	-	1,265,619
Capital outlay:			
Property, equipment and buildings	139,813	65,232	205,045
Total expenditures	5,635,761	65,232	5,700,993
Excess of revenues over (under) expenditures	(225,626)	(64,665)	(290,291)
Other financing sources (uses)			
Transfers	(99,394)	-	(99,394)
Proceeds from the sale of property	-	-	-
Total other financing sources (uses)	(99,394)	-	(99,394)
NET CHANGE IN FUND BALANCE	(325,020)	(64,665)	(389,685)
FUND BALANCE - BEGINNING OF YEAR	4,575,437	160,861	4,736,298
FUND BALANCE - END OF YEAR	\$ 4,250,417	\$ 96,196	\$ 4,346,613

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
FOR THE YEAR ENDED DECEMBER 31, 2016

	Police Officer Training Fund	Post Commission Fund	Sheriff Revolving Fund	Inmate Security Fund	Pros Atty Training Fund	Pros Atty Delinquent Tax Fund	Pros Atty Admin Handling Cost Fund	Pros Atty Victim Advocate Fund	SVDV Fund
REVENUES:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-	-	-	-
Grants, distributions and reimbursements	-	14,560	-	-	-	-	-	25,026	-
Fees, licenses and permits	30,715	-	335,586	38,306	7,716	73,321	42,300	-	65,407
Interest	39	138	4,306	1,094	105	220	55	9	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	\$ 30,754	\$ 14,698	\$ 339,892	\$ 39,400	\$ 7,821	\$ 73,541	\$ 42,355	\$ 25,035	\$ 65,407
EXPENDITURES:									
Current:									
General county government	-	-	-	-	-	-	-	-	-
Financial administration	-	-	-	-	-	-	-	-	-
Property valuation and recording	-	-	-	-	-	-	-	-	-
Administration of justice and law enforcement	23,070	13,944	288,495	31,227	5,478	39,866	47,252	45,990	65,294
Health and welfare	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-
Capital outlay:									
Property, equipment and buildings	1,181	-	64,249	-	-	25,621	-	-	-
Total expenditures	24,251	13,944	352,744	31,227	5,478	65,487	47,252	45,990	65,294
Excess of revenues over (under) expenditures	6,503	754	(12,852)	8,173	2,343	8,054	(4,897)	(20,955)	113
Other financing sources (uses)									
Transfers	-	-	-	-	-	(11,277)	-	18,254	-
Proceeds from the sale of property	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(11,277)	-	18,254	-
NET CHANGE IN FUND BALANCE	6,503	754	(12,852)	8,173	2,343	(3,223)	(4,897)	(2,701)	113
FUND BALANCE - BEGINNING OF YEAR	29,604	38,739	669,511	203,461	30,335	49,226	153,761	-	1,640
FUND BALANCE - END OF YEAR	\$ 36,107	\$ 39,493	\$ 656,659	\$ 211,634	\$ 32,678	\$ 46,003	\$ 148,864	\$ (2,701)	\$ 1,753

THE COUNTY OF JEFFERSON

HILLSBORO, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
FOR THE YEAR ENDED DECEMBER 31, 2016**

	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	\$ -	\$ 2,852,964	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,852,964
Other taxes	-	7,429	-	-	-	-	-	-	7,429
Grants, distributions and reimbursements	104	-	28,716	28,461	-	-	32,428	1,265,619	1,394,914
Fees, licenses and permits	143,910	-	-	41,477	354,830	-	-	-	1,133,568
Interest	5,626	5,917	159	633	2,709	-	-	-	21,010
Other	-	-	250	-	-	-	-	-	250
Total revenues	\$ 149,640	\$ 2,866,310	\$ 29,125	\$ 70,571	\$ 357,539	\$ -	\$ 32,428	\$ 1,265,619	\$ 5,410,135
EXPENDITURES:									
Current:									
General county government	-	-	-	97,883	-	-	-	-	97,883
Financial administration	-	-	-	-	351,971	-	-	-	351,971
Property valuation and recording	247,881	-	-	-	-	-	-	-	247,881
Administration of justice and law enforcement	-	-	-	-	-	-	-	-	560,616
Health and welfare	-	2,949,408	22,570	-	-	-	-	-	2,971,978
Community development	-	-	-	-	-	-	-	1,265,619	1,265,619
Capital outlay:									
Property, equipment and buildings	3,915	-	-	-	12,419	-	32,428	-	139,813
Total expenditures	251,796	2,949,408	22,570	97,883	364,390	-	32,428	1,265,619	5,635,761
Excess of revenues over (under) expenditures	(102,156)	(83,098)	6,555	(27,312)	(6,851)	-	-	-	(225,626)
Other financing sources (uses)									
Transfers	-	-	-	-	(106,371)	-	-	-	(99,394)
Proceeds from the sale of property	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(106,371)	-	-	-	(99,394)
NET CHANGE IN FUND BALANCE	(102,156)	(83,098)	6,555	(27,312)	(113,222)	-	-	-	(325,020)
FUND BALANCE - BEGINNING OF YEAR	966,821	1,903,514	10,878	107,769	410,162	1	15	-	4,575,437
FUND BALANCE - END OF YEAR	\$ 864,665	\$ 1,820,416	\$ 17,433	\$ 80,457	\$ 296,940	\$ 1	\$ 15	\$ -	\$ 4,250,417

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
AGENCY FUNDS
AS OF DECEMBER 31, 2016

	<u>County Treasurer Agency Funds</u>	<u>County Officials and Other Agency Funds</u>	<u>County Collector Revenue Agency Funds</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,843,104	\$ 108,829	\$ 47,550,346	\$ 53,502,279
Due from Collector of Revenue	2,644,016	-	-	2,644,016
Total assets	\$ 8,487,120	\$ 108,829	\$ 47,550,346	\$ 56,146,295
LIABILITIES				
Due to various taxing authorities and others	\$ 8,487,120	\$ -	\$ 41,988,827	\$ 50,475,947
Protested taxes	-	-	132,972	132,972
Funds held in trust	-	108,829	-	108,829
Due to other funds	-	-	5,428,547	5,428,547
Total liabilities	\$ 8,487,120	\$ 108,829	\$ 47,550,346	\$ 56,146,295
NET POSITION				
Unrestricted	\$ -	\$ -	\$ -	\$ -
Total Net Position	\$ -	\$ -	\$ -	\$ -

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SCHEDULE OF STATE FINDINGS
YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF STATE FINDINGS

There are no state audit findings for the year ended December 31, 2016.

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, 2016, 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, 2016. 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 controls, 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Jones & Associates

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

June 14, 2017



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

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 County of Jefferson's ("County") compliance with the types of compliance requirements described in the *OMB 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Daniel Jones & Associates

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

June 14, 2017

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Program Title	Federal CFDA Number	Pass- Through Identification Number	Passed-through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development:</u>				
Direct:				
Community Development Block Grant.....	14.218	B14-UC-29-0002	\$ -	\$ 592,546
		B15-UC-29-0002	-	673,073
Subtotal CFDA# 14.218.....			-	1,265,619
Total U.S. Dept. of Housing and Urban Dev.....			-	1,265,619
<u>U.S. Department of Justice</u>				
Direct:				
Safe Havens: Supervised Visitation and Safe Exchange Program.....	16.527	2010-CW-AX-K010	56,034	56,034
Equitable Sharing Program.....	16.922	N/A	-	24,477
JAG Program Cluster:				
Justice Assistance Grant - Local Solicitation.....	16.738	2014-DJ-BX-0478	-	7,092
		2015-DJ-BX-0741	-	25,336
Passed Through Missouri Department of Public Safety:				
JAG Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant.....	16.738	2014-JAG-015	-	93,180
		2015-JAG-014	-	91,293
Subtotal CFDA# 16.738.....			-	216,901
Total JAG Program Cluster.....			-	216,901
Title II - Juvenile Justice Formula Grants.....	16.540	2013-TITLE II-23	-	15,077
Victims of Crime.....	16.575	2011-VOCA-065-SE	-	7,146
		2016-VOCA-027-SE	-	17,900
Subtotal CFDA# 16.575.....			-	25,046
Total U.S. Department of Justice.....			56,034	337,535
<u>U.S. Department of Transportation</u>				
Passed Through Missouri Department of Transportation				
Highway Planning and Construction Cluster:				
Maness Road Bridge.....	20.205	BRO-B050 (20)	-	429,157
Stroup Road Bridge.....	20.205	STP-5403 (656)	-	445,278
Klondike Road Bridge.....	20.205	BRO-B050 (19)	-	420,816
Kramme Road Bridge.....	20.205	STP-5403 (652)	-	309,201
Mapaville-Hematite Road Bridge.....	20.205	STP-5403 (622)	-	307,857
Charter Church Road Bridge at Huskey.....	20.205	STP-5403 (661)	-	52,650
Konert Road Bridge.....	20.205	BRM-5403 (663)	-	525,243
Old Antonia Road Bridge.....	20.205	STP-5403 (630)	-	87,255
Eime Road Bridge.....	20.205	BRO-B050 (22)	-	41,206
TEAP-Roadway Curve Elevation Study.....	20.205	TEAP 9901 (631)	-	7,991
Brennan Road Overlay.....	20.205	STP-9900 (647)	-	7,837
Elm Drive Overlay.....	20.205	STP-9900 (648)	-	42,098
Big Hollow Road Bridge.....	20.205	STP-9900 (646)	-	75,424
Old Lemay Ferry and Vogel Intersection.....	20.205	STP-5403 (641)	-	82,042
Saline Road Phase I.....	20.205	STP-5403 (642)	-	1,144,136
Vogel Road Phase 2.....	20.205	STP-5403 (643)	-	206,975
Vogel Road Phase 1.....	20.205	STP-5403 (644)	-	614,213
Imperial Main Street.....	20.205	STP-5403 (662)	-	78,192
Romaine Creek Road Bridge.....	20.205	BRM-5403 (654)	-	127,781
Total Highway Planning and Construction Cluster.....			-	5,005,352
Passed Through Missouri Division of Highway Safety:				
Highway Safety Cluster:				
Hazardous Moving Violation.....	20.600	16-PT-02-040	-	181,377
		16-PT-02-101	-	2,495
		17-OP-05-003	-	11,208
		17-PT-02-026	-	49,801
Subtotal CFDA# 20.600.....			-	244,881

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

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Identification Number</u>	<u>Passed-through to Subrecipients</u>	<u>Total Federal Expenditures</u>
National Priority Safety Programs.....	20.616	16-M5HVE-03-027	-	93,619
Passed Through Missouri Safety Center:				
National Priority Safety Programs.....	20.616	16-M2HVE-05-002	-	450
		16-M2OP-05-006	-	4,650
		16-M2HVE-05-015	-	18,293
Subtotal CFDA# 20.616.....			-	117,012
Total Highway Safety Cluster.....			-	361,893
Passed Through Missouri Safety Center:				
Alcohol Open Container Requirements.....	20.607	16-154-AL-141	-	2,352
		16-154-AL-141	-	2,250
		16-154-AL-141	-	1,550
Passed Through Missouri Department of Transportation				
Alcohol Open Container Requirements.....	20.607	17-154-AL-068	-	22,684
		16-154-AL-039	-	123,707
		17-154-AL-066	-	36,114
		16-154-AL-037	-	122,976
		17-154-AL-069	-	38,620
		16-154-AL-038	-	137,116
		17-154-AL-067	-	28,022
Subtotal CFDA# 20.607.....			-	515,391
Total U.S. Department of Transportation.....			-	5,882,636
<u>U.S. Department of Health and Senior Services</u>				
Passed Through Missouri Department of Social Services:				
Child Support Enforcement Cooperative.....	93.563	COUNTY FIPS #99	-	278,090
		COUNTY FIPS #29-099-01	-	2,000
Subtotal CFDA# 93.563.....			-	280,090
Passed Through Missouri Office of State Courts Administrator:				
State Court Improvement Program.....	93.586	OSCA 16-015-13	-	749
Total U.S. Department of Health and Senior Services.....			-	280,839
<u>U.S. Executive Office of the President</u>				
Passed Through Missouri State Highway Patrol:				
High Intensity Drug Trafficking Area Program.....	95.001	G16MW0001A-V	-	1,026
		G15MW0001A-V	-	4,108
Passed Through the Office of the National Drug Control Policy:				
High Intensity Drug Trafficking Area Program.....	95.001	G16MW0001A-JJ	-	83,795
		G15MW0001A-JJ	-	67,827
Subtotal CFDA# 95.001.....			-	156,756
Total U.S. Executive Office of the President.....			-	156,756
<u>U.S. Department of Homeland Security</u>				
Passed Through Missouri State Emergency Management Agency:				
Missouri Department of Public Safety	97.036	FEMA-4238-DR-MO	-	441,120
		FEMA-4250-DR-MO	-	125,322
Subtotal CFDA# 97.036.....			-	566,442
Emergency Management Performance Grants.....	97.042	2016-EP-00004-053	-	103,146
		FEMA-4250-DR-MO	-	28,664
		FEMA-4238-DR-MO	-	210,276
Subtotal CFDA# 97.042.....			-	342,086
Total U.S. Department of Homeland Security.....			-	908,528
Total Expenditures of Federal Awards.....			<u>\$ 56,034</u>	<u>\$ 8,831,913</u>

The notes to the schedule of expenditures of federal awards are 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, 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the County under programs of the federal government for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – SUBRECIPIENTS

The County passed-through the following grant to the following sub-recipient as of December 31, 2016:

Grant: Supervised Visitation, Safe Havens for Children
Sub-recipient: Community Treatment, Inc.
CFDA: 16.527
Amount: \$56,034

NOTE 4 – ADJUSTMENTS

The County made to adjustments to current year numbers to reflect adjustments from prior years. The adjustments are as follows:

Program Title	Federal CFDA Number	Pass- Through Identification Number	Unadjusted Expenditures	Adjusted	
				Adjustments	Expenditures
Maness Road Bridge	20.205	BRO-B050 (20)	428,977	180	429,157
Saline Road Phase I	20.205	STP-5403 (642)	1,162,018	(17,882)	1,144,136

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016

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 X No
 - b. Significant deficiency(ies) identified? ___ Yes X None Reported
3. Noncompliance material to financial statements noted? ___ Yes X No

B. Federal Awards

1. Internal control over major federal programs:
 - a. Material weakness(es) identified? ___ Yes X No
 - b. Significant deficiency(ies) identified? ___ Yes X 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 2 CFR 200.516(a)? ___ Yes X No

4. Identification of major federal programs:

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

5. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
6. Auditee qualified as low-risk auditee? ___ Yes X No

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016

II. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the fiscal year ended December 31, 2016.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016

There were no federal award findings or questioned costs for the fiscal year ended December 31, 2016.

THE COUNTY OF JEFFERSON
HILLSBORO, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the fiscal year ended December 31, 2015.

II. PRIOR YEAR SINGLE AUDIT FINDINGS

There were no federal award findings or questioned costs for the fiscal year ended December 31, 2015.