

THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORTS  
AND SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2018

**THE COUNTY OF JEFFERSON  
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

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## 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, 2018, 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. 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 modified-cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County of Jefferson, Missouri, as of December 31, 2018, the respective changes in modified cash-basis financial position; thereof 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 combining balance sheets – modified cash basis – non-major funds, combining statements 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 on pages 44 through 50 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements.

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

The budgetary comparison schedules and notes to the budgetary comparison schedules 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 September 24, 2019, 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 solely 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, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
ARNOLD, MISSOURI

September 24, 2019

## **BASIC FINANCIAL STATEMENTS**

**THE COUNTY OF JEFFERSON**  
**HILLSBORO, MISSOURI**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**AS OF DECEMBER 31, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 32,847,940
Investments	11,882,094
Due from Collector of Revenue	4,271,766
Due from various taxing authorities and others	-
Restricted cash and investments	843,915
<b>TOTAL ASSETS</b>	<b>\$ 49,845,715</b>
<b>LIABILITIES</b>	
Due to various taxing authorities and others	\$ 1,003,910
<b>Total liabilities</b>	<b>1,003,910</b>
<b>NET POSITION</b>	
Restricted for:	
Neighborhood Improvement District bond payment and reserve funds	588,110
Certificates of Participation payment and reserve funds	268,799
Special revenue funds restricted by state statute	26,277,416
Unrestricted	21,707,480
<b>Total net position</b>	<b>48,841,805</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 49,845,715</b>

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, 2018**

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
<b>Governmental activities</b>					
General county government	\$ 14,514,438	\$ 1,846,477	\$ 173,332	\$ 63,455	\$ (12,431,174)
Financial administration	847,318	3,213,847	-	-	2,366,529
Property valuation and recording	2,307,189	1,101,900	339,127	-	(866,162)
Administration of justice and law enforcement	24,201,010	3,978,410	2,617,902	113,498	(17,491,200)
Health and welfare	2,997,751	-	130,636	-	(2,867,115)
Maintenance of roads	19,751,504	857	685,242	2,150,241	(16,915,164)
Parks and recreation	1,028,693	140,881	21,911	-	(865,901)
Community and economic development	1,038,225	-	1,038,225	-	-
Other	221	-	-	-	(221)
Debt Service:					
Principal payments	15,121,950	-	-	212,641	(14,909,309)
Interest and fiscal charges	598,161	-	-	-	(598,161)
<b>Total governmental activities</b>	<b>\$ 82,406,460</b>	<b>\$ 10,282,372</b>	<b>\$ 5,006,375</b>	<b>\$ 2,539,835</b>	<b>(64,577,878)</b>
<b>General revenues:</b>					
Taxes:					
Property taxes, levied for:					
					16,107,134
					33,249,342
					5,319,648
					815,436
					81,062
					-
					176,313
					<u>55,748,935</u>
					<b>(8,828,943)</b>
					<u>57,670,748</u>
					<u>\$ 48,841,805</u>

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, 2018**

	<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>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 3,803,246	\$ 7,254,259	\$ 6,892,472	\$ 6,527,286	\$ 1,436,013	\$ 932,201	\$ 2,952,557	\$ -	\$ 3,049,906	\$ 32,847,940
Investments	4,250,121	1,000,000	-	3,253,874	-	-	2,874,180	-	503,919	11,882,094
Due from Collector of Revenue	581,154	1,361,996	985,938	-	395,097	243,633	-	13,697	690,251	4,271,766
Restricted cash and investments	-	-	-	-	-	-	268,799	575,115	1	843,915
<b>Total assets</b>	<b>\$ 8,634,521</b>	<b>\$ 9,616,255</b>	<b>\$ 7,878,410</b>	<b>\$ 9,781,160</b>	<b>\$ 1,831,110</b>	<b>\$ 1,175,834</b>	<b>\$ 6,095,536</b>	<b>\$ 588,812</b>	<b>\$ 4,244,077</b>	<b>\$ 49,845,715</b>
<b>LIABILITIES</b>										
Due to various taxing authorities and others	\$ 547,391	\$ 340,703	\$ 85,800	\$ -	\$ 6,729	\$ 1,560	\$ -	\$ 702	\$ 21,025	\$ 1,003,910
<b>Total liabilities</b>	<b>547,391</b>	<b>340,703</b>	<b>85,800</b>	<b>-</b>	<b>6,729</b>	<b>1,560</b>	<b>-</b>	<b>702</b>	<b>21,025</b>	<b>1,003,910</b>
<b>FUND BALANCES</b>										
Restricted	-	9,275,552	-	9,781,160	1,824,381	1,174,274	268,799	588,110	4,222,049	27,134,325
Assigned	5,033,080	-	7,792,610	-	-	-	5,826,737	-	1,003	18,653,430
Unassigned	3,054,050	-	-	-	-	-	-	-	-	3,054,050
<b>Total fund balances</b>	<b>8,087,130</b>	<b>9,275,552</b>	<b>7,792,610</b>	<b>9,781,160</b>	<b>1,824,381</b>	<b>1,174,274</b>	<b>6,095,536</b>	<b>588,110</b>	<b>4,223,052</b>	<b>48,841,805</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,634,521</b>	<b>\$ 9,616,255</b>	<b>\$ 7,878,410</b>	<b>\$ 9,781,160</b>	<b>\$ 1,831,110</b>	<b>\$ 1,175,834</b>	<b>\$ 6,095,536</b>	<b>\$ 588,812</b>	<b>\$ 4,244,077</b>	<b>\$ 49,845,715</b>

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, 2018**

	General	Road and Bridge	Law Enforcement	Road Tax	Assessment	Parks and Recreation	Capital Improvement	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>										
Property taxes	\$ 145,002	\$ 6,820,211	\$ 4,515,846	\$ -	\$ 1,623,261	\$ 938,655	\$ -	\$ 212,642	\$ 3,024,143	\$ 17,279,760
Special assessments	-	-	-	-	-	-	-	-	-	-
Sales tax	12,210,317	871,579	12,210,176	7,957,271	-	-	-	-	-	33,249,343
Other taxes	1,270,124	3,070,560	-	-	9,742	5,743	-	-	3,496	4,359,665
Grants, distributions and reimbursements	1,277,980	2,400,011	1,736,381	-	339,127	21,911	31,401	-	1,169,690	6,976,501
Fees, licenses and permits	8,247,654	472,885	877,716	1,037	9,403	140,881	-	-	885,041	10,634,617
Interest	207,106	175,017	99,070	175,687	17,138	16,106	70,458	1,776	53,078	815,436
Other	30,209	8,064	110,425	26,791	-	859	-	-	250	176,598
<b>Total revenues</b>	<b>23,388,392</b>	<b>13,818,327</b>	<b>19,549,614</b>	<b>8,160,786</b>	<b>1,998,671</b>	<b>1,124,155</b>	<b>101,859</b>	<b>214,418</b>	<b>5,135,698</b>	<b>73,491,920</b>
<b>Expenditures</b>										
Current										
General county government	13,096,893	-	-	-	-	-	-	-	48,771	13,145,664
Financial administration	544,521	-	-	-	-	-	-	-	294,497	839,018
Property valuation and recording	272,215	-	-	-	1,743,039	-	-	-	185,423	2,200,677
Administration of justice and law enforcement	6,784,586	-	16,310,841	-	-	-	-	-	373,295	23,468,722
Health and welfare	23,835	-	-	-	-	-	-	-	2,973,918	2,997,753
Maintenance of roads	-	9,327,035	-	-	-	-	-	-	-	9,327,035
Parks and recreation	-	-	-	-	-	911,997	-	-	-	911,997
Community development	-	-	-	-	-	-	-	-	1,038,225	1,038,225
Other	-	-	-	-	-	-	221	-	-	221
Debt service:										
Principal payments	436,950	-	-	-	-	-	14,515,000	170,000	-	15,121,950
Interest and fiscal charges - includes cost of issuance related to 2013 NIDS	19,623	-	-	-	-	-	507,281	71,257	-	598,161
Capital outlay:										
Construction of roads and bridges	-	3,187,550	-	5,524,676	-	-	-	-	-	8,712,226
Property, equipment and buildings	1,295,811	966,316	606,630	745,929	74,619	116,698	-	-	238,813	4,044,816
<b>Total expenditures</b>	<b>22,474,434</b>	<b>13,480,901</b>	<b>16,917,471</b>	<b>6,270,605</b>	<b>1,817,658</b>	<b>1,028,695</b>	<b>15,022,502</b>	<b>241,257</b>	<b>5,152,942</b>	<b>82,406,465</b>
<b>Revenues over (under) expenditures</b>	<b>913,958</b>	<b>337,426</b>	<b>2,632,143</b>	<b>1,890,181</b>	<b>181,013</b>	<b>95,460</b>	<b>(14,920,643)</b>	<b>(26,839)</b>	<b>(17,244)</b>	<b>(8,914,545)</b>
<b>Other financing sources (uses):</b>										
Transfers	(2,767,150)	735,990	1,948,552	(735,990)	122,230	-	796,755	-	(100,387)	-
Lawsuit settlement	4,540	-	-	-	-	-	-	-	-	4,540
Good faith deposit	-	-	-	-	-	-	-	-	-	-
Proceeds from loan	-	-	-	-	-	-	-	-	-	-
Proceeds from the sale of property	6,151	71,219	-	-	-	3,692	-	-	-	81,062
<b>Total other financing sources (uses)</b>	<b>(2,756,459)</b>	<b>807,209</b>	<b>1,948,552</b>	<b>(735,990)</b>	<b>122,230</b>	<b>3,692</b>	<b>796,755</b>	<b>-</b>	<b>(100,387)</b>	<b>85,602</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,842,501)</b>	<b>1,144,635</b>	<b>4,580,695</b>	<b>1,154,191</b>	<b>303,243</b>	<b>99,152</b>	<b>(14,123,888)</b>	<b>(26,839)</b>	<b>(117,631)</b>	<b>(8,828,943)</b>
Fund balances, beginning of year	9,929,631	8,130,917	3,211,915	8,626,969	1,521,138	1,075,122	20,219,424	614,949	4,340,683	57,670,748
Fund balances, end of year	<b>\$ 8,087,130</b>	<b>\$ 9,275,552</b>	<b>\$ 7,792,610</b>	<b>\$ 9,781,160</b>	<b>\$ 1,824,381</b>	<b>\$ 1,174,274</b>	<b>\$ 6,095,536</b>	<b>\$ 588,110</b>	<b>\$ 4,223,052</b>	<b>\$ 48,841,805</b>

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, 2018**

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 66,993,734
Due from Collector of Revenue	2,994,639
<b>TOTAL ASSETS</b>	<b>\$ 69,988,373</b>
<b>LIABILITIES</b>	
Due to various taxing authorities and others	\$ 62,330,138
Protested taxes	282,227
Funds held in trust	103,677
Due to other funds	7,272,331
<b>TOTAL LIABILITIES</b>	<b>\$ 69,988,373</b>

The accompanying notes are an integral part of this statement.

THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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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, 2018

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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, 2018

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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 \$.2415 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  
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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 \$.0273 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, 2012, and 2017.

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  
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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 2018, for purposes of taxation, was:

Real Estate	\$ 2,642,716,715
Personal Property	<u>707,199,371</u>
	<u>\$ 3,349,916,086</u>

During 2018, the County Council approved a \$0.5567 tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2018, for purposes of County taxation, as follows:

Road and Bridge	\$ 0.2385
Parks and Recreation	0.0273
Health	0.1079
Developmentally Disabled	0.0915
Mental Health	<u>0.0915</u>
	<u>\$ 0.5567</u>

THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
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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, 2018.

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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 XV.

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, 2018.

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 XV.

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

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

I. Net Position

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

Payment of principal and interest on	
Certificates of Participation	\$ <u>588,109</u>
Payment of principal and interest on Neighborhood	
Improvement District bonds	\$ <u>268,799</u>

THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

I. Net Position (concluded)

Special revenue funds restricted by state statute:	
Road and Bridge	\$ 9,275,552
Road Tax	9,781,160
Assessment	1,824,381
Parks and Recreation	1,174,274
Police Officer Training	50,251
Post Commission	26,558
Sheriff Revolving	309,830
Inmate Security	142,053
Prosecuting Attorney Training	21,956
Prosecuting Attorney Delinquent Tax	29,360
Prosecuting Attorney Administrative Handling Cost Fund	143,451
Prosecuting Attorney Victim Advocate	498
SVDV	3,053
Recorder's Fund	714,662
Mental Health	2,182,790
Jefferson County LEPC	21,455
Election Services	205,932
Tax Maintenance	370,184
NID Projects	1
Justice Assistance Grant	15
Total Special Revenue Funds Restricted by State Statute	<u>26,277,416</u>
Total Restricted Net Position	<u>\$ 27,134,324</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, 2018.

L. Adoption of New Accounting Standards

There were no new applicable accounting standards implemented during the year ended December 31, 2018.

THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
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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, 2018, and reported at cost, are as follows:

Type	Cost
Deposits:	
Demand deposits	\$ 100,133,453
Cash on hand	605
Debt service escrow	551,530
Investments:	
Nonnegotiable certificates of deposit	11,882,094
Total deposits and investments	\$ 112,567,682
Reconciliation to financial statements:	
Statement of Net Position	
Cash and cash equivalents	\$ 32,847,939
Investments	11,882,094
Restricted cash and investments	843,915
Statement of Fiduciary Net Position	
Cash and cash equivalents	66,993,734
	\$ 112,567,682

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, 2018, none of the County's bank balances were 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, 2018, mature on January 1, 2019.

THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
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II. CASH AND INVESTMENTS (concluded)

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, 2018, the County's investments were rated as follows:

Investment	Rating	Amount
Money Market Mutual Funds	AAAm	\$ 551,530

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, 2018.

III. LONG-TERM DEBT

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

For the year ended December 31, 2018, the following changes occurred in long-term debt:

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2019	Amounts Due Within One Year
Special Assessment Debt with Government Commitment: Neighborhood Improvement					
District Bonds	\$ 2,225,000	\$ -	\$ 170,000	\$ 2,055,000	\$ 180,000
Certificates of Participation	28,760,000	-	14,515,000	14,245,000	1,300,000
Capital Leases & Loans	881,318	-	436,950	444,368	444,368
Total	\$ 31,866,318	\$ -	\$ 15,121,950	\$ 16,744,368	\$ 1,924,368

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.

THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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III. LONG-TERM DEBT (continued)

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 following is a schedule of future minimum payments of Special Assessment Debt at December 31, 2018:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 180,000	\$ 63,149	\$ 243,149
2020	180,000	58,685	238,685
2021	190,000	53,799	243,799
2022	190,000	48,489	238,489
2023	195,000	42,981	237,981
2024-2028	635,000	144,076	779,076
2029-2033	485,000	29,904	514,904
	\$ 2,055,000	\$ 441,083	\$ 2,496,083

THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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III. LONG-TERM DEBT (continued)

B. Certificates of Participation

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

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

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

The 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.



THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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III. LONG-TERM DEBT (continued)

B. Certificates of Participation (concluded)

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. These will be paid in full and refunded by the Refunding Certificates of Participation Series 2017.

On December 1, 2017, Refunding Certificates of Participation Series 2017 (“2017 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 (“2017 Lease”). The proceeds of the 2017 COPS in the amount of \$13,150,000 will be used to refund the 2012 COPS during the fiscal year ended December 31, 2018. The proceeds of the 2017 COPS are maintained in an off balance sheet escrow account that will be used to pay the remaining \$13,200,000 of the 2012 COPS. The schedule below shows the total debt payments as of December 31, 2018, and therefore contains both debt obligations to be paid.

The following is a schedule of future minimum rental payments at December 31, 2018, under the Leases, assuming the agreements are renewed each year.

Year Ending December 31,	Principal	Interest	Total
2019	\$ 1,300,000	\$ 427,719	\$ 1,727,719
2020	1,350,000	375,966	1,725,966
2021	1,400,000	321,056	1,721,056
2022	1,405,000	263,213	1,668,213
2023	1,460,000	212,981	1,672,981
2024-2028	7,330,000	497,803	7,827,803
	<u>\$ 14,245,000</u>	<u>\$ 2,098,738</u>	<u>\$ 16,343,738</u>

C. Lease/Purchase Agreement

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.

In 2017, the County entered into a lease purchase agreement with a bank in order to purchase vehicles. This lease is for a principal amount of \$315,000 at 2.245%. Principal and interest are payable in three annual payments of \$108,597.

THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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III. LONG-TERM DEBT (concluded)

C. Lease/Purchase Agreement (concluded)

The following is a schedule of future minimum rental payments at December 31, 2018, under the Leases, assuming the agreements are renewed each year.

Year Ending December 31,	Principal	Interest	Total
2019	\$ 444,368	\$ 10,044	\$ 454,412
	<u>\$ 444,368</u>	<u>\$ 10,044</u>	<u>\$ 454,412</u>

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:

2018 assessed valuation	\$	<u>3,349,916,086</u>
Debt limit - 10% of assessed valuation	\$	334,991,609
Bonded indebtedness applicable to debt limit (Neighborhood Improvement District bonds)		(2,055,000)
Amount available in debt service fund		588,812
Legal debt margin	\$	<u>333,525,421</u>

E. Operating Leases

The County has entered into various operating lease agreements related to copy machines. The future payments for these rental agreements are as follows:

Year Ending December 31,	Rental Payments
2019	\$ 2,973
	<u>\$ 2,973</u>

The County has also entered into various real estate rental agreements with periods equal to or less than 12 months. The total payments made under these agreements for the year ended December 31, 2018 totaled approximately \$130,117.

THE COUNTY OF JEFFERSON  
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IV. CONDUIT DEBT

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

As part of the agreement, the River Cement Company (Company) has agreed to maintain a certain headcount for specified periods or be subject to a penalty amount, and agreed to exclude certain property from the Project so that property taxes generated prior to the Project will be maintained. In addition, the Company has agreed to make certain economic development contributions to the County. These contributions are to be placed in a fund to be used by the County for projects that foster job creation and community development exclusively for the benefit of the public. The Company has also agreed to make certain grant payments or Payments in Lieu of Taxes (PILOTS) for a period of fifteen years. The County allocates the PILOTS pro-rata to the taxing districts based on their annual ad valorem tax rates.

V. TAX ABATEMENTS

The County is involved in a tax abatement agreement with local businesses under a Tax Increment Finance District or (TIF). Missouri Revised Statute 99.845 gives municipalities the right to create TIFs for a defined area of land that is deemed blighted by the municipality. In short, after a TIF is established by ordinance, bonds are issued to cover the costs of demolition/environmental cleanup/utilities/roadways, and the assessed values of the parcels within the TIF are statutorily frozen by the Assessor's office, using the certified values for the year the ordinance was passed to form a base value for the TIF.

For the year ended December 31, 2018, the District abated property taxes totaling approximately \$15,550,100 under this program.

THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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VI. INTERFUND TRANSFERS

Transfers between funds for the year ended December 31, 2018, are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Funds</u>		
General Fund:		
Law Enforcement Fund	\$ 46,393	\$ 1,994,945
Capital Improvement Fund	-	796,755
Assessment Fund	-	122,230
Tax Maintenance Fund	125,647	-
Prosecuting Attorney Victim Advocate Fund	-	25,260
Total General Fund	<u>172,040</u>	<u>2,939,190</u>
Road and Bridge Fund:		
Road Tax Fund	735,990	-
Law Enforcement:		
General Fund	1,994,945	46,393
Road Tax Fund:		
Road and Bridge Fund	-	735,990
Assessment Fund:		
General Fund	122,230	-
Capital Improvement Fund:		
General Fund	796,755	-
<u>Non-Major Funds (Special Revenue)</u>		
Prosecuting Attorney Delinquent Tax Fund:		
Prosecuting Attorney Victim Advocate Fund	4,000	-
Prosecuting Attorney Victim Advocate Fund:		
Prosecuting Attorney Delinquent Tax Fund	-	4,000
General Fund	25,260	-
Tax Maintenance Fund:		
General Fund	-	125,647
Total Transfers	<u>\$ 3,851,220</u>	<u>\$ 3,851,220</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.

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VII. 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](http://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.

2018 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.

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

Employees Covered By Benefit Terms

At June 30, 2018, 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	225	119	103
Inactive employees entitled to but not yet receiving benefits	153	79	30
Active employees	334	143	104
	<u>712</u>	<u>341</u>	<u>237</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 9.1% (General), 9.4% (Police), and 15.3% (Roads) of annual covered payroll.

Net Pension Liability

The employer's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2018.

Actuarial Assumptions

The total pension liability in the February 28, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

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

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VII. 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	43.00%	5.16%
Fixed Income	26.00%	2.86%
Real Assets	21.00%	3.23%
Strategic Assets	10.00%	5.59%

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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VII. 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
<b>A. Total Pension Liability</b>			
1 Service Cost	\$ 1,336,529	\$ 760,908	\$ 549,796
2 Interest on Total Pension Liability	3,821,895	2,469,912	1,727,674
3 Changes of Benefit Terms	-	-	-
4 Difference between expected and actual experience of the Total Pension Liability	(1,057,825)	(226,823)	(23,427)
5 Changes of Assumptions	-	-	-
6 Benefit payments, including refunds of employee contributions	(2,040,831)	(1,637,834)	(1,345,643)
7 Net change in total pension liability	2,059,768	1,366,163	908,400
8 Total pension liability - beginning	53,061,789	34,498,542	24,220,946
9 Total pension liability - ending	<u>\$ 55,121,557</u>	<u>\$ 35,864,705</u>	<u>\$ 25,129,346</u>
<b>B. Plan Fiduciary Net Position</b>			
1 Contributions - employer	\$ 1,289,652	\$ 712,233	\$ 784,484
2 Contributions - employee	-	-	2,968
3 Net investment income	6,962,005	4,427,123	2,812,982
4 Benefit payments, including refunds of employee contributions	(2,040,831)	(1,637,834)	(1,345,643)
5 Pension plan administrative expense	(57,710)	(26,206)	(19,973)
6 Other (net transfer)	(488,808)	(152,575)	267,028
7 Net change in plan fiduciary net position	5,664,308	3,322,741	2,501,846
8 Plan fiduciary net position - beginning	56,517,500	36,780,924	22,957,589
9 Plan fiduciary net position - ending	<u>\$ 62,181,808</u>	<u>\$ 40,103,665</u>	<u>\$ 25,459,435</u>
<b>C. Net Pension Liability / (Asset)</b>	<u>\$ (7,060,251)</u>	<u>\$ (4,238,960)</u>	<u>\$ (330,089)</u>
<b>D. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	112.81%	111.82%	101.31%
<b>E. Covered-Employee Payroll</b>	\$ 13,009,634	\$ 7,267,857	\$ 4,910,909
<b>F. Net Pension Liability as a Percentage of Covered Employee Payroll</b>	-54.27%	-58.32%	-6.72%



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VII. 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%
<b>General Division:</b>			
Total Pension Liability (TPL)	\$ 63,558,833	\$ 55,121,557	\$ 48,248,191
Plan Fiduciary Net Position	62,181,808	62,181,808	62,181,808
Net Pension Liability / (Asset) (NPL)	\$ 1,377,025	\$ (7,060,251)	\$ (13,933,617)
<b>Police Division:</b>			
Total Pension Liability (TPL)	\$ 41,725,112	\$ 35,864,705	\$ 31,120,622
Plan Fiduciary Net Position	40,103,665	40,103,665	40,103,665
Net Pension Liability / (Asset) (NPL)	\$ 1,621,447	\$ (4,238,960)	\$ (8,983,043)
<b>Roads Division:</b>			
Total Pension Liability (TPL)	\$ 28,511,569	\$ 25,129,346	\$ 22,326,114
Plan Fiduciary Net Position	25,459,435	25,459,435	25,459,435
Net Pension Liability / (Asset) (NPL)	\$ 3,052,134	\$ (330,089)	\$ (3,133,321)

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

For the year ended June 30, 2018, the employer would have recognized pension expense of \$2,938,337 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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VII. 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	\$ 49,684	\$ (1,667,626)	\$ -	\$ (808,316)	\$ -	\$ (347,686)
Changes in assumptions	886,059	-	418,421	-	371,087	-
Net difference between projected and actual earnings on pension plan investments	-	(1,688,049)	-	(1,194,212)	-	(676,209)
Employer contributions subsequent to the measurement date	-	-	-	-	-	-
Total	<u>\$ 935,743</u>	<u>\$ (3,355,675)</u>	<u>\$ 418,421</u>	<u>\$ (2,002,528)</u>	<u>\$ 371,087</u>	<u>\$ (1,023,895)</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, 2018.

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
2019	\$ 38,806	\$ (30,813)	\$ 120,286
2020	(375,746)	(338,332)	(58,440)
2021	(1,304,475)	(811,416)	(474,488)
2022	(778,517)	(403,546)	(240,166)
2023	-	-	-
Thereafter	-	-	-
Total	<u>\$ (2,419,932)</u>	<u>\$ (1,584,107)</u>	<u>\$ (652,808)</u>

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VIII. 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>
2018	\$ 730,348	\$ 1,729,887
2017	\$ 694,900	\$ 1,319,000
2016	\$ 621,600	\$ 1,274,000

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IX. 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, 2018.

X. POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note VII, the County allows employees who retire from the County to participate in the County's health and dental insurance plans. Upon meeting the retirement requirements per County guidelines, the employees can elect to participate in the County's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single-blended rate used for both active employees and retirees. The County has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you go basis. A standalone financial report is not available for the plan. During the year, 14 retirees participated in the County's health insurance plan, 52 retirees participated in the County's dental insurance plan, and paid premiums totaling \$137,165 and \$23,466, respectively.

The requirements established by Consolidated Omnibus Budget Reconciliation Act (COBRA) are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. There were three COBRA participants for the year ended December 31, 2018, paying a total in \$22,155 in premiums.

XI. 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, 2018, 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, 2018.

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XI. CLAIMS COMMITMENTS AND CONTINGENCIES (concluded)

C. 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.

D. 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.

XII. RISK MANAGEMENT

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

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

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

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

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XIII. SUBSEQUENT EVENTS

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

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.

	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	\$ -	\$ 9,275,552	\$ -	\$ 9,781,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,056,712
Assessment	-	-	-	-	1,824,381	-	-	-	-	1,824,381
Parks and recreation	-	-	-	-	-	1,174,274	-	-	-	1,174,274
Debt service - COPS	-	-	-	-	-	-	268,799	-	-	268,799
Debt service - NIDS	-	-	-	-	-	-	-	588,110	-	588,110
Police officer training	-	-	-	-	-	-	-	-	50,251	50,251
Post commission	-	-	-	-	-	-	-	-	26,558	26,558
Sheriff revolving fund	-	-	-	-	-	-	-	-	309,830	309,830
Inmate security	-	-	-	-	-	-	-	-	142,053	142,053
Prosecuting attorney training	-	-	-	-	-	-	-	-	21,956	21,956
Prosecuting attorney delinquent tax fund	-	-	-	-	-	-	-	-	29,360	29,360
Prosecuting attorney admin handling cost	-	-	-	-	-	-	-	-	143,451	143,451
Prosecuting attorney victim advocate fund	-	-	-	-	-	-	-	-	498	498
SVDV fund	-	-	-	-	-	-	-	-	3,053	3,053
Recorder of deeds	-	-	-	-	-	-	-	-	714,662	714,662
Mental health fund	-	-	-	-	-	-	-	-	2,182,790	2,182,790
Jeff Co LEPC	-	-	-	-	-	-	-	-	21,455	21,455
Election services	-	-	-	-	-	-	-	-	205,932	205,932
Tax maintenance	-	-	-	-	-	-	-	-	370,184	370,184
NID projects	-	-	-	-	-	-	-	-	1	1
JAG grant	-	-	-	-	-	-	-	-	15	15
Total Restricted	-	9,275,552	-	9,781,160	1,824,381	1,174,274	268,799	588,110	4,222,049	27,134,325
Assigned for:										
Prosecuting attorney forfeitures	16,470	-	-	-	-	-	-	-	-	16,470
Courthouse beautification	463	-	-	-	-	-	-	-	-	463
County discretionary fund	25,834	-	-	-	-	-	-	-	-	25,834
Animal control donations	32,907	-	-	-	-	-	-	-	-	32,907
Subsequent year's budget deficit	4,957,406	-	-	-	-	-	-	-	-	4,957,406
Drug forfeiture	-	-	317,121	-	-	-	-	-	-	317,121
Sheriff's commissary fund	-	-	392,647	-	-	-	-	-	-	392,647
Sheriff equipment donation fund	-	-	25,837	-	-	-	-	-	-	25,837
Prisoner phone fund	-	-	256,738	-	-	-	-	-	-	256,738
Police memorial fund	-	-	11,515	-	-	-	-	-	-	11,515
Sheriff's reserve fund	-	-	990	-	-	-	-	-	-	990
JCMEG asset forfeiture fund	-	-	39,287	-	-	-	-	-	-	39,287
Law enforcement	-	-	6,748,475	-	-	-	-	-	-	6,748,475
Capital improvements	-	-	-	-	-	-	5,826,737	-	1,003	5,827,740
Total Assigned	5,033,080	-	7,792,610	-	-	-	5,826,737	-	1,003	18,653,430
Unassigned	3,054,050	-	-	-	-	-	-	-	-	3,054,050
	\$ 8,087,130	\$ 9,275,552	\$ 7,792,610	\$ 9,781,160	\$ 1,824,381	\$ 1,174,274	\$ 6,095,536	\$ 588,110	\$ 4,223,052	\$ 48,841,805

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XV. ADOPTION OF NEW ACCOUNTING STANDARDS

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement is effective for periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for periods beginning after December 15, 2018.

GASB Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. This Statement is effective for periods beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement is effective for periods beginning after June 15, 2017.

**SUPPLEMENTARY INFORMATION**



**THE COUNTY OF JEFFERSON**  
**HILLSBORO, MISSOURI**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND - UNAUDITED**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 250,000	\$ 250,000	\$ 145,002	\$ (104,998)
Sales tax	11,500,000	11,500,000	12,210,317	710,317
Other taxes	1,316,953	1,316,953	1,270,124	(46,829)
Grants, distributions and reimbursements	1,167,248	1,340,248	1,277,980	(62,268)
Fees, licenses and permits	8,931,550	8,931,550	8,247,654	(683,896)
Interest	132,200	132,200	207,106	74,906
Other	13,600	13,600	30,209	16,609
<b>Total revenues</b>	<b>23,311,551</b>	<b>23,484,551</b>	<b>23,388,392</b>	<b>(96,159)</b>
<b>Expenditures:</b>				
Current:				
General county government	13,907,668	14,512,343	13,096,893	1,415,450
Financial administration	583,503	585,954	544,521	41,433
Property valuation and recording	272,323	273,665	272,215	1,450
Administration of justice and law enforcement	7,254,314	7,143,791	6,784,586	359,205
Health and welfare	32,970	32,970	23,835	9,135
Debt service:				
Principal payments	436,550	436,550	436,950	(400)
Interest and fiscal charges	20,024	20,024	19,623	401
Capital outlay:				
Property, equipment and buildings	1,456,802	1,565,199	1,295,811	269,388
<b>Total expenditures</b>	<b>23,964,154</b>	<b>24,570,496</b>	<b>22,474,434</b>	<b>2,096,062</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(652,603)</b>	<b>(1,085,945)</b>	<b>913,958</b>	<b>1,999,903</b>
<b>Other financing sources (uses)</b>				
Transfers	(3,701,330)	(3,719,786)	(2,767,150)	952,636
Lawsuit settlement	-	-	4,540	4,540
Loan Proceeds	-	-	-	-
Proceeds from the sale of property	-	-	6,151	6,151
Total other financing sources (uses)	<b>(3,701,330)</b>	<b>(3,719,786)</b>	<b>(2,756,459)</b>	<b>963,327</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,353,933)</b>	<b>(4,805,731)</b>	<b>(1,842,501)</b>	<b>2,963,230</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	9,929,631	9,929,631	9,929,631	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 5,575,698</b>	<b>\$ 5,123,900</b>	<b>\$ 8,087,130</b>	<b>\$ 2,963,230</b>

**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, 2018**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES:</b>				
Current:				
General County Government:				
Animal Control	\$ 566,210	\$ 569,415	\$ 466,590	\$ 102,825
Auditor	229,243	190,325	163,424	26,901
Board of Equalization	3,000	3,000	750	2,250
Code Enforcement	640,848	643,964	586,199	57,765
Solid Waste	181,341	235,659	183,305	52,354
County Agencies	10,000	10,000	10,000	-
County Clerk	1,003,848	1,005,975	914,363	91,612
County Council	142,325	347,072	299,432	47,640
County Executive	121,075	121,646	115,838	5,808
Economic Development	81,000	81,000	81,000	-
Emergency Management	261,390	227,140	225,610	1,530
Facility Services	1,529,908	1,484,822	1,396,738	88,084
Fleet Services	914,155	834,263	890,652	(56,389)
General Services	659,295	658,009	540,628	117,381
Human Resources	264,089	264,911	232,056	32,855
Information Technology	1,907,513	1,948,513	1,853,609	94,904
Insurance - Health	1,708,715	1,708,715	1,535,931	172,784
Insurance - Other	230,000	230,000	221,376	8,624
Insurance - Workmen's Compensation	160,000	160,000	148,207	11,793
County Services and Code Enforcement	203,589	204,320	196,886	7,434
Missouri University Extension Services	84,700	84,700	77,642	7,058
Organizations	40,000	40,000	38,795	1,205
Other	556,300	889,721	588,815	300,906
Payroll Taxes and Retirement	2,136,794	2,295,604	2,088,389	207,216
Planning and Zoning	272,330	273,569	240,660	32,909
	<u>13,907,668</u>	<u>14,512,343</u>	<u>13,096,893</u>	<u>1,415,450</u>
Financial Administration:				
Collector	438,765	440,671	401,409	39,262
Treasurer	144,738	145,283	143,112	2,171
	<u>583,503</u>	<u>585,954</u>	<u>544,521</u>	<u>41,433</u>
Property Valuation and Recording:				
Recorder of Deeds	272,323	273,665	272,215	1,450

**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, 2018**

	<b>Budgeted amounts</b>		<b>Actual</b>	<b>Variance with final budget positive (negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES:</b>				
Administration of Justice and Law Enforcement:				
Circuit Clerk	29,645	29,645	25,085	4,560
Circuit Courts	158,049	223,549	133,062	90,487
Jury Script	415,000	415,000	405,718	9,282
Juvenile Office	2,930,878	2,943,056	2,856,750	86,306
Juvenile Treatment Center	463,729	315,760	162,735	153,025
Municipal Court	376,138	377,459	330,260	47,199
Medical Examiner	400,000	400,000	487,224	(87,224)
Prosecuting Attorney	2,201,124	2,158,215	2,108,287	49,928
Public Administrator	279,751	281,107	275,465	5,642
	<u>7,254,314</u>	<u>7,143,791</u>	<u>6,784,586</u>	<u>359,205</u>
 Health and Welfare	 <u>32,970</u>	 <u>32,970</u>	 <u>23,835</u>	 <u>9,135</u>
 Debt Service:				
Principal Payments	436,951	436,951	436,950	1
Interest and Fiscal Charges	19,623	19,623	19,623	-
	<u>456,574</u>	<u>456,574</u>	<u>456,573</u>	<u>1</u>
 Capital Outlay:				
Property, Equipment and Buildings	<u>1,456,802</u>	<u>1,565,199</u>	<u>1,295,811</u>	<u>269,388</u>
 Total Expenditures	 <u>\$ 23,964,154</u>	 <u>\$ 24,570,496</u>	 <u>\$ 22,474,434</u>	 <u>\$ 2,096,062</u>

**THE COUNTY OF JEFFERSON**  
**HILLSBORO, MISSOURI**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**ROAD AND BRIDGE FUND - UNAUDITED**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 6,380,000	\$ 6,380,000	\$ 6,820,211	\$ 440,211
Sales tax	645,543	645,543	871,579	226,036
Other taxes	3,156,475	3,156,475	3,070,560	(85,915)
Grants, distributions and reimbursements	3,337,596	3,337,596	2,400,011	(937,585)
Fees, licenses and permits	434,720	434,720	472,885	38,165
Interest	69,000	69,000	175,017	106,017
Other	-	-	8,064	8,064
<b>Total revenues</b>	<b>14,023,334</b>	<b>14,023,334</b>	<b>13,818,327</b>	<b>(205,007)</b>
<b>Expenditures:</b>				
Current:				
Maintenance of roads:				
Salaries	6,004,418	6,034,440	5,309,946	724,494
Office expense	17,650	14,650	11,389	3,261
Miscellaneous	46,850	44,700	30,902	13,798
Uniforms	28,500	28,500	21,184	7,316
Medical expense	3,000	3,000	2,894	106
Safety equipment & supplies	40,250	40,250	25,772	14,478
Parts and repairs	475,000	475,000	346,598	128,402
Utilities	85,000	85,000	78,238	6,762
Insurance	1,594,436	1,612,326	1,438,060	174,266
Payroll taxes	468,967	471,264	393,373	77,891
Pension	844,299	849,013	810,107	38,906
Training	25,000	25,000	21,848	3,152
City Tax Distribution	300,000	335,200	335,186	14
C.A.R.T.	-	-	-	-
Vehicle expenses	500,250	500,250	501,537	(1,287)
Capital outlay:				
Property, equipment and buildings:				
Equipment	1,049,000	1,054,260	884,202	170,058
Right-of-way	138,390	138,390	82,114	56,276
Construction of roads and bridges:				
Contractual service	2,708,102	2,711,102	2,059,752	651,350
Road materials	1,000,000	955,800	487,922	467,878
Equipment rental	30,000	30,000	29,847	153
Sign material	-	-	-	-
Engineering fees	914,222	902,222	610,029	292,193
<b>Total expenditures</b>	<b>16,273,334</b>	<b>16,310,367</b>	<b>13,480,901</b>	<b>2,829,466</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(2,250,000)</b>	<b>(2,287,033)</b>	<b>337,426</b>	<b>2,624,459</b>
<b>Other financing sources (uses)</b>				
Transfers	750,000	750,000	735,990	(14,010)
Proceeds from the sale of property	-	-	71,219	71,219
Total other financing sources (uses)	750,000	750,000	807,209	57,209
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,500,000)</b>	<b>(1,537,033)</b>	<b>1,144,635</b>	<b>2,681,668</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>8,130,917</b>	<b>8,130,917</b>	<b>8,130,917</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 6,630,917</b>	<b>\$ 6,593,884</b>	<b>\$ 9,275,552</b>	<b>\$ 2,681,668</b>

**THE COUNTY OF JEFFERSON**  
**HILLSBORO, MISSOURI**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**LAW ENFORCEMENT FUND - UNAUDITED**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ 4,515,846	\$ 4,515,846
Sales tax	11,500,000	11,500,000	12,210,176	710,176
Grants, distributions and reimbursements	1,995,162	2,133,412	1,736,381	(397,031)
Fees, licenses and permits	510,535	510,535	877,716	367,181
Interest	30,768	30,768	99,070	68,302
Other	57,860	74,860	110,425	35,565
<b>Total revenues</b>	<b>14,094,325</b>	<b>14,249,575</b>	<b>19,549,614</b>	<b>5,300,039</b>
<b>Expenditures:</b>				
Current:				
Administration of Justice and Law Enforcement:				
Salaries	10,898,886	11,048,671	10,042,176	1,006,495
Payroll taxes	817,722	821,868	743,497	78,371
Leased vehicles	50,400	53,400	51,726	1,674
Office expense	50,750	58,750	56,898	1,852
Contractual services	770,660	740,660	617,347	123,313
Professional services	44,600	45,050	46,755	(1,705)
Uniforms	146,063	161,863	155,997	5,866
Utilities	93,800	85,800	78,544	7,256
Insurance	2,505,360	2,614,192	2,338,795	275,397
Pension	1,068,001	1,073,420	943,269	130,151
Training	126,615	128,415	101,025	27,390
Other	608,656	600,733	510,135	90,598
Institutional placement	10,000	10,000	3,290	6,710
Prisoner medical expense	11,576	11,576	5,585	5,991
Prisoner transport	93,500	93,500	53,713	39,787
Prisoner food	590,807	560,807	527,923	32,884
Vehicle expense	1,200	1,200	1,200	-
Jail Expense	56,585	56,585	32,967	23,618
Capital outlay:				
Property, equipment and buildings	121,055	678,590	606,630	71,960
<b>Total expenditures</b>	<b>18,066,236</b>	<b>18,845,080</b>	<b>16,917,471</b>	<b>1,927,609</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(3,971,911)</b>	<b>(4,595,505)</b>	<b>2,632,143</b>	<b>7,227,648</b>
<b>Other financing sources (uses)</b>				
Transfers	1,994,945	1,948,552	1,948,552	-
Proceeds from the sale of property	5,000	5,000	-	(5,000)
Total other financing sources (uses)	1,999,945	1,953,552	1,948,552	(5,000)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,971,966)</b>	<b>(2,641,953)</b>	<b>4,580,695</b>	<b>7,222,648</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>3,211,915</b>	<b>3,211,915</b>	<b>3,211,915</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,239,949</b>	<b>\$ 569,962</b>	<b>\$ 7,792,610</b>	<b>\$ 7,222,648</b>

**THE COUNTY OF JEFFERSON**  
**HILLSBORO, MISSOURI**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**ROAD TAX FUND - UNAUDITED**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Sales tax	\$ 7,900,000	\$ 7,900,000	\$ 7,957,271	\$ 57,271
Grants, distributions and reimbursements	-	-	-	-
Fees, licenses and permits	-	-	1,037	1,037
Interest	99,129	99,129	175,687	76,558
Other	-	-	26,791	26,791
<b>Total revenues</b>	<b>7,999,129</b>	<b>7,999,129</b>	<b>8,160,786</b>	<b>161,657</b>
<b>Expenditures:</b>				
Capital outlay:				
Property, equipment and buildings:				
Right of way	209,512	209,512	207,974	1,538
Motor vehicle equipment	500,000	537,955	537,955	-
Other Equipment	-	-	-	-
Construction of roads and bridges:				
Contractual services	3,040,934	3,540,934	3,180,558	360,376
Road materials	2,750,000	2,212,045	1,592,653	619,392
Equipment rental	30,000	30,000	28,278	1,722
Sign material	100,000	100,000	90,822	9,178
Engineering fees	1,118,683	1,118,683	632,365	486,318
<b>Total expenditures</b>	<b>7,749,129</b>	<b>7,749,129</b>	<b>6,270,605</b>	<b>1,478,524</b>
<b>Excess of revenues over (under) expenditures</b>	<b>250,000</b>	<b>250,000</b>	<b>1,890,181</b>	<b>1,640,181</b>
<b>Other financing sources (uses)</b>				
Transfers	(750,000)	(750,000)	(735,990)	14,010
Lawsuit Settlement	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(750,000)</b>	<b>(750,000)</b>	<b>(735,990)</b>	<b>14,010</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(500,000)</b>	<b>(500,000)</b>	<b>1,154,191</b>	<b>1,654,191</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>8,626,969</b>	<b>8,626,969</b>	<b>8,626,969</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 8,126,969</b>	<b>\$ 8,126,969</b>	<b>\$ 9,781,160</b>	<b>\$ 1,654,191</b>

**THE COUNTY OF JEFFERSON**  
**HILLSBORO, MISSOURI**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**ASSESSMENT FUND - UNAUDITED**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 1,428,637	\$ 1,428,637	\$ 1,623,261	\$ 194,624
Other taxes	9,900	9,900	9,742	(158)
Grants, distributions and reimbursements	336,372	336,372	339,127	2,755
Fees, licenses and permits	8,500	8,500	9,403	903
Interest	8,364	8,364	17,138	8,774
<b>Total revenues</b>	<b>1,791,773</b>	<b>1,791,773</b>	<b>1,998,671</b>	<b>206,898</b>
<b>Expenditures:</b>				
Current:				
Property valuation and recording:				
Salaries	1,219,446	1,225,544	1,121,833	103,711
Office	25,000	19,000	8,687	10,313
Contractual services	62,000	62,000	24,345	37,655
Miscellaneous	16,980	16,980	9,752	7,228
Mileage	1,000	1,000	1,300	(300)
Utilities	650	650	632	18
Insurance	253,840	253,840	227,355	26,485
Postage	70,000	70,000	54,064	15,936
Payroll taxes	93,401	93,868	83,555	10,313
Pension	111,519	112,099	95,915	16,184
Professional services	34,200	91,847	83,144	8,703
Training	40,000	40,000	29,601	10,399
Vehicle Gas & Oil	3,000	3,000	2,856	144
Capital outlay:				
Property, equipment and buildings	18,500	90,500	74,619	15,881
<b>Total expenditures</b>	<b>1,949,536</b>	<b>2,080,328</b>	<b>1,817,658</b>	<b>262,670</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(157,763)</b>	<b>(288,555)</b>	<b>181,013</b>	<b>469,568</b>
<b>Other financing sources (uses)</b>				
Transfers	122,230	122,230	122,230	-
Proceeds from the sale of property	-	-	-	-
Total other financing sources (uses)	122,230	122,230	122,230	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(35,533)</b>	<b>(166,325)</b>	<b>303,243</b>	<b>469,568</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	1,521,138	1,521,138	1,521,138	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,485,605</b>	<b>\$ 1,354,813</b>	<b>\$ 1,824,381</b>	<b>\$ 469,568</b>

**THE COUNTY OF JEFFERSON**  
**HILLSBORO, MISSOURI**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**PARKS AND RECREATION FUND - UNAUDITED**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 877,594	\$ 877,594	\$ 938,655	\$ 61,061
Other taxes	6,100	6,100	5,743	(357)
Grants, distributions and reimbursements	300	86,918	21,911	(65,007)
Fees, licenses and permits	130,173	130,173	140,881	10,708
Interest	8,200	8,200	16,106	7,906
Other	-	-	859	859
<b>Total revenues</b>	<b>1,022,367</b>	<b>1,108,985</b>	<b>1,124,155</b>	<b>15,170</b>
<b>Expenditures:</b>				
Current:				
Park Maintenance:				
Salaries	638,725	641,919	573,417	68,502
Office	2,000	2,000	1,038	962
Contractual services	54,300	54,300	48,863	5,437
Miscellaneous	28,350	28,350	16,770	11,580
Utilities	27,700	27,700	17,006	10,694
Uniforms	1,500	1,500	1,310	190
Medical Expenses	250	250	144	106
Parts and Repairs	7,000	7,000	6,014	986
Rent	400	400	-	400
Insurance	118,750	118,750	100,309	18,441
Payroll taxes	50,863	51,108	43,214	7,894
Pension	53,345	53,649	51,677	1,972
Supplies	2,900	2,900	2,675	225
Professional services	8,000	8,000	6,422	1,578
Training	2,450	2,450	1,123	1,327
Park programs	28,000	28,000	27,877	123
Park development	30,000	30,000	-	30,000
Vehicle expense	18,000	18,000	14,138	3,862
Capital outlay:				
Property, equipment and buildings	36,834	119,327	116,698	2,629
<b>Total expenditures</b>	<b>1,109,367</b>	<b>1,195,603</b>	<b>1,028,695</b>	<b>166,908</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(87,000)</b>	<b>(86,618)</b>	<b>95,460</b>	<b>182,078</b>
<b>Other financing sources (uses)</b>				
Transfers	-	-	-	-
Proceeds from the sale of property	-	-	3,692	3,692
Total other financing sources (uses)	-	-	3,692	3,692
<b>NET CHANGE IN FUND BALANCE</b>	<b>(87,000)</b>	<b>(86,618)</b>	<b>99,152</b>	<b>185,770</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	1,075,122	1,075,122	1,075,122	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 988,122</b>	<b>\$ 988,504</b>	<b>\$ 1,174,274</b>	<b>\$ 185,770</b>



THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
NOTES TO BUDGETARY SCHEDULES  
DECEMBER 31, 2018

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Budget and Budgetary Accounting

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

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

**THE COUNTY OF JEFFERSON**  
**HILLSBORO, MISSOURI**  
**COMBINING BALANCE SHEET - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS**  
**AS OF DECEMBER 31, 2018**

	<b>Combined Nonmajor Special Revenue Funds</b>	<b>Nonmajor County Building Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,048,903	\$ 1,003	\$ 3,049,906
Investments	503,919	-	503,919
Due from Collector of Revenue	690,251	-	690,251
Restricted investments	1	-	1
<b>Total assets</b>	<b>\$ 4,243,074</b>	<b>\$ 1,003</b>	<b>\$ 4,244,077</b>
<b>LIABILITIES</b>			
Due to various taxing authorities and others	21,025	-	21,025
<b>Total liabilities</b>	<b>21,025</b>	<b>-</b>	<b>21,025</b>
<b>FUND BALANCES</b>			
Restricted	4,222,049	-	4,222,049
Assigned	-	1,003	1,003
<b>Total fund balances</b>	<b>4,222,049</b>	<b>1,003</b>	<b>4,223,052</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,243,074</b>	<b>\$ 1,003</b>	<b>\$ 4,244,077</b>

**THE COUNTY OF JEFFERSON**  
**HILLSBORO, MISSOURI**  
**COMBINING BALANCE SHEET - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)**  
**AS OF DECEMBER 31, 2018**

	<b>Police Officer Training Fund</b>	<b>Post Commission Fund</b>	<b>Sheriff Revolving Fund</b>	<b>Inmate Security Fund</b>	<b>Pros Atty Training Fund</b>	<b>Pros Atty Delinquent Tax Fund</b>	<b>Pros Atty Admin Handling Cost Fund</b>	<b>Pros Atty Victim Advocate Fund</b>	<b>SVDV Fund</b>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 50,251	\$ 26,558	\$ 310,094	\$ 142,053	\$ 21,956	\$ 29,360	\$ 144,261	\$ 697	\$ 3,053
Investments	-	-	-	-	-	-	-	-	-
Due from Collector of Revenue	-	-	-	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 50,251</b>	<b>\$ 26,558</b>	<b>\$ 310,094</b>	<b>\$ 142,053</b>	<b>\$ 21,956</b>	<b>\$ 29,360</b>	<b>\$ 144,261</b>	<b>\$ 697</b>	<b>\$ 3,053</b>
<b>LIABILITIES</b>									
Due to various taxing authorities and others	\$ -	\$ -	\$ 264	\$ -	\$ -	\$ -	\$ 810	\$ 199	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>264</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>810</b>	<b>199</b>	<b>-</b>
<b>FUND BALANCES</b>									
Restricted	50,251	26,558	309,830	142,053	21,956	29,360	143,451	498	3,053
<b>Total fund balances</b>	<b>50,251</b>	<b>26,558</b>	<b>309,830</b>	<b>142,053</b>	<b>21,956</b>	<b>29,360</b>	<b>143,451</b>	<b>498</b>	<b>3,053</b>
<b>Total liabilities and fund balances</b>	<b>\$ 50,251</b>	<b>\$ 26,558</b>	<b>\$ 310,094</b>	<b>\$ 142,053</b>	<b>\$ 21,956</b>	<b>\$ 29,360</b>	<b>\$ 144,261</b>	<b>\$ 697</b>	<b>\$ 3,053</b>

**THE COUNTY OF JEFFERSON**  
**HILLSBORO, MISSOURI**  
**COMBINING BALANCE SHEET - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)**  
**AS OF DECEMBER 31, 2018**

	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
<b>ASSETS</b>									
Cash and cash equivalents	\$ 230,421	\$ 1,524,897	\$ 21,455	\$ 205,932	\$ 337,900	\$ -	\$ 15	\$ -	\$ 3,048,903
Investments	503,919	-	-	-	-	-	-	-	503,919
Due from Collector of Revenue	-	657,893	-	-	32,358	-	-	-	690,251
Restricted investments	-	-	-	-	-	1	-	-	1
<b>Total assets</b>	<b>\$ 734,340</b>	<b>\$ 2,182,790</b>	<b>\$ 21,455</b>	<b>\$ 205,932</b>	<b>\$ 370,258</b>	<b>\$ 1</b>	<b>\$ 15</b>	<b>\$ -</b>	<b>\$ 4,243,074</b>
<b>LIABILITIES</b>									
Due to various taxing authorities and others	\$ 19,678	\$ -	\$ -	\$ -	\$ 74	\$ -	\$ -	\$ -	\$ 21,025
<b>Total liabilities</b>	<b>19,678</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,025</b>
<b>FUND BALANCES</b>									
Restricted	714,662	2,182,790	21,455	205,932	370,184	1	15	-	4,222,049
<b>Total fund balances</b>	<b>714,662</b>	<b>2,182,790</b>	<b>21,455</b>	<b>205,932</b>	<b>370,184</b>	<b>1</b>	<b>15</b>	<b>-</b>	<b>4,222,049</b>
<b>Total liabilities and fund balances</b>	<b>\$ 734,340</b>	<b>\$ 2,182,790</b>	<b>\$ 21,455</b>	<b>\$ 205,932</b>	<b>\$ 370,258</b>	<b>\$ 1</b>	<b>\$ 15</b>	<b>\$ -</b>	<b>\$ 4,243,074</b>

**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, 2018**

	<b>Combined Nonmajor Special Revenue Funds</b>	<b>Nonmajor County Building Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES:</b>			
Property taxes	\$ 3,024,143	\$ -	\$ 3,024,143
Other taxes	3,496	-	3,496
Grants, distributions and reimbursements	1,169,690	-	1,169,690
Fees, licenses and permits	885,041	-	885,041
Interest	52,170	908	53,078
Other	250	-	250
<b>Total revenues</b>	<b>5,134,790</b>	<b>908</b>	<b>5,135,698</b>
<b>EXPENDITURES:</b>			
Current:			
General county government	48,771	-	48,771
Financial administration	294,497	-	294,497
Property valuation and recording	185,423	-	185,423
Administration of justice and law enforcement	373,295	-	373,295
Health and welfare	2,973,918	-	2,973,918
Community development	1,038,225	-	1,038,225
Capital outlay:			
Property, equipment and buildings	144,000	94,813	238,813
<b>Total expenditures</b>	<b>5,058,129</b>	<b>94,813</b>	<b>5,152,942</b>
<b>Excess of revenues over (under) expenditures</b>	<b>76,661</b>	<b>(93,905)</b>	<b>(17,244)</b>
<b>Other financing sources (uses)</b>			
Transfers	(100,387)	-	(100,387)
Proceeds from the sale of property	-	-	-
<b>Total other financing sources (uses)</b>	<b>(100,387)</b>	<b>-</b>	<b>(100,387)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(23,726)</b>	<b>(93,905)</b>	<b>(117,631)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	4,245,775	94,908	4,340,683
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 4,222,049</b>	<b>\$ 1,003</b>	<b>\$ 4,223,052</b>

**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, 2018**

	<b>Police Officer Training Fund</b>	<b>Post Commission Fund</b>	<b>Sheriff Revolving Fund</b>	<b>Inmate Security Fund</b>	<b>Pros Atty Training Fund</b>	<b>Pros Atty Delinquent Tax Fund</b>	<b>Pros Atty Admin Handling Cost Fund</b>	<b>Pros Atty Victim Advocate Fund</b>	<b>SVDV Fund</b>
<b>REVENUES:</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-	-	-	-
Grants, distributions and reimbursements	-	6,396	4,304	-	-	-	-	29,844	-
Fees, licenses and permits	20,110	-	48,798	25,517	5,070	52,112	27,994	-	53,456
Interest	427	261	4,344	2,858	218	257	539	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>\$ 20,537</b>	<b>\$ 6,657</b>	<b>\$ 57,446</b>	<b>\$ 28,375</b>	<b>\$ 5,288</b>	<b>\$ 52,369</b>	<b>\$ 28,533</b>	<b>\$ 29,844</b>	<b>\$ 53,456</b>
<b>EXPENDITURES:</b>									
Current:									
General county government	-	-	-	-	-	-	-	-	-
Financial administration	-	-	-	-	-	-	-	-	-
Property valuation and recording	-	-	-	-	-	-	-	-	-
Administration of justice and law enforcement	4,046	17,976	122,016	79,935	15,607	14,136	20,616	47,589	51,374
Health and welfare	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-
Capital outlay:									
Property, equipment and buildings	-	-	24,093	17,642	-	23,058	6,625	-	-
<b>Total expenditures</b>	<b>4,046</b>	<b>17,976</b>	<b>146,109</b>	<b>97,577</b>	<b>15,607</b>	<b>37,194</b>	<b>27,241</b>	<b>47,589</b>	<b>51,374</b>
<b>Excess of revenues over (under) expenditures</b>	<b>16,491</b>	<b>(11,319)</b>	<b>(88,663)</b>	<b>(69,202)</b>	<b>(10,319)</b>	<b>15,175</b>	<b>1,292</b>	<b>(17,745)</b>	<b>2,082</b>
<b>Other financing sources (uses)</b>									
Transfers	-	-	-	-	-	(4,000)	-	29,260	-
Proceeds from the sale of property	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(4,000)	-	29,260	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>16,491</b>	<b>(11,319)</b>	<b>(88,663)</b>	<b>(69,202)</b>	<b>(10,319)</b>	<b>11,175</b>	<b>1,292</b>	<b>11,515</b>	<b>2,082</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>33,760</b>	<b>37,877</b>	<b>398,493</b>	<b>211,255</b>	<b>32,275</b>	<b>18,185</b>	<b>142,159</b>	<b>(11,017)</b>	<b>971</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 50,251</b>	<b>\$ 26,558</b>	<b>\$ 309,830</b>	<b>\$ 142,053</b>	<b>\$ 21,956</b>	<b>\$ 29,360</b>	<b>\$ 143,451</b>	<b>\$ 498</b>	<b>\$ 3,053</b>

**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, 2018**

	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
<b>REVENUES:</b>									
Property taxes	\$ -	\$ 3,024,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,024,143
Other taxes	-	3,496	-	-	-	-	-	-	3,496
Grants, distributions and reimbursements	-	-	21,585	38,672	-	-	30,664	1,038,225	1,169,690
Fees, licenses and permits	132,287	-	-	92,101	427,596	-	-	-	885,041
Interest	9,792	17,569	708	3,667	11,530	-	-	-	52,170
Other	-	-	250	-	-	-	-	-	250
<b>Total revenues</b>	<b>\$ 142,079</b>	<b>\$ 3,045,208</b>	<b>\$ 22,543</b>	<b>\$ 134,440</b>	<b>\$ 439,126</b>	<b>\$ -</b>	<b>\$ 30,664</b>	<b>\$ 1,038,225</b>	<b>\$ 5,134,790</b>
<b>EXPENDITURES:</b>									
Current:									
General county government	-	-	-	48,771	-	-	-	-	48,771
Financial administration	-	-	-	-	294,497	-	-	-	294,497
Property valuation and recording	185,423	-	-	-	-	-	-	-	185,423
Administration of justice and law enforcement	-	-	-	-	-	-	-	-	373,295
Health and welfare	-	2,949,150	24,768	-	-	-	-	-	2,973,918
Community development	-	-	-	-	-	-	-	1,038,225	1,038,225
Capital outlay:									
Property, equipment and buildings	31,893	-	1,725	-	8,300	-	30,664	-	144,000
<b>Total expenditures</b>	<b>217,316</b>	<b>2,949,150</b>	<b>26,493</b>	<b>48,771</b>	<b>302,797</b>	<b>-</b>	<b>30,664</b>	<b>1,038,225</b>	<b>5,058,129</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(75,237)</b>	<b>96,058</b>	<b>(3,950)</b>	<b>85,669</b>	<b>136,329</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,661</b>
<b>Other financing sources (uses)</b>									
Transfers	-	-	-	-	(125,647)	-	-	-	(100,387)
Proceeds from the sale of property	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(125,647)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(100,387)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(75,237)</b>	<b>96,058</b>	<b>(3,950)</b>	<b>85,669</b>	<b>10,682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,726)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>789,899</b>	<b>2,086,732</b>	<b>25,405</b>	<b>120,263</b>	<b>359,502</b>	<b>1</b>	<b>15</b>	<b>-</b>	<b>4,245,775</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 714,662</b>	<b>\$ 2,182,790</b>	<b>\$ 21,455</b>	<b>\$ 205,932</b>	<b>\$ 370,184</b>	<b>\$ 1</b>	<b>\$ 15</b>	<b>\$ -</b>	<b>\$ 4,222,049</b>

**THE COUNTY OF JEFFERSON**  
**HILLSBORO, MISSOURI**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**AGENCY FUNDS**  
**AS OF DECEMBER 31, 2018**

	<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>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,396,493	\$ 103,777	\$ 56,493,464	\$ 66,993,734
Due from Collector of Revenue	2,994,639	-	-	2,994,639
<b>Total assets</b>	<b>\$ 13,391,132</b>	<b>\$ 103,777</b>	<b>\$ 56,493,464</b>	<b>\$ 69,988,373</b>
<b>LIABILITIES</b>				
Due to various taxing authorities and others	\$ 13,391,132	\$ 100	\$ 48,938,906	\$ 62,330,138
Protested taxes	-	-	282,227	282,227
Funds held in trust	-	103,677	-	103,677
Due to other funds	-	-	7,272,331	7,272,331
<b>Total liabilities</b>	<b>\$ 13,391,132</b>	<b>\$ 103,777</b>	<b>\$ 56,493,464</b>	<b>\$ 69,988,373</b>
<b>NET POSITION</b>				
Unrestricted	\$ -	\$ -	\$ -	\$ -
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**STATE COMPLIANCE SECTION**

THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
SCHEDULE OF STATE FINDINGS  
YEAR ENDED DECEMBER 31, 2018

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SCHEDULE OF STATE FINDINGS

There are no state audit findings for the year ended December 31, 2018.

**FEDERAL COMPLIANCE SECTION**



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 24, 2019.

**Internal Control Over Financial Reporting**

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

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

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

A handwritten signature in cursive script that reads "Daniel Jones & Associates".

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

September 24, 2019



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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, 2018. 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, 2018.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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

September 24, 2019



**THE COUNTY OF JEFFERSON**  
**HILLSBORO, MISSOURI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

Program Title	Federal CFDA Number	Pass- Through Identification Number	Passed-through to Subrecipients	Federal Expenditures
<u>U.S. Department of Housing and Urban Development:</u>				
Direct:				
Community Development Block Grant	14.218	B14-UC-29-0002	\$ -	\$ 10,959
		B15-UC-29-0002	-	6,093
		B16-UC-29-0002	-	418,778
		B17-UC-29-0002	-	602,395
Subtotal CFDA# 14.218			-	1,038,225
Total U.S. Dept. of Housing and Urban Development			-	1,038,225
<u>U.S. Department of Justice</u>				
Direct:				
Domestic Cannabis Eradication and Suppression Program	16.U01	2018-74	-	24,509
Equitable Sharing Program	16.922	N/A	-	62,079
JAG Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program (Justice Assistance Grant - Local Solicitation)	16.738	2017-DJ-BX-0657	-	30,664
Passed Through Missouri Department of Public Safety:				
JAG Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAG-013	-	117,849
		2017-JAG-010	-	94,825
Subtotal CFDA# 16.738			-	243,338
Total JAG Program Cluster			-	243,338
Juvenile Justice and Delinquency Prevention	16.540	2013-TITLE II-23	-	18,505
Crime Victim Assistance	16.575	ER130180054	-	28,139
Total U.S. Department of Justice			-	376,570
<u>U.S. Department of Transportation</u>				
Passed Through Missouri Department of Transportation				
Highway Planning and Construction Cluster:				
Antire Road at Williams Creek	20.205	STP-5460 (604)	-	32,240
Charter Church Road Bridge at Mitch Sweet	20.205	STP-5403 (673)	-	93,765
Doc Sargent Road Bridge	20.205	STP-5403 (674)	-	75,755
Charter Church Road Bridge at Huskey	20.205	STP-5403 (661)	-	508,944
Old Lemay Ferry Road Phases 1 & 2	20.205	STP-5461 (609)	-	58,396
Eime Road Bridge	20.205	BRO-B050 (22)	-	241,695
Old State Route 21 at Lions Den Inter	20.205	STP-5462 (607)	-	7,111
Old Ste Route 21 at East/West Four Ridge Inter	20.205	STP-5462 (608)	-	41,870
Big Hollow Road Bridge	20.205	STP-9900 (646)	-	710,052
Seckman Road Roundabout-Phase 1	20.205	STP-7200 (602)	-	33,959
Seckman Road Roundabout-Phase 2	20.205	STP-5403 (686)	-	11,325
Whitehead Road Bridge	20.205	STP-5403 (675)	-	71,328
Hillsboro House Springs Rd Br	20.205	STP-5403 (620)	-	327
Imperial Main Street	20.205	STP-5403 (662)	-	873,844
Main Street House Springs	20.205	STP-5403 (674)	-	6,723
TEAP-Old Lemay Ferry Corridor Study	20.205	TEAP T001 (033) 022	-	8,000
Total Passed Through Missouri Department of Transportation			-	2,775,334
Passed Through Missouri Division of Highway Safety:				
Work Zone Enforcement	20.205	FWZEE04Z	-	31,449
Total Highway Planning and Construction Cluster			-	2,806,783

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, 2018**

Program Title	Federal CFDA Number	Pass- Through Identification Number	Passed-through to Subrecipients	Federal Expenditures
Highway Safety Cluster:				
Passed Through Missouri Department of Transportation				
State and Community Highway Safety (Hazardous Moving Violation)	20.600	18-PT-02-049	-	94,068
		19-PT-02-099	-	24,041
Total State and Community Highway Safety			-	118,109
Passed Through University of Central MO				
National Priority Safety Programs	20.616	18-M2OP-05-020	-	1,995
		18-M2HVE-05-016	-	14,727
		19-M2HVE-05-019	-	4,032
Total National Priority Safety Programs			-	20,754
Total Highway Safety Cluster			-	138,863
Passed Through University of Central MO:				
Alcohol Open Container Requirements	20.607	18-154-AL-154	-	1,990
Total Passed Through University of Central MO			-	1,990
Passed Through Missouri Department of Transportation				
Alcohol Open Container Requirements	20.607	18-154-AL-063	-	72,747
		19-154-AL-111	-	6,417
		18-154-AL-064	-	178,052
		19-154-AL-117	-	28,471
		18-154-AL-066	-	133,656
		19-154-AL-116	-	34,351
Total Passed Through MO Department of Transportation			-	453,694
Total CFDA #20.607			-	455,684
Total U.S. Department of Transportation			-	3,401,330
<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	-	292,821
		COUNTY FIPS #29-099-01	-	2,411
Total Child Support Enforcement Cooperative			-	295,232
Total U.S. Department of Health and Senior Services			-	295,232
<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	-	594
		G17MW0001A-V	-	7,751
Passed Through the Office of the National Drug Control Policy:				
High Intensity Drug Trafficking Area Program	95.001	G16MW0001A-JJ	-	22,648
		G17MW0001A-JJ	-	66,770
		G18MW0001A-JJ	-	84,196
Total CFDA# 95.001			-	181,959
Total U.S. Executive Office of the President			-	181,959
<u>U.S. Department of Homeland Security</u>				
Passed Through Missouri State Emergency Management Agency:				
Disaster Grants - Public Assistance - (Presidentially Declared Disasters) (Missouri Department of Public Safety)	97.036	FEMA-4250-DR-MO	-	4,954
		FEMA-4317-DR-MO	-	294,710
			-	299,664
Emergency Management Performance Grants	97.042	EMK-2018-EP-00003-051	-	111,325
Total U.S. Department of Homeland Security			-	410,989
Total Expenditures of Federal Awards			\$ -	\$ 5,704,305

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, 2018

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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, 2018. 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 the cost principles contained in the Uniform Guidance, 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.

NOTE 3 – INDIRECT COST RATE

The County has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 – SUBRECIPIENTS

The County did not have any subrecipients for the year ended December 31, 2018.

THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2018

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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?             X  Yes    \_\_\_ None Reported
2. Type of auditor's report issued on compliance for major federal programs:                    Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?                     X  Yes    \_\_\_ No

4. Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.600	State and Community Highway Safety
16.738	Edward Byrne Memorial Justice Assistance Grant Program
20.607	Alcohol Open Container Requirements
95.001	High Intensity Drug Trafficking Areas Program
14.218	Community Development Block Grants/Entitlement Grants
93.563	Child Support Enforcement

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, 2018

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II. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the fiscal year ended December 31, 2018.

THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2018

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III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

2018-001

Federal Grantor:	U.S. Department of Transportation, U.S. Executive Office of President
Pass-Through Grantor:	Missouri Department of Transportation
Federal CFDA Number:	20.205, 95.001
Program Title:	Highway Planning and Construction, High Intensity Drug Trafficking Area Program
Pass-Through Entity Identifying Number:	STP-5403 (661, 662, 674, 675, 686), STP-5461 (609), BRO-B050 (22), STP-7200 (602), G18MW0001A-JJ
Award Year:	2018
Type of Finding:	Other Information – Significant Deficiency

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: The Uniform Guidance requires the auditee to prepare the Schedule of Expenditures of Federal and Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

Context: During the audit of federal programs, we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

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

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

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA.

Views of responsible officials and planned corrective actions: The County will continue to improve upon existing procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County will make improvements to our current grant monitoring system which will allow the capture of grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The County Auditor is Kristy Apprill and her office phone number is 636-797-5461.

THE COUNTY OF JEFFERSON  
HILLSBORO, MISSOURI  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2018

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I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the fiscal year ended December 31, 2017.

II. PRIOR YEAR SINGLE AUDIT FINDINGS

There were no federal award findings or questioned costs for the fiscal year ended December 31, 2017.