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1-1-2007

## Audited Financial Statements, 2005/2006

Jefferson County Health Department

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**SUSAN MONTEE, CPA**  
**Missouri State Auditor**

April 11, 2008

Board of Directors  
Jefferson County Health Department  
P.O. Box 437  
Hillsboro, MO 63050

Fiscal Period: Two Years Ended December 31, 2006 ✓

Dear Directors:

In accordance with Section 105.145, RSMo, we acknowledge receipt of the financial report of your political subdivision for the above-described fiscal period.

Thank you for your cooperation in sending this information.

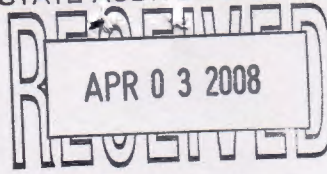
Sincerely,

SUSAN MONTEE, CPA  
STATE AUDITOR

A handwritten signature in black ink that reads "Judy Buerky".

Judy Buerky  
Local Government Analyst

STATE AUDITOR'S OFFICE



**JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2006 AND 2005**



**9 Mt. Cassino  
Pevely, MO 63070**

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**JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2006 AND 2005**



**9 Mt. Cassino  
Pevely, MO 63070**

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OF JEFFERSON COUNTY, MISSOURI  
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**9 Mt. Cassino  
Pevely, MO 63070**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Jefferson County Health Department  
Of Jefferson County, Missouri  
P.O. Box 437  
Hillsboro, Missouri 63050-0437

To the Members of the Board:

We have audited the accompanying financial statements of the Jefferson County Health Department of Jefferson County, Missouri (the "Department"), as of and for the year ended December 31, 2006, as listed in the accompanying table of contents. These financial statements are the responsibility of the Department's, management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the Department's 2005 financial statements and, in our report dated December 30, 2006, we expressed and unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Department prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – modified cash basis of the governmental activities and each major fund of the Department, as of December 31, 2006, and the changes in financial position – modified cash basis, for the year then ended, in conformity with the basis of accounting described in Note I.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2008, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 5 and the budgetary comparison information on page 23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of certain measurement and presentation of the supplementary information. However, we did not audit the information and, accordingly, express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The accompanying schedule of expenditure of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Department. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Creely & Associates, LLC

Russell J. Creely, CPA  
Managing Member  
Creely & Associates, LLC

Date: March 20, 2008





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MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")  
FOR THE YEAR ENDED DECEMBER 31, 2006

(UNAUDITED)

**MANAGEMENT DISCUSSION AND ANALYSIS**

The Jefferson County Health Department's Management Discussion and Analysis is a narrative overview of the Department's financial activities for the year ended December 31, 2006. The information presented here should be read in conjunction with the financial statements and notes to the financial statement that follow.

**Department Highlights**

The health department was awarded a two-year grant from Missouri Foundation for Health for a wellness program (Get Healthy and Active DeSoto) in 2006. The total award amount was \$297,228. The program will create a system of reinforcing interventions to support the adoption of healthy behaviors by youth and adults in the targeted area. In addition to salaries and fringes, the grant will also provide funds for conferences, equipment and supplies needed to operate the program.

The health department was awarded a three-month grant from Missouri Foundation for Health for Strategic Organization Development in the amount of \$7,250. The funding will be used to hire a qualified consultant who will evaluate the current data system and make at least five (5) recommendations for integrating and streamlining the system whenever possible and identifying the best available software needed to achieve these goals.

Total income received from Missouri Foundation for Health contracts / grants / awards in 2006 totaled \$347,045. This included ongoing funding for the Dental Program and the Tobacco Initiative Program.

The health department was also awarded two (2) grants from the United Way of Greater St. Louis, Inc., in the amounts of \$5,000 and \$15,000, respectively, for prevention of methamphetamine use.

Non-budgeted income from the Missouri Department of Health received in 2006 is as follows:

Cancer Coalition - \$7,810  
Show Me Healthy Women / Wise Women - \$11,526

Total: \$19,336

Income received from Missouri Department of Health decreased by 10.8% in 2006 compared to the previous year.

The health department received \$8,500.00 from the ACT Missouri Organization for the C-2000 Grant. This grant is used for tobacco prevention programs.



MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")  
FOR THE YEAR ENDED DECEMBER 31, 2006

(UNAUDITED)

The health department allowed students from Washington University to train with our nurse practitioner in our STD Clinics. We received \$4,000 for this service.

The Dental Program was awarded \$4,000 by the Cardinals Care Organization.

FEMA (Federal Emergency Management Agency) reimbursed the health department \$3,131 for our time worked during a power outage from storm damage.

We agreed to lease a portion of our Arnold parking lot to T-Mobile. During 2006 we received \$2,500 to hold an option on the property. T-Mobile plans to install a communications tower.

The health department reviewed its telecommunications contracts and was able to be reimbursed a total of \$7,190 by reorganizing our telecommunications needs.

**REVENUES**

The Vital Records program income increased 46.75% from \$218,335 in 2005 to \$320,408 in 2006.

Amounts collected for influenza injections from Medicare and fees charged increased 16.8% from \$156,082 in 2005 to \$182,342 in 2006.

Revenue from Local Taxes decreased 14.6% in 2006 as compared to 2005.

**EXPENDITURES**

Overall expenditures increased by 3.75% from \$4,397,902 in 2005 to \$4,562,162 in 2006.

Salaries (professional and support) increased by 17.5% from \$2,304,857 in 2005 to \$2,708,578 in 2006. Salary increases of 2% were approved for anyone making \$30,000 or less per year. All other staff received no salary increases. Some vacant nursing and environmental positions will not be filled.

Fringes decreased by 7.1% 2006. The health department chose to implement a high-deductible health insurance option and funded an HSA (Health Savings Account) for employees.

**Overview of the Financial Statements**

This annual report consists of four components: 1) management's discussion and analysis (this section), 2) government-wide and fund financial statements, 3) required supplementary information, and 4) other supplementary information. The health department prepares its financial statements using the modified cash basis of accounting (receipts are recognized when cash is received and expenditures or expenses are recorded when cash is paid).

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")  
FOR THE YEAR ENDED DECEMBER 31, 2006

(UNAUDITED)

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the health department's finances in addition to distinguishing what revenue is from the health department's mill tax (which is the largest source of income for the department), which revenue is supplied by state and federal contracts, and which revenue is cost reimbursement for services provided.

**Vehicle Purchases**

The health department purchased two (2) new vehicles in 2006 at a total cost of \$29,564.

**Long-Term Debt**

The remaining long-term debt the health department is responsible for is to UMB (United Missouri Bank) in the amount of \$440,000 for Certificates of Participation to finance building construction of the Arnold office.

**Budget**

There were no amendments to the 2006 budget.

**Contacting the health department's financial management**

This financial statement is designed to provide a general overview of the health department's financial situation. For further questions, please contact Mr. Dennis Diehl, Director at (636) 789-3372, ext. 104 or Ms. Pam Pinkley, Executive I at (636) 789-3372, ext. 135.

**BASIC FINANCIAL STATEMENTS**



**JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
FOR THE YEARS ENDED:**

	<u>12/31/06</u>	<u>12/31/05</u>
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 633,588	\$ 1,227,167
Prepaid insurance	35,721	11,751
<b>Total Current Assets</b>	<u>669,309</u>	<u>1,238,918</u>
<b>Non-current Assets:</b>		
Capital assets:		
Depreciable, net of depreciation	2,086,877	2,190,345
Land	132,700	132,700
Unamortized certificates of participation fee	<u>9,028</u>	<u>13,194</u>
<b>Total Non-current Assets:</b>	<u>2,228,605</u>	<u>2,336,239</u>
<b>Total Assets</b>	<u><u>2,897,914</u></u>	<u><u>3,575,157</u></u>
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Passthru Agency Fees	4,192	0
Accrued payroll taxes	0	51,062
Current portion - certificates of participation	<u>145,000</u>	<u>145,000</u>
<b>Total current liabilities</b>	<u>149,192</u>	<u>196,062</u>
<b>Non-current Liabilities:</b>		
Certificates of participation	<u>295,000</u>	<u>440,000</u>
<b>Total non-current liabilities</b>	<u>295,000</u>	<u>440,000</u>
<b>Total liabilities</b>	<u><u>444,192</u></u>	<u><u>636,062</u></u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	1,779,577	1,738,045
Unrestricted	<u>674,145</u>	<u>1,201,050</u>
<b>Total net assets</b>	<u><u>\$ 2,453,722</u></u>	<u><u>\$ 2,939,095</u></u>

**JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES), REVENUES, AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS OPERATING	CAPITAL	
<b>Activities:</b>					
AFLAC / Cafeteria plan	\$ 16,649	\$ 21,348	\$	\$	\$ 4,699
Amortization	4,167				(4,167)
Capital lease administration	1,787				(1,787)
Computer	10,435				(10,435)
Contractual	76,494				(76,494)
Depreciation	133,032				(133,032)
Equipment and furniture	479				(479)
Fringe benefits	691,487				(691,487)
Insurance	79,811				(79,811)
Interest	16,662				(16,662)
Maintenance	44,514				(44,514)
Meetings and training	24,365				(24,365)
Miscellaneous	6,053				(6,053)
Missouri Found. for Health / Dental	59,801		207,860		148,059
Missouri Found. for Health / Tobacco	37,837		53,575		15,738
Missouri Found. for Health / Other	4,173		85,610		81,437
Payroll expenses	2,705,514	164,574	1,006,088		(1,534,852)
Postage	13,594				(13,594)
Sexually oriented business	4,357				(4,357)
Supplies - Admin	9,574				(9,574)
Supplies - Bioterrorism	1,256		165,231		163,975
Supplies - Board	2,365				(2,365)
Supplies - Custodial	6,811				(6,811)
Supplies - Environmental / Program	39,828	196,750			156,922
Supplies - Managers food class	10,454	18,834			8,380
Supplies - Nursing	303,566	186,234	8,500		(108,832)
Supplies - Office	17,258				(17,258)
Supplies - Vector control	59,087	14,476	30,280		(14,331)
Supplies - Vital records	19,590	230,408			210,818
Telephone	54,694				(54,694)
Travel	33,530				(33,530)
Utilities	24,864				(24,864)
<b>Total governmental activities</b>	<b>\$ 4,514,089</b>	<b>\$ 832,624</b>	<b>\$ 1,557,145</b>	<b>\$ 0</b>	<b>(2,124,320)</b>
<b>General revenues:</b>					
County taxes					1,607,187
Donations					6,878
Interest Income					21,712
Miscellaneous					670
T-Mobile Lease					2,500
					Subtotal, general revenues: 1,638,947
					Changes in net assets: \$ (485,373)
<b>Net assets January 1, 2006</b>					\$ 2,939,095
<b>Net assets December 31, 2006</b>					\$ 2,453,722

See accompanying notes to the basic financial statements.

**JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSES), REVENUES, AND CHANGES IN NET ASSETS	
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS OPERATING      CAPITAL		
<b>Activities:</b>					
AFLAC / Cafeteria plan	\$ 12,420	\$ 13,089		\$ 669	
Amortization	4,167			(4,167)	
Capital lease administration	1,842			(1,842)	
Computer	25,238			(25,238)	
Contingency	2,562			(2,562)	
Contractual	73,461			(73,461)	
Depreciation	143,892			(143,892)	
Equipment and furniture	6,283	170		(6,113)	
Fringe benefits	589,051			(589,051)	
Insurance	78,004	2,129		(75,875)	
Interest	20,535			(20,535)	
Maintenance	46,045	2,109		(43,936)	
Meetings and training	36,348	1,542		(34,806)	
Miscellaneous	9,201	8,010		(1,191)	
Missouri Found. for Health / Dental	41,304		107,531	344,992	
Missouri Found. for Health / Tobacco	3,219		57,140	53,921	
Missouri Found. for Health / Other	0			0	
Payroll expenses	2,457,388	520,255	1,054,042	(883,091)	
Postage	15,984	248		(15,736)	
Sexually oriented business	2,217	9,775		7,558	
Supplies - Admin	3,221	45		(3,176)	
Supplies - Bioterrorism	58,245			(58,245)	
Supplies - Board	1,961			(1,961)	
Supplies - Custodial	3,845			(3,845)	
Supplies - Environmental / Program	47,003	89,401		42,398	
Supplies - Managers food class	20,197	12,233		(7,964)	
Supplies - Nursing	330,623	241,294	7,000	(82,329)	
Supplies - Office	24,785	1,697		(23,088)	
Supplies - Vector control	72,589			(72,589)	
Supplies - Vital records	12,925	19		(12,906)	
Telephone	55,440	741		(54,699)	
Travel	62,820	10,694		(52,126)	
Utilities	24,183			(24,183)	
<b>Total governmental activities</b>	<b>\$ 4,286,998</b>	<b>\$ 913,451</b>	<b>\$ 1,225,713</b>	<b>\$ 278,765</b>	<b>(1,869,069)</b>
<b>General revenues:</b>					
County taxes					2,658,223
Donations					2,649
Interest Income					14,347
Miscellaneous					1,279
Vending machine commissions					294
T-Mobile Lease					0
					<b>Subtotal, general revenues: 2,676,792</b>
					<b>Changes in net assets: \$ 807,723</b>
<b>Net assets January 1, 2005</b>					<b>\$ 2,131,372</b>
<b>Net assets December 31, 2005</b>					<b>\$ 2,939,095</b>

See accompanying notes to the basic financial statements.



**JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
BALANCE SHEET  
FOR THE YEARS ENDED:**

	<b>TOTAL GOVERNMENTAL FUNDS</b>	
	<b>12/31/06</b>	<b>12/31/05</b>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 633,588	\$ 1,227,167
<b>Total assets</b>	<b>\$ 633,588</b>	<b>\$ 1,227,167</b>
<b>LIABILITIES AND FUND BALANCES:</b>		
<b>Liabilities:</b>		
Accrued Taxes	\$ 0	\$ 51,062
Passthru Agency Fees	4,192	0
<b>Total liabilities</b>	<b>4,192</b>	<b>51,062</b>
<b>Fund Balance:</b>		
Unreserved, undesignated	629,396	1,176,105
<b>Total fund balance</b>	<b>629,396</b>	<b>1,176,105</b>
<b>RECONCILIATION TO THE STATEMENT OF NET ASSETS:</b>		
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$1,437,393 and \$1,304,361, respectively	2,219,577	2,323,045
Certain long-term assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Unamortized certificates of participation fee	9,028	13,194
Certain assets reported in the Statement of Net Assets require the use of current financial resources and, therefore, are reported as expenditures in governmental funds:		
Prepaid insurance	35,721	11,751
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:		
Current portion - certificates of participation	(145,000)	(145,000)
Certificates of participation	(295,000)	(440,000)
	<b>(440,000)</b>	<b>(585,000)</b>
<b>Net assets of governmental activities</b>	<b>\$ 2,453,722</b>	<b>\$ 2,939,095</b>

See accompanying notes to the basic financial statements.

**JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED:**

	<b>TOTAL GOVERNMENTAL FUNDS</b>	
	<u>12/31/06</u>	<u>12/31/05</u>
<b>Revenues:</b>		
County taxes	\$ 1,607,187	\$ 2,658,223
Charges for services	832,624	913,451
Operating grants and contributions	1,557,145	1,225,713
Capital grants and contributions	0	278,765
Investment income	21,712	14,347
Miscellaneous	10,048	4,222
<b>Total Revenues</b>	<u>4,028,716</u>	<u>5,094,721</u>
<b>Expenditures:</b>		
Computer	10,435	25,238
Contractual	76,494	73,461
Insurance	115,532	89,755
Maintenance	44,514	46,045
Meetings and training	24,365	36,348
Miscellaneous	29,325	34,526
Missouri Foundation for Health	101,812	44,523
Payroll, fringe benefits, and other personnel expenses	3,397,002	3,046,439
Postage	13,594	15,984
Supplies	469,788	575,394
Telephone	54,694	55,440
Travel	33,530	62,820
Utilities	24,864	24,183
Outlay for capital assets	29,564	415,440
Certificates of participation obligations		
Certificates of participation principal payments	145,000	145,000
Interest and fiscal charges	16,662	20,535
<b>Total Expenditures</b>	<u>4,587,175</u>	<u>4,711,131</u>
<b>Excess / (deficiency) of revenues over expenditures</b>	<u>(558,460)</u>	<u>383,590</u>
<b>Other Financing Sources / (Uses):</b>		
Proceeds from the sale of capital assets	0	3,200
<b>Total Other Financing Sources / (Uses):</b>	<u>0</u>	<u>3,200</u>
<b>Net change in fund balances</b>	(558,460)	386,790
<b>Fund balance - beginning, restated for 12/31/05</b>	<u>1,176,105</u>	<u>789,315</u>
<b>Fund balance - ending</b>	<u>617,645</u>	<u>1,176,105</u>

**(Continued)      (Continued)**

**JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED:  
(Continued)**

	<b>TOTAL GOVERNMENTAL FUNDS</b>	
	<u>12/31/06</u>	<u>12/31/05</u>
<b>Net change in fund balance - total governmental funds</b>	\$ (558,460)	\$ 386,790
 Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized	29,564	415,441
Proceeds from the sale of capital assets	0	(3,200)
Depreciation expense	(133,032)	(143,892)
	<u>(103,468)</u>	<u>268,349</u>
 Bond proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:		
Capital lease payments	145,000	145,000
 Some expenses not reported in the Statement of Activities require the use of current financial resources and, therefore, are reported as expenditures in the governmental funds:		
Prepaid insurance	35,721	11,751
 Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Cost of Issuance amortization	(4,167)	(4,167)
<b>Change in net assets of governmental activities</b>	<u>\$ (485,373)</u>	<u>\$ 807,723</u>



JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note I, the financial statements of the Jefferson County Health Department of Jefferson County, Missouri (the "Department") are presented on the modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America ("GAAP"). Generally accepted accounting principles include all relevant Government Accounting Standards Board ("GASB") pronouncements. In the government-wide financial statements, Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principle Board ("APB") opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case the GASB pronouncements and required methods prevail.

**A. *Reporting Entity***

The Department's reporting entity includes the Department's governing board and all related organizations for which the Department exercises oversight responsibility.

The Department has developed criteria to determine whether outside agencies with activities which benefit the customers of the Department should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the Department exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The Department has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the Department's financial statements. In addition, the Department is not aware of any entity which could exercise such oversight which would result in the Department being considered a component unity of that entity.

JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**B. *Basis of Presentation***

**Government-wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Department's business-type activities are not distinguishable from the Department's governmental activities as the fees charged to external parties supplement the revenues for providing such services and are not intended to fully fund such activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Department'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 charges paid by the public for goods and services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented 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 Department.

**Fund Financial Statements**

The fund financial statements of the reporting entity are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise assets, liabilities, fund equity, revenues, and expenditures / expenses. The reporting emphasis is placed on major funds. Each major fund is presented in a separate column while non-major funds are aggregated and presented in a single column. The Department considers that all its activities are appropriately reported in only one fund: the general fund.



JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**C. *Measurement Focus and Basis of Accounting***

Measurement focus is the term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded.

**Measurement Focus**

The government-wide financial statements are prepared using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives under measurement focus are the determination of changes in net assets, financial position, and cash flows. All assets and liabilities, whether current or non-current, are reported.

The governmental fund financial statements are prepared using the current financial resources measurement focus as applied by the modified cash basis of accounting. Only current financial assets and liabilities are generally included in the balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as measure of available spendable financial resources at the end of the period.

As required by GASB, at the end of each governmental fund financial statement reconciliation is made between the statement and the relevant government-wide financial statement. Such reconciliation provides details of the difference between the economic resources measurement focus and the current financial resources measurement focus.

**Basis of Accounting**

The government-wide financial statements and the fund financial statements are prepared using a modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net assets / fund equity, revenues, and expenditures / expenses when they result from cash transactions except that investments are recorded as assets, payments for insurance are recorded as prepaid expenses, unfunded payroll liabilities are recorded as liabilities, and unpaid balances of certificates of participation are recorded as either current or non-current liabilities. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**C. *Measurement Focus and Basis of Accounting - Continued***

As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable), certain revenues (such as revenue for billed or un-billed services not yet collected), certain liabilities (such as accounts payable and accrued interest), and certain expenses (such as expenses for goods or services received but not yet paid) are not recorded in these financial statements.

If the Department utilized the basis of accounting as generally accepted in the United States of America, the government-wide financial statements would be presented on the accrual basis of accounting, while the fund financial statements for governmental funds would use the modified accrual basis of accounting.

**D. *Budgetary Data***

The Department's governing board annually adopts the budget resolution for the operations of the Department in accordance with the Missouri Revised Statutes ("RSMo"), Chapter 67. Budget amounts presented in the supplementary information have been presented as originally adopted by the Board and as finally amended by the Board.

The Department follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to December, the Director, who serves as the budget officer, submits to the Board a proposed budget for the fiscal year beginning on the following January 1<sup>st</sup>. The proposed budget includes a projection of the fund balance for the end of the current fiscal year, an estimate of revenues for the upcoming fiscal year, and proposed expenditures for all Department funds. Budgeted expenditures cannot exceed the projected fund balance plus the estimated revenues for the year.
2. Prior to its approval, the budget is available for public inspection.
3. Prior to January 1<sup>st</sup>, the budget is legally enacted by a vote of the Board.
4. Subsequent to its formal approval of the budget, the Board has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.



JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONCLUDED)**

*E. Assets, Liabilities, and Net Assets*

**1. Cash and Cash Equivalents**

The Department has defined cash to include cash on hand, demand deposits, and certificates of deposit with an investment maturity date of twelve months or less.

**2. Capital Assets**

Capital assets purchased or acquired are carried at historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Board has set a minimum of \$2,500 for expenditures on a single asset for that asset to be included in the capital asset account groups. Depreciation on all assets is provided on the straight line basis as follows:

Structure and Improvements	40 Years
Transportation Equipment	5- 10 Years
Miscellaneous Equipment	10- 15 Years
Office Furniture and Fixtures	5- 10 Years

**II. CASH AND CASH EQUIVALENTS**

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

At December 31, 2006, the carrying amount of the Department's deposits was \$633,588 and the bank balance was \$767,900. Of the bank balance, \$100,100 was covered by federal depository insurance leaving an uncovered balance of \$667,800. At December 31, 2005, the carrying amount of the Department's deposits was \$1,227,167 and the bank balance was \$1,402,991. Of the bank balance, \$100,100 was covered by federal depository insurance leaving an uncovered balance of \$1,302,891.

The deposits and investments of state and local governments are exposed to risks that have the potential to result in losses. GASB Statement No. 40 addresses common deposit and investment risks related to custodial risk, credit risk, concentrations of credit risk, interest rate risk, and foreign currency risk.

JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**II. CASH AND CASH EQUIVALENTS  
(CONCLUDED)**

The required disclosures of GASB Statement No. 40 applicable to the Department concern the custodial credit risk for deposits that are not covered by depository insurance and are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Department's name.

At December 31, 2006, there were \$885,265 of pledged securities collateralized against the uncovered balance resulting in \$217,465 of excess collateralized securities. At December 31, 2005, there were \$1,473,951 of pledged securities collateralized against the uncovered balance resulting in \$171,060 of excess collateralized securities.

**III. CAPITAL ASSETS**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements for the Department. In the government-wide financial statements, capital assets are reported at historical cost or, if this information is not available, at estimated historical cost, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

To allocate expenditures for capital assets over the life of the assets, depreciation expense is recorded in the Statement of Activities and accumulated depreciation is reported in the Statement of Net Assets. A summary of changes in capital assets follows:

<u>ASSETS</u>	<u>BALANCE</u> 12/31/04	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE</u> 12/31/05
Buildings	\$2,797,602	\$ 0	\$	\$2,797,602
Equipment	323,415	0		323,415
Vehicles	373,689	29,564		403,253
Totals:	3,494,706	29,564	0	3,524,270
Less:				
Accumulated Depreciation	<u>1,304,361</u>	<u>133,032</u>	<u>0</u>	<u>1,437,393</u>
NET	<u>\$ 2,190,345</u>	<u>(\$ 103,468)</u>	<u>\$ 0</u>	<u>\$ 2,086,877</u>
Land	<u>\$ 132,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 132,000</u>



JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**IV. CERTIFICATES OF PARTICIPATION**

During the year ended December 31, 2000, the Department entered into an annually renewable lease purchase agreement with UMB Bank for a new health department facility. The construction of the new facility was funded through the sale of Certificates of Participation, Series 2000, Jefferson County Health Department ("Series 2000").

During 2003, the Department executed a refunding of the Series 2000 with the issuance of the Lease Refunding Certificates of Participation, Series 2003, Jefferson County Health Department ("Series 2003") at reduced interest rates.

Under this arrangement, the Department is required to make annual payments due each March 1<sup>st</sup> and semi-annual interest payments due each March 1<sup>st</sup> and September 1<sup>st</sup>.

The following is a summary of the future minimum payment requirements under this arrangement:

<u>Year</u>	
2007	\$ 157,797
2008	152,976
2009	<u>152,738</u>
Total required payments	\$ 463,511
Portion representing interest	( <u>23,511</u> )
Future minimum payments	\$ <u>440,000</u>

A Cost of Issuance of \$25,000 was incurred for the Series 2003 and is being amortized over six years. The amount of amortization for the 2005 fiscal year was \$4,167. The remaining unamortized balance at December 31, 2006, was \$9,028.

**Legal Debt Margin**

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds for a governmental entity to fifteen percent (15%) of the assessed valuation of the governmental entity (including State assessed railroad and utility). Certificates of Participation, like those used by the Department, do not impact this legal debt requirement.



JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**V. PENSION PLAN**

**A. *Plan Description***

Jefferson County Jefferson County Health Department participates in the Missouri Local Government Employees Retirement System (“LAGERS”), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system’s responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

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

**B. *Funding Status***

Jefferson County Jefferson County Health Department’s full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 17.8% (general) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

JEFFERSON COUNTY HEALTH DEPARTMENT  
 OF JEFFERSON COUNTY, MISSOURI  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2006

**IV. PENSION PLAN  
 (CONTINUED)**

**C. *Annual Pension Cost***

For 2006, the political subdivision's annual pension cost of \$3896,241 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2004, and / or February 28, 2005, annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority / merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 28, 2006, was 20 years.

**THREE-YEAR TREND INFORMATION**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost ("APC")</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/04	\$331,239	100%	\$0
06/30/05	\$351,342	100%	\$0
06/30/06	\$375,081	100%	\$0

JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**IV. PENSION PLAN (CONCLUDED)**

**C. Annual Pension Cost (Concluded)**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	(a) Actuarial Value Of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability ("UAL")	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage Of Covered Payroll
02/29/04	\$154,100	\$2,310,719	\$2,156,619	7%	\$1,681,210	128%
02/28/05	490,368	2,694,568	2,204,200	18	1,863,611	118
02/28/06	941,361	3,142,726	2,201,365	30	2,092,682	105

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

**V. TAXES**

Property taxes represent the largest source of revenues for the Department. Property taxes attach as an enforceable lien on property as of January 1<sup>st</sup> of each year. Taxes are levied on November 1<sup>st</sup> and are payable by December 31<sup>st</sup> of each year. All unpaid taxes become delinquent January 1<sup>st</sup> of the following year. The County of Jefferson collects the property tax and remits it to the Department on a monthly basis.

The assessed valuation of the tangible taxable property for fiscal year 2006 for purposes of local taxation was \$2,538,650,706. The tax rate per \$100 of the assessed valuation was .0769 cents.

**VI. COMPENSATED ABSENCES**

Vacation and sick leave days are reported as expenditures in the year paid. Total vested but unpaid vacation and sick leave at December 31, 2006, was approximately \$547,700. This estimate has not been subjected to auditing procedures.



JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**VII. CONTINGENCIES**

A vehicle accident occurred in 2003 and a lawsuit was filed in 2005. Upon inquiry, legal counsel for the Department stated that they did not believe that the litigation represented any substantial uninsured risk to the Department and that the matter should be resolved by voluntary settlement. As of December 31, 2006, and through the date this report is issued, there is no other current pending or threatened litigation against the Department, nor are there any other unasserted possible claims or assessments against the Department that would adversely affect the Department's financial position.

**REQUIRED SUPPLEMENTARY INFORMATION**

**JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
GENERAL FUND  
STATEMENT OF EARNINGS - NON-GAAP BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUDGETED AMOUNTS		ACTUAL	VARIANCES	
				FAVORABLE / (UNFAVORABLE)	
	ORIGINAL	FINAL		TO FINAL	FINAL TO ACTUAL
<b>REVENUES</b>					
Taxes	\$ 1,762,270	\$ 1,762,270	\$ 1,607,187	\$ 0	\$ (155,083)
Charges for services	609,200	609,200	832,624	0	223,424
Grants and contributions	1,600,486	1,600,486	1,557,145	0	(43,341)
Investment income	15,000	15,000	21,712	0	6,712
Miscellaneous	34,000	34,000	10,048	0	(23,952)
<b>TOTAL REVENUES</b>	<b>4,020,956</b>	<b>4,020,956</b>	<b>4,028,716</b>	<b>0</b>	<b>7,760</b>
<b>EXPENSES</b>					
Computer	\$ 14,000	\$ 14,000	\$ 10,435	\$ 0	\$ 3,565
Contractual	74,500	74,500	76,494	0	(1,994)
Insurance	74,000	74,000	115,532	0	(41,532)
Maintenance	40,200	40,200	44,514	0	(4,314)
Meetings and training	24,300	24,300	24,365	0	(65)
Miscellaneous	9,000	9,000	29,325	0	(20,325)
Payroll, fringe benefits, and other personnel expenses	3,468,682	3,468,682	3,498,813	0	(30,131)
Postage	14,000	14,000	13,594	0	406
Supplies	179,000	179,000	469,788	0	(290,788)
Telephone	50,000	50,000	54,694	0	(4,694)
Travel	49,600	49,600	33,530	0	16,070
Utilities	32,500	32,500	24,864	0	7,636
Outlay for capital assets	0	0	29,564	0	(29,564)
Capital lease payments	145,000	145,000	145,000	0	0
Interest and fiscal charges	18,000	18,000	16,662	0	1,338
Sales of capital assets	0	0	0	0	0
<b>TOTAL EXPENSES</b>	<b>\$ 4,192,782</b>	<b>\$ 4,192,782</b>	<b>\$ 4,587,175</b>	<b>\$ 0</b>	<b>\$ (394,393)</b>
<b>Net Income for the</b>	<b>\$ (171,826)</b>	<b>\$ (171,826)</b>	<b>\$ (558,460)</b>	<b>\$ 0</b>	<b>\$ (386,634)</b>



**FEDERAL COMPLIANCE SECTION**



**9 Mt. Cassino  
Pevely, MO 63070**

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

Board of Directors  
Jefferson County Health Department  
Of Jefferson County, Missouri  
P.O. Box 437  
Hillsboro, Missouri 63050-0437

To the Members of the Board:

We have audited the accompanying basic financial statements of Jefferson County Health Department of Jefferson County, Missouri (the "Department"), as of and for the years ended December 31, 2006, and have issued our reports thereon dated March 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **COMPLIANCE AND OTHER MATTERS**

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

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

*Creely & Associates, LLC*

Russell J. Creely, CPA  
Managing Member  
Creely & Associates, LLC

Date: March 20, 2008





**9 Mt. Cassino  
Pevely, MO 63070**

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
Jefferson County Health Department  
Of Jefferson County, Missouri  
P.O. Box 437  
Hillsboro, Missouri 63050-0437

To the Members of the Board:

We have audited the compliance of Jefferson County Health Department of Jefferson County, Missouri (the "Department"), with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department'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. Our audit does not provide a legal determination on the Department's compliance with those requirements.

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**Fax: 636 224 2222**

In our opinion, the Department complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

#### **INTERNAL CONTROL OVER COMPLIANCE**

The Department's management is responsible for establishing and maintaining effective internal control over compliance with requirements of law, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Department's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material, in relation to a major federal program being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*Russell J. Creely & Associates, LLC*

Russell J. Creely, CPA  
Managing Member  
Creely & Associates, LLC

Date: March 20, 2008

**JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

<u>FEDERAL GRANTOR / PASS - THROUGH GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS - THROUGH ENTITY NUMBER</u>	<u>EXPENDITURES</u>
<b>Department of Health and Human Services Passed Through the State of Missouri</b>			
Maternal Child & Family	93.994	EERS146-5150M	\$ 67,769
Child Care Health Consultation	93.575		14,478
Child Care Health Consultation (Franklin County)	93.575		1,150
MO Community Based Home Visiting Program	93.994	AOC04380057	37,916
Chest Clinic	93.991		1,642
Regional Public Health Emergency Planning	93.283	AOC04380136	230,673
Missouri Family Health Council	93.217		122,104
Cervical Cancer Screening Project	93.217		17,022
Healthy Community Nutrition Education Initiative	10.564	AOC04380137	319
Chronic Disease Primary Prevention	93.991	AOC04380008	35,751
West Nile Surveillance	93.283		5,280
Children With Special Health Care Needs Service	93.994	AOC03380197	68,050
Childhood Lead Prevention	93.197		1,500
Show Me Healthy Women	93.283		11,526
Cancer Coalition	93.283		7,810
			<u>\$ 622,990</u>



JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**NOTE I – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the cash activity of the Jefferson County Health Department of Jefferson County, Missouri's (the "Department") federal award programs and does not present transactions that would be included in financial statements of the Department presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America. The information presented in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Department's reporting entity is defined in Note I to the Department's accompanying basic financial statements. Included on this schedule are federal awards received directly from federal agencies as well as federal awards passed through other government agencies.

**NOTE II – COMPREHENSIVE FAMILY PLANNING**

1. None of the funds were expended for the purpose of performing, assisting, or encouraging for abortion; and
2. None of these funds were expended to directly or indirectly subsidize abortion service or administrative expenses for the year ended December 31, 2006.

**NOTE III – RELATIONSHIP TO THE BASIC FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agree to amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balance utilizing the current financial resources measurement focus as applied by the modified cash basis of accounting.

JEFFERSON COUNTY HEALTH DEPARTMENT  
 OF JEFFERSON COUNTY, MISSOURI  
 COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2006

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion of the financial statements of the Jefferson County Health Department of Jefferson County, Missouri.
2. There were no reportable conditions relating to the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Jefferson County Health Department of Jefferson County, Missouri, were disclosed during the audit.
4. There were no reportable conditions relating to the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the Jefferson County Health Department of Jefferson County, Missouri, expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the Jefferson County Health Department of Jefferson County, Missouri.
7. The Jefferson County Health Department of Jefferson County, Missouri, qualifies as a low-risk auditee under the provisions described in the OMB Circular A-133 Compliance Supplement.
8. The threshold for distinguishing Type A and B programs was \$300,000. Under the provisions described in the OMB Circular A-133 Compliance Supplement, there were no Type A programs noted for the Jefferson County Health Department of Jefferson County, Missouri.
8. The programs tested as major programs include:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.994	Maternal & Child Health Services
93.994	Children With Special Health Care Needs
93283	Show Me Healthy Women
93.283	Cervical Cancer Screening Project

JEFFERSON COUNTY HEALTH DEPARTMENT  
OF JEFFERSON COUNTY, MISSOURI  
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**B. FINANCIAL STATEMENT FINDINGS**

There were no findings and questioned costs which are required to be reported in accordance with Generally Accepted Accounting Standards.

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings and questioned costs related to Federal Awards.

**D. SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

There were no prior year findings and questioned costs related to the Financial Statements or to Federal Awards.