

CITY OF JEFFERSON, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED OCTOBER 31, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation - Federal Transit Administration Passed Through MO Highway and Transportation Department:			
Section 5309 Capital Assistance Grant	20.509	MO-04-0118	325,358
Section 5307 Operating Assistance Grant	20.509	MO-03-1019	615,037
State Block Grant-Airport	20.106	AIRE-055-40B	72,543
State Block Grant-Airport	20.106	AIRE-065-40B	150,000
Federal Discretionary Funds	20.106	AIRE-06-040B-8	692,414
Federal Apportionment	20.106	AIRE-0653-40B	674,999
U.S. Department of Justice Passed Through MO Department of Public Safety:			
Narcotics Control Assistance Program	16.579	2005-JAG-002	142,563
Narcotics Control Assistance Program	16.579	2006-JAG-001	62,405
U.S. Department of Housing and Urban Development			
HUD Entitlement Grant	14.218	B-04-MC-29-0014	54,268
HUD Entitlement Grant	14.218	B-04-MC-29-0015	180,221
Federal Highway Administration Passed Through MO Department of Transportation:			
Katy Trailhead Park	20.205	STP-3100(514)	219,545
Fairground to County Park	20.205	STP-3100(513)	196,206
East Branch to McCarty to East Elm	20.205	STP-3100(512)	3,995
FHWA PL Funds	20.205	MO-81-0004	140,832
Federal Emergency Management Agency Passed Through MO State Emergency Management Agency:			
Severe Winter Storm Disaster	97.036	DR-1673	109,092
Severe Winter Storm Disaster	97.036	DR-1676	133,377
National Highway Safety Administration Passed Through MO Department of Transportation - Highway Safety Division:			
Hazardous Moving Violations	20.600	07-PT-02-74	17,757
Hazardous Moving Violations	20.600	08-PT-02-62	2,215
U.S. Department of Justice Passed Through MO Department of Public Safety:			
Enforcement of Underage Drinking Laws	16.726	2006-EUDL-23	2,466
Office of National Drug Control Policy Passed Through MO State Highway Patrol:			
Mustang-HIDTA	16.579	I6PMWP549Z	102,918
U.S. Department of Justice - Office of Justice Programs: Federal Law Enforcement Terrorism Prevention Program Passed Through MO State Emergency Management Agency:			
LETPP Grant	97.067	2005-GE-T5-0022	19,648
U.S. Geological Survey APS, Denver Federal Center			
US Geological Survey NMD	15.810	05CRPR1286 and 06CRPR0685-0002	3,677
Total Expenditures of Federal Awards			<u>\$ 3,921,535</u>

The accompanying notes are an integral part of this schedule.

CITY OF JEFFERSON, MISSOURI

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended October 31, 2007

NOTE 1 – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Jefferson, Missouri and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF JEFFERSON, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended October 31, 2007

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness (es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness (es)?	No
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in Accordance with section 510(a) of Circular A-133?	No

CITY OF JEFFERSON, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended October 31, 2007

(Continued)

Section I – Summary of Auditor’s Results

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.509	U.S. Department of Transportation – Federal Transit Administration Passed Through Missouri Department of Transportation.
20.205	Federal Highway Administration Passed Through Missouri Department of Transportation.
20.106	State Block Grant Passed Through Missouri Department of Transportation.
Dollar Threshold Used to Distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

CITY OF JEFFERSON, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended October 31, 2007

INTERNAL CONTROL OVER FINANCIAL REPORTING 06-01

Condition: This finding was a general control weakness stating the financial software was no longer being supported by the vendor and that the City's Information Technology Department has limited knowledge resources to help maintain the system.

Auditor's Recommendations:

The auditor recommended the City assess, design, test, and implement a financial application alternative to streamline their financial accounting and operational processes, enhance system control and security, and provide for system enhancements or extension to meet or exceed their goal to improve overall service to the users of the City's financial information.

Current Status:

The financial software is a weakness (however, not a material weakness) that has existed for a long time (over 10 years) and the City Council has addressed this problem in the current fiscal year 2008 budget.

INTERNAL CONTROL OVER FINANCIAL REPORTING 06-02

Condition: This finding was a reportable condition stating that the City has a lack of segregation of duties in certain areas of information technology, cash receipts and payroll.

Auditor's Recommendations:

The auditor recommended the City review the assigned responsibilities to determine the feasibility of further segregation of duties or investigate mitigating controls.

Current Status:

Based on the current workload of the Information Technology staff, the City feels that the current duties do achieve much of this segregation. In the area of controls, the City does have a manual audit system in place to mitigate any wrong-doing. In the case of cash receipts, the auditor correctly points out that one person within the Finance Department receives, records and deposits the daily receipts for various payments of licenses and miscellaneous transactions. Several additional staff are involved in the receipting process for other types of payments such as sewer, parking ticket and several other types of payments. The auditors recommendation of have the Administrative Assistant endorse all items for deposit while opening the daily mail would be too time restrictive and they would be unable to perform this process along with all of their other duties. It would take additional staff to completely adhere to all of the principles of internal control. The City feels that the system of checks and balance involving the Accountant, Chief Accountant and the Finance Director ensure that no fraud or misappropriation of funds occurs.



Evers & Company, CPA's, L.L.C.

Certified Public Accountants and Consultants

Elmer L. Evers
Jerome L. Kauffman
Richard E. Elliott
Dale A. Siebeneck
Keith L. Taylor
Jo L. Moore

**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**

To the Honorable Mayor and
Members of the City Council
City of Jefferson, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Jefferson, Missouri**, as of and for the year ended October 31, 2007, which collectively comprise the **City of Jefferson, Missouri's** basic financial statements and have issued our report thereon dated May 28, 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. The financial statements of the City of Jefferson's Firefighters Retirement System and of the Jefferson City Convention and Visitors Bureau were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Jefferson, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Jefferson, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Jefferson, Missouri'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 affects the City of Jefferson, Missouri's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Jefferson, Missouri's financial statements that is more than inconsequential will not be prevented or detected by the City of Jefferson, Missouri's internal control.

A material weakness is a significant deficiency, or combination of significant 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 City of Jefferson, Missouri's internal control.

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

However, we noted certain matters that we have reported to management of the City of Jefferson, Missouri, in a separate letter dated May 28, 2008.

This report is intended solely for the information of the Mayor, City Council, management 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.

Evers & Company, CPA's, LLC

EVERS & COMPANY, CPA's, L.L.C.
Jefferson City, Missouri

May 28, 2008



Evers & Company, CPA's, L.L.C.

Certified Public Accountants and Consultants

Elmer L. Evers
Jerome L. Kauffman
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor and
Members of the City Council
City of Jefferson, Missouri

Compliance

We have audited the compliance of the **City of Jefferson, Missouri** 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 October 31, 2007. The City of Jefferson, Missouri's major federal programs are identified in the summary of auditors' 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 City of Jefferson, Missouri's management. Our responsibility is to express an opinion on the City of Jefferson, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Jefferson, Missouri'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 of the City of Jefferson, Missouri's compliance with those requirements.

In our opinion, the City of Jefferson, Missouri 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 October 31, 2007.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Mayor, City Council, management 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.

Evers & Company, CPA's, LLC

EVERS & COMPANY, CPA's, L.L.C.
Jefferson City, Missouri

May 28, 2008