JASPER COUNTY, MISSOURI

Financial Statements

For the year ended December 31, 2011

MENSE, CHURCHWELL & MENSE, P.C.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Jasper County, Missouri

We have audited the accompanying financial statements of Jasper County, Missouri, as of and for the year ended December 31, 2011, which collectively comprise the County's financial statements as listed in the table of contents. These financial statements are the responsibility of Jasper County, Missouri's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. These financial statements are not intended to be a complete presentation of the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Jasper County, Missouri, as of December 31, 2011, or the changes in its' financial position for the year then ended.

The financial statements referred to above do not include activity of the Jasper County Emergency Services Board. The amount, by which the receipts, disbursements and cash and investment balances would change, had the above activity been included, cannot be determined.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and investment balances of the funds of Jasper County, Missouri, as of December 31, 2011, and the receipts, disbursements and comparisons of such information with the corresponding budgeted information for each budgeted fund of the County for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2012, on our consideration of Jasper County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

MENSE, CHURCHWELL & MENSE, P.C.
Certified Public Accountants

Joplin, Missouri
August 28, 2012

JASPER COUNTY, MISSOURI
Statement of Receipts, Disbursements, and Changes in Cash and Investment Balances
All Funds - Regulatory Basis
For the year ended December 31, 2011

All County Funds	Beginning Cash and Investment Balances January 1, 2011	Receipts	Disbursements	Ending Cash and Investment Balances December 31, 2011
General Revenue	$ 1,945,548	$ 14,802,035	$ 14,527,515	$ 2,220,068
Assessment	395,325	865,597	841,746	419,176
Common Road	2,116,522	6,845,192	5,580,877	3,380,837
Special Road and Bridge	2,967,762	3,564,723	3,518,084	3,014,401
Amendment II	61,233	557,219	559,213	59,239
County School	489,053	473,665	464,812	497,906
General School	2,129,366	2,463,990	2,184,997	2,408,359
Temporary School	179,725	119,939	108,870	190,794
Federal Forfeitures	6,026	-	6,026	-
Sheriff's Fund	73,081	44,743	53,915	63,909
Law Enforcement Sales Tax	480,329	3,276,025	3,507,200	249,154
Law Enforcement Training	1,842	13,728	13,655	1,915
Drug Task Force	37,950	160,885	162,283	36,552
Sheriff's Contingency	835	10,070	7,572	3,333
Inmate Security	8,051	9,360	1,145	16,266
Prosecuting Attorney Training	12,114	2,481	-	14,595
Prosecuting Attorney Delinquent Tax	51,620	30,000	3,300	78,320
Prosecuting Attorney Bad Checks	91,106	65,211	96,634	59,683
Prosecuting Attorney Contingent	11,498	18,993	19,558	10,933
Prosecuting Attorney LEST	163,768	181,670	200,741	144,697
Sheriff's Contracted Services	-	67,112	61,519	5,593
Sheriff's Salary Supplement	5,850	50,950	52,170	4,630
Law Enforcement Sales Tax Trust	-	4,123,239	3,720,189	403,050
Law Enforcement Sales Tax Grant	-	439,267	212,973	226,294
Sheriff's Revolving	47,607	63,392	67,213	43,786
Recorder's User Fee	460,824	76,977	15,338	522,463
County Retirement	69,243	661,903	660,871	70,275
Collector's Maintenance	104,238	143,454	124,706	122,986
Mental Health	980,293	1,293,535	1,320,507	953,321
Domestic Violence	7,306	14,513	14,856	6,963
Election Services	36,106	43,818	17,321	62,603
Reserve	975,161	100,135	80,148	995,148
Witness and Jury	6,546	495	5,781	1,260
County Trustee	199	16,009	16,208	-
Financial Institution Tax	2	68,582	68,581	3
Miscellaneous	11,611	53,314	48,236	16,689
Law Enforcement Restitution	62,032	23,389	56,500	28,921
Grants	13,983	993,664	935,318	72,329
Emergency Dispatch Service	-	1,650,130	1,650,130	-
Discretionary	1,993	6,094	2,031	6,056
County Depository Accounts	6,040,834	82,780,219	82,341,148	6,479,905
Blanche Dumbauld Trust	1,051	6	-	1,057
	$ 20,047,633	$ 126,175,723	$ 123,329,887	$ 22,893,469

The notes to the financial statements are an integral part of this statement.

JASPER COUNTY, MISSOURI
Statement of Receipts, Disbursements
and Changes in Cash and Investment Balances - Budget and Actual
General Revenue Fund - Regulatory Basis
For the year ended December 31, 2011

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Receipts:				
Taxes	$ 7,365,702	$ 7,365,702	$ 7,891,103	$ 525,401
Intergovernmental Receipts	1,150,880	1,237,356	1,199,835	(37,521)
Licenses, Fees, and Permits	3,111,348	3,111,348	3,189,960	78,612
Use of Money and Property	67,245	67,245	53,599	(13,646)
Other	206,825	231,172	207,770	(23,402)
Transfers In	2,352,343	2,352,343	2,259,768	(92,575)
Total Receipts	$ 14,254,343	$ 14,365,166	$ 14,802,035	$ 436,869
Disbursements:				
Circuit Court Division 1	$ 7,950	$ 7,950	$ 6,497	$ 1,453
Circuit Court Division 2	5,750	5,750	5,333	417
Circuit Clerk	91,252	91,252	82,149	9,103
Court Reporter Division 1	4,000	4,000	3,352	648
Court Reporter Division 2	2,500	2,500	2,210	290
Jury Script	25,000	24,000	18,080	5,920
Criminal Costs	30,000	30,000	24,892	5,108
Child Support Enforcement	205,050	205,050	177,887	27,163
Prosecuting Attorney	900,222	900,222	896,483	3,739
Sheriff	2,597,182	2,621,529	2,644,025	(22,496)
Jail	2,520,011	2,526,011	2,440,743	85,268
Juvenile Court	900,000	900,000	879,709	20,291
Coroner	65,100	68,100	64,823	3,277
Juvenile Detention	346,570	354,220	350,976	3,244
Court Reporter Division 3	2,500	2,500	1,596	904
Presiding Judge	13,000	13,000	10,243	2,757
State Hospitals	3,000	3,000	3,000	-
Pauper Burial	11,000	18,500	15,606	2,894
Health Department	885,684	971,660	872,307	99,353
GIS	63,528	63,528	63,298	230
Transfers to Assessment Fund	95,000	95,000	95,000	-
County Collector	322,644	322,644	282,033	40,611
Treasurer	105,661	105,661	102,487	3,174
Recorder	228,160	228,160	216,758	11,402
Circuit Court Division 3	22,800	22,800	16,691	6,109
Election	232,457	232,457	156,223	76,234
Public Administrator	177,830	177,830	173,042	4,788
County Commission	191,300	194,032	188,625	5,407
Courthouse Maintenance	308,703	308,703	264,301	44,402
Carthage Courthouse	57,100	63,750	53,097	10,653
Annex 2 - Bank Building	44,150	37,500	33,183	4,317
Carpenter Shop	1,000	1,200	963	237
Joplin Courthouse	54,000	63,200	58,726	4,474
Annex 1 - Lincoln Street	14,700	13,700	12,261	1,439
County Clerk	190,600	190,600	188,231	2,369
County Auditor	111,822	113,822	113,063	759
Benefits and Services	1,674,500	1,639,218	1,594,003	45,215
Prosecuting Attorney LEST Benefits	31,760	31,760	29,327	2,433
Sheriff LEST Benefits	226,218	226,218	231,024	(4,806)
Jail LEST Benefits	212,090	212,090	195,593	16,497
Prosecuting Attorney Reimbursements	10,158	10,158	7,077	3,081
Sheriff Reimbursements	58,349	58,349	61,019	(2,670)
Capital Outlay	111,900	111,900	99,639	12,261
Emergency and Miscellaneous	2,088,198	2,087,198	1,781,161	306,037
Court Orders	-	-	10,779	(10,779)
Total Disbursements	$ 15,250,399	$ 15,360,722	$ 14,527,515	$ 833,207
Excess of Receipts Over (Under) Disbursements	$ (996,056)	$ (995,556)	$ 274,520	$ 1,270,076
Beginning Cash and Investment Balances	1,945,548	1,945,548	1,945,548	-
Ending Cash and Investment Balances	$ 949,492	$ 949,992	$ 2,220,068	$ 1,270,076

The notes to the financial statements are an integral part of this statement.

JASPER COUNTY, MISSOURI
Statement of Receipts, Disbursements
and Changes in Cash and Investment Balances - Budget and Actual
Assessment Fund - Regulatory Basis
For the year ended December 31, 2011

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Receipts:				
Taxes	$ 477,390	$ 477,390	$ 550,901	$ 73,511
Intergovernmental Receipts	225,572	225,572	217,416	(8,156)
Use of Money and Property	215	215	126	(89)
Other	2,500	2,500	2,154	(346)
Transfers In	95,000	95,000	95,000	-
Total Receipts	$ 800,677	$ 800,677	$ 865,597	$ 64,920
Disbursements:				
Salaries	$ 528,800	$ 524,800	$ 511,275	$ 13,525
Supplies	8,000	11,000	7,963	3,037
Postage	22,000	22,000	21,965	35
Mileage	3,500	3,500	763	2,737
Machine Contracts	500	500	386	114
New Equipment	20,000	20,000	19,929	71
Social Security	39,000	39,000	37,191	1,809
Health and Dental Insurance	56,897	56,897	53,226	3,671
Local Government Employees Retirement System	52,500	52,500	48,850	3,650
Workman's Compensation	9,000	9,000	8,032	968
Fuel and Oil	8,500	10,000	9,857	143
Seminars	6,000	7,500	6,966	534
Printing and Binding	18,000	18,000	17,763	237
Data Processing	32,000	32,000	17,170	14,830
Mapping Updates	5,000	6,000	5,653	347
Photo Supplies	500	500	-	500
Internet Service	480	480	480	-
Computer Hardware	7,500	4,500	1,448	3,052
Data Processing	43,000	43,000	41,335	1,665
Vehicle Maintenance	6,500	6,500	2,769	3,731
County Employees Retirement Fund	804	804	804	-
Employee Drug Testing	600	600	516	84
Website Support	7,500	7,500	7,250	250
Computer Service and Maintenance	18,200	18,200	15,424	2,776
Computer Monitoring	4,800	4,800	4,731	69
Total Disbursements	$ 899,581	$ 899,581	$ 841,746	$ 57,835
Excess of Receipts Over (Under) Disbursements	$ (98,904)	$ (98,904)	$ 23,851	$ 122,755
Beginning Cash and Investment Balances	395,325	395,325	395,325	-
Ending Cash and Investment Balances	$ 296,421	$ 296,421	$ 419,176	$ 122,755

The notes to the financial statements are an integral part of this statement.

JASPER COUNTY, MISSOURI
Statement of Receipts, Disbursements
and Changes in Cash and Investment Balances - Budget and Actual
Common Road Fund - Regulatory Basis
For the year ended December 31, 2011

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Receipts:				
Taxes	$ 3,808,587	$ 3,808,587	$ 4,195,892	$ 387,305
Intergovernmental Receipts	1,537,438	1,537,438	1,263,148	(274,290)
Use of Money and Property	5,200	5,200	3,508	(1,692)
Other	75,000	75,000	382,044	307,044
Transfers In	1,014,719	1,014,719	1,000,600	(14,119)
Total Receipts	$ 6,440,944	$ 6,440,944	$ 6,845,192	$ 404,248
Disbursements:				
Salaries	$ 740,000	$ 772,000	$ 759,023	$ 12,977
Supplies	1,500	1,500	396	1,104
Mileage	1,500	1,500	674	826
New Equipment	200,000	200,000	116,962	83,038
Social Security	55,275	57,275	56,497	778
Health Insurance	87,165	90,165	87,748	2,417
Local Government Employees Retirement System	73,150	90,650	81,763	8,887
Workmen's Compensation	40,000	40,000	37,247	2,753
Fuel and Oil	220,000	250,000	234,906	15,094
Utilities	16,000	16,000	15,216	784
Seminars	4,000	4,000	1,531	2,469
New Road Overlay	2,000,000	2,500,000	1,926,072	573,928
Road Maintenance	450,000	700,000	607,458	92,542
Bridges - Current	1,800,000	1,171,700	708,919	462,781
Bridges - Prior	311,252	280,000	70,738	209,262
New Bridges	190,000	190,000	44,092	145,908
Signs	14,000	14,000	13,634	366
Insurance	45,000	45,000	43,374	1,626
Uniforms	16,500	20,000	18,434	1,566
Cell Phone Service	2,300	2,300	1,151	1,149
County Engineer	20,000	20,000	11,650	8,350
Transfer to General Fund - Administrative Fee	170,000	170,000	170,000	-
Miscellaneous	25,000	25,000	24,438	562
Employee Drug Testing	900	900	635	265
Culvert Pipe	24,000	24,000	20,116	3,884
Storm Water	5,000	5,000	2,181	2,819
Region M Grant - Tires	7,000	7,000	7,000	-
Region M Grant- 08-09	800	13,028	10,014	3,014
Repairs and Maintenance	170,000	234,252	184,951	49,301
New Employee Physicals	400	400	273	127
TIF Payments - City of Sarcoxie	4,000	4,000	2,200	1,800
TIF Payments - Northpark Crossing	58,000	58,400	58,317	83
TIF Payments - 1717 Marketplace	50,000	49,600	28,672	20,928
Employee Screening	500	500	191	309
Region M Grant-Carthage	8,358	8,358	8,358	-
Prior Bridge Replacement	371,448	128,748	128,748	-
Flood Plain	4,000	4,000	1,202	2,798
Other Contingencies	193,228	181,000	-	181,000
Capital Outlay	100,000	100,000	96,096	3,904
Total Disbursements	$ 7,480,276	$ 7,480,276	$ 5,580,877	$ 1,899,399
Excess of Receipts Over (Under) Disbursements	$ (1,039,332)	$ (1,039,332)	$ 1,264,315	$ 2,303,647
Beginning Cash and Investment Balances	2,116,522	2,116,522	2,116,522	-
Ending Cash and Investment Balances	$ 1,077,190	$ 1,077,190	$ 3,380,837	$ 2,303,647

The notes to the financial statements are an integral part of this statement.

JASPER COUNTY, MISSOURI
Statement of Receipts, Disbursements
and Changes in Cash and Investment Balances - Budget and Actual
Law Enforcement Sales Tax Fund - Regulatory Basis
For the year ended December 31, 2011

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Receipts:				
Use of Money and Property	$ 1,000	$ 1,000	$ 116	$ (884)
Other	16,000	16,000	36,592	20,592
Transfers In	3,239,317	3,239,317	3,239,317	-
Total Receipts	$ 3,256,317	$ 3,256,317	$ 3,276,025	$ 19,708
Disbursements:				
Fuel and Oil	$ 215,000	$ 298,235	$ 298,235	$ -
Uniforms	49,663	49,663	25,684	23,979
Vehicle Maintenance	71,000	71,000	70,992	8
Cell Phones	32,500	32,500	31,311	1,189
Seminars and Training	26,907	26,907	13,061	13,846
New Vehicles / Up Fit	154,000	154,000	152,857	1,143
JASCO Drug Task Force	5,523	5,523	5,522	1
Food Service Contract	300,000	312,000	311,940	60
Tower Lease Contract	7,422	7,422	7,710	(288)
Maintenance Agreement	252,632	189,343	181,914	7,429
Phone Voice Recorder	14,200	14,200	5,450	8,750
Jail Tower Construction	98,565	98,565	100,729	(2,164)
Equipment and Supplies	225,000	193,054	132,480	60,574
Salaries and Benefits	-	-	6,141	(6,141)
Utilities and Rent	93,104	93,104	83,178	9,926
Network Connectivity	22,400	22,400	-	22,400
Special Services	33,000	33,000	30,785	2,215
Transfers to General Fund	1,852,033	1,852,033	1,766,078	85,955
Court Orders	-	-	283,133	(283,133)
Total Disbursements	$ 3,452,949	$ 3,452,949	$ 3,507,200	$ (54,251)
Excess of Receipts Over (Under) Disbursements	$ (196,632)	$ (196,632)	$ (231,175)	$ (34,543)
Beginning Cash and Investment Balances	480,329	480,329	480,329	-
Ending Cash and Investment Balances	$ 283,697	$ 283,697	$ 249,154	$ (34,543)

The notes to the financial statements are an integral part of this statement.

JASPER COUNTY, MISSOURI
Statement of Receipts, Disbursements
and Changes in Cash and Investment Balances - Budget and Actual
Law Enforcement Sales TaxTrust Fund - Regulatory Basis
For the year ended December 31, 2011

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Receipts:				
Taxes	$ 3,743,000	$ 3,743,000	$ 4,123,239	$ 380,239
Total Receipts	$ 3,743,000	$ 3,743,000	$ 4,123,239	$ 380,239
Disbursements:				
TIF Payments - City of Sarcoxie	$ 4,000	$ 4,000	$ 2,200	$ 1,800
TIF Payments - Northpark Crossing	58,000	58,000	58,317	(317)
TIF Payments - Marketplace	50,000	50,000	28,672	21,328
Jail Medical Contract	54,000	54,000	54,000	-
Transfer to LEST Grant Fund	181,550	181,550	181,550	-
Transfer to Prosecuting Attorney LEST Fund	156,133	156,133	156,133	-
Transfer to Law Enforcement Sales Tax Fund	3,239,317	3,239,317	3,239,317	-
Total Disbursements	$ 3,743,000	$ 3,743,000	$ 3,720,189	$ 22,811
Excess of Receipts Over (Under) Disbursements	$ -	$ -	$ 403,050	$ 403,050
Beginning Cash and Investment Balances	-	-	-	-
Ending Cash and Investment Balances	$ -	$ -	$ 403,050	$ 403,050

The notes to the financial statements are an integral part of this statement.

JASPER COUNTY, MISSOURI
Statement of Receipts, Disbursements
and Changes in Cash and Investment Balances - Budget and Actual
Prosecuting Attorney LEST Fund - Regulatory Basis
For the year ended December 31, 2011

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Receipts:				
Use of Money and Property	$ 200	$ 200	$ 120	$ (80)
Transfers In	181,500	181,500	181,550	50
Total Cash Receipts	$ 181,700	$ 181,700	$ 181,670	$ (30)
Disbursements:				
Technology	$ 38,000	$ 38,000	$ 32,551	$ 5,449
Reserve	140,183	140,183	-	140,183
Transfer to General Fund	167,310	167,310	168,190	(880)
Total Disbursements	$ 345,493	$ 345,493	$ 200,741	$ 144,752
Excess of Receipts Over (Under) Disbursements	$ (163,793)	$ (163,793)	$ (19,071)	$ 144,722
Beginning Cash and Investment Balances	163,768	163,768	163,768	-
Ending Cash and Investment Balances	$ (25)	$ (25)	$ 144,697	$ 144,722

The notes to the financial statements are an integral part of this statement.

JASPER COUNTY, MISSOURI
Statement of Receipts, Disbursements, and Changes in Cash and Investment Balances
County Officers Depository Accounts - Regulatory Basis
For the year ended December 31, 2011

All County Funds	Beginning Cash and Investment Balances January 1, 2011	Receipts	Disbursements	Ending Cash and Investment Balances December 31, 2011
Health	$ 13,523	$ 144,472	$ 155,540	$ 2,455
Election	11,091	253,212	157,333	106,970
Public Administrator	607,691	3,669,977	3,659,887	617,781
County Collector	4,555,087	71,284,480	71,183,045	4,656,522
County Clerk	181	100,357	100,142	396
Recorder of Deeds	58,688	856,443	850,614	64,517
Prosecuting Attorney	4,301	830,928	817,565	17,664
Sheriff	29,450	1,386,942	1,383,942	32,450
Circuit Court	750,478	4,224,957	4,004,311	971,124
Associate Circuit Court Division 4	8,839	3,657	3,492	9,004
Associate Circuit Court Division 5	606	3,018	3,624	-
Probate Court Division 3	298	2,676	2,876	98
Commission (Road and Bridge)	50	-	-	50
Assessor	101	19,100	18,777	424
Juvenile Court	200	-	-	200
Juvenile Detention	200	-	-	200
Maintenance	50	-	-	50
	$ 6,040,834	$ 82,780,219	$ 82,341,148	$ 6,479,905

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I.A. REPORTING ENTITY

Jasper County, Missouri ("County"), a county of the first-class, is governed by the Board of County Commissioners. The Board is composed of three members elected by the citizens of the County.

The accompanying financial statements present the receipts, disbursements, and changes in cash and investment balances of various funds of Jasper County, Missouri, and comparisons of such information with the corresponding budgeted information for those funds for which a budget is prepared. The general fund is the County's general operating fund, accounting for all financial resources except those legally or administratively required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted by law or administrative action for specified purposes.

I.B. FUND ACCOUNTING

The government uses funds to report on the receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

I.C. BASIS OF ACCOUNTING AND PRESENTATION

The financial statements are prepared on the regulatory basis of accounting wherein amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

The financial statements are presented using accounting practices prescribed or permitted by the Missouri law, which includes a Statement of Receipts, Disbursements and Changes in Cash and Investment Balances for all funds and Comparative Statements of Receipts and Disbursements for budgeted funds and a Statement of Receipts, Disbursements and Cash and Investment Balances for the County Officer's Depository Accounts.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.D. BUDGETARY POLICIES

The County is required by State Statutes sections 50.525 through 50.745 to prepare an annual operating budget. The budget shall present a complete financial plan for the ensuing budget year and shall include at least the following information:

(1) A budget message outlining the fiscal policy of the County for the budget year and describing the important features of the budget plan, giving a general budget summary setting forth the aggregate figures of the budget in a manner to show the balanced relations between total proposed expenditures and total expected income and other means of financing the budget compared with the corresponding figures for the last completed fiscal year and the current fiscal year, including explanatory schedules classifying expenditures by organization units, objects and funds, and income by organization units, sources and funds;

(2) The detailed budget estimates showing the recommendations of the budget officer compared with the figures for the last complete fiscal year and the estimates for the current year; and

(3) Complete drafts of appropriation and revenue orders to put the budget into effect if approved by the county commission.

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

(1) Prior to September 1, each department, office, institution, commission or court of the county receiving funds from the county prepares and submits a request to the budget officer, the request includes estimates of its requirements for the next budget year compared with figures for the last completed year and estimates for the current year.

(2) The County Budget Officer prepares the budget in the prescribed form and transmits it to the County Commission, no later than November 15th.

(3) The County Commission holds at least one public hearing on the proposed budget before final action is taken. At least 5 days' notice of the hearing is given and the hearing is not held until ten days after the budget document is made available to the public.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.D. BUDGETARY POLICIES (CONTINUED)

(4) The annual budget is adopted on or before January 10th.

The budget may be amended as provided for in State Statutes.

Budgets are prepared on the cash basis of accounting.

The Statement of Receipts, Disbursements, and Changes in Cash and Investment Balances – Budget and Actual – General Revenue Fund, Assessment Fund, Common Road Fund, Law Enforcement Sales Tax Fund, Law Enforcement Sales Tax Trust Fund, and Prosecuting Attorney LEST Fund presents comparisons of the legally adopted budget with actual data.

I.E. CASH AND INVESTMENTS

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash applicable to a particular fund is readily identifiable. Some County offices also hold cash and investments in their own separate bank accounts as required by the state statute. The balance in the pool cash accounts is available to meet current operating requirements.

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Additional cash and investment disclosures are presented in Note III.A.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.F. COMPENSATED ABSENCES

The County allows employees to accumulate sick leave to a maximum of 60 days. Upon termination of employment unused sick leave is forfeited.

Vacation time is awarded as follows:

Starting date to 1 year	0	days
1 year to 2 years	5	days (1 work week)
2 years to 10 years	10	days (2 work weeks)
Over 10 years	15	days (3 work weeks)
Over 20 years	20	days (4 work weeks)

All vacation must be approved in advance by the elected official or departmental head. Leave for vacation shall be used in its entirety within one year after being earned unless approved differently by the elected official or department head and County Commission. Each elected official or departmental head is responsible for maintaining records regarding their employee's sick leave and vacation.

I.G. CASH RECEIPTS AND DISBURSEMENTS

I.G.1. SALES TAX

Jasper County levies a tax on taxable sales within the County. The tax is collected by the Missouri Department of Revenue and remitted to the County. The sales tax is composed of four levies, each authorized by State Statutes. Three-eights of one percent is deposited in the General Fund and used for general governmental purposes. One-quarter of one percent is placed in the Common Road Fund and used for construction of bridges. One-tenth of one percent is placed in the Emergency Dispatch Service Fund and paid to the Jasper County Emergency Services Dispatch Board. One-quarter of one percent is deposited into the Law Enforcement Sales Tax Fund and used for law enforcement purposes.

I.G.2. PROPERTY TAXES

Property taxes are an enforceable lien on property as of January 1. Taxes are levied November 1 and are due and payable in full by December 31; unpaid taxes become delinquent after December 31. The County bills and collects its own property taxes.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.G. CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)

I.G.2. PROPERTY TAXES (CONTINUED)

The assessed valuation of the tangible taxable property of County of Jasper, Missouri for the calendar year 2011 for purposes of local taxation was:

Real Estate	(Sub-Class 1 and 2 including locally assessed Railroads and Utilities)	$ 698,985,580
Personal Property	(Including locally assessed Railroad and Utilities)	387,220,602
Real Estate and Personal Property	(State assessed Railroads and Utilities)	70,611,250
Commercial	(Sub-Class 3 including locally assessed Railroads and Utilities)	329,346,730
	Total	$ 1,486,164,162

The total assessed valuation of the tangible taxable property of the Common Road District of Jasper County, Missouri for 2011 for purposes of local taxation was $345,166,079.

The tax levy for each $100.00 of assessed valuation of real estate and tangible property for the calendar year was:

Fund –	
General	$ .0993
Road and Bridge	.2033
	$ .3026

The tax levy for each $100.00 of assessed valuation of Commercial Property (Sub-Class 3) was $1.02.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

Missouri Revised Statutes require that the annual budget present a complete financial plan of the County. The County does not prepare a budget for all funds.

III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES

III.A. DEPOSITS AND INVESTMENTS

Deposits –

Custodial Credit Risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. RSMo Chapter 110 requires that public funds shall be secured by the deposit of securities of the character prescribed by section 30.270, RSMo. The value of which shall at all times be not less than one hundred percent of the actual amount of the funds on deposit with the depository less the amount, if any, insured by the Federal Deposit Insurance Corporation. The County does not have any other policies for custodial credit risk.

At December 31, 2011, the County's carrying amounts of deposits was $17,278,034 and the bank balance was $38,636,785. 90.2% of the bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $2,914,013 was covered by Federal Depository Insurance and $35,722,772 was collateralized with securities held by the pledging financial institutions' agents but not in the County's name.

As of December 31, 2011, the County had the following investments and maturities.

Investments -

Investment Type	Cost	Market Value	Maturity
Repurchase Agreements	$ 5,613,000.00	$ 5,893,919	1/3/12

Credit Risk. As explained in Note I.E. state law limits investments to specific investment types. The securities sold to the County under the agreement to repurchase are agencies of the United States Government. The County has no investment policy that would limit investment choices.

Investment Interest Rate Risk. Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a financial investment policy that limits investment maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES (CONTINUED)

III.A. DEPOSITS AND INVESTMENTS (CONTINUED)

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 investments or collateral securities that are in the possession of an outside party. All of the County's investments in repurchase agreements are held by the counterparty ad not in the County's name. The County does not have an investment policy for custodial risk.

III.B. LONG-TERM DEBT

Capital Lease Payable

Capital lease for Courthouse Improvements dated December 1, 2007, original amount $325,000.00 payable in annual installments ranging from $60,000 to $70,000. Final payment due June 1, 2013. Interest rate of 4%.	$ 140,000
Capital lease for telecommunications tower dated May 4, 2007, original amount $200,000.00 payable in annual installments of $45,967.00. Final payment due May 4, 2012. Interest rate of 4.75%.	43,849
	$ 183,849

Changes in Long-Term Debt

Description	Beginning Balance	Issued	Retired	Ending Balance
Capital Leases	$ 370,691	$ -	$ 186,842	$ 183,849

III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES (CONTINUED)

III.B. LONG-TERM DEBT (CONTINUED)

Debt Service Requirements to Maturity

Year Ending December 31,	Long-Term Debt
2012	$ 120,167
2013	71,400
Total minimum lease payments	$ 191,567
Less: Amount representing interest costs	7,718
Present value of minimum lease payments	$ 183,849

III.C. TRANSFERS

Interfund transfers for the year ended December 31, 2011 consisted of the following:

Fund	Transfers In	Transfers Out
General	$ 2,259,768	$ 95,000
Assessment	95,000	-
Common Road	1,000,600	170,000
Law Enforcement Sales Tax	3,239,317	1,766,078
LEST Trust	-	3,577,000
Prosecuting Attorney - LEST	181,550	168,190
LEST Grant	156,133	-
Health	-	155,500
Special Road and Bridge	-	1,000,600

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Fund to finance programs accounted for in other funds in accordance with budgetary authorizations.

III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES (CONTINUED)

III.D. CHANGES IN BEGINNING CASH BALANCE

The beginning cash balance has changed to include the Jasper County Sheriff's Commissary and the Jasper County Sheriff's Benevolent accounts. The effect of the aforementioned change is to increase cash balances of the Sheriff's Depository Account as previously reported at December 31, 2010 by the amount representing the cash balance of the Commissary and Benevolent accounts.

IV. RETIREMENT PLANS

IV.A. MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

Plan Description

Jasper County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as 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.

Funding Status

Full-time employees of Jasper County do not contribute to the pension plan. The June 30th statutorily required contribution rates are 11.4% (General) and 12.6% (Police) 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.

IV. RETIREMENT PLANS (CONTINUED)

Annual Pension Costs (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	$ 1,144,523
Interest on net pension obligation	2,746
Adjustment to annual required contribution	(2,389)
Annual pension costs	$ 1,144,880
Actual contributions	1,098,742
Increase (decrease) in NPO	$ 46,138
NPO - Beginning of year	36,619
NPE - End of year	$ 82,757

The annual required contribution (ARC) was determined as part of the February 28, 2009 and February 28, 2010 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2011 included (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 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2009 was 30 years for the General division and 24 years for the Police division. The amortization period as of February 28, 2010 was 30 years for the General division and 16 years for the Police division.

Three-Year Trend Information

Year Ended June	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
2009	$ 859,472	100%	$ -
2010	$ 963,660	96.2%	$ 36,619
2011	$ 1,144,880	96.0%	$ 82,757

IV. RETIREMENT PLANS (CONTINUED)

Annual Pension Costs (APC) and Net Pension Obligation (NPO) (Continued)

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
02/28/09	$ 9,710,781	$12,305,775	$ 2,594,994	79%	$ 8,241,661	31%
02/29/10	$10,328,275	$12,832,038	$ 2,503,763	80%	$ 8,729,576	29%
02/28/11	$12,021,132	$14,812,959	$ 2,791,827	81%	$ 9,634,841	29%

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

IV.B. COUNTY EMPLOYEE'S RETIREMENT FUND (CERF)

Plan Description

Jasper County participates in the County Employees' Retirement Fund (CERF). CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

IV. RETIREMENT PLANS (CONTINUED)

IV.B. COUNTY EMPLOYEE'S RETIREMENT FUND (CERF) (CONTINUED)

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000 could opt out of the system. CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by the state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002 are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature.

IV. RETIREMENT PLANS (CONTINUED)

IV.B. COUNTY EMPLOYEE'S RETIREMENT FUND (CERF) (CONTINUED)

Contributions (Continued)

Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Jasper County's full-time employees hired before February 25, 2002, do not contribute.

In addition, the following fees and penalties prescribed under Missouri Law are required to be collected and remitted to CERF by counties covered by the plan:

- Late fees on filing of personal property tax declarations
- Twenty dollars for each merchants and manufacturers license issued
- Six dollars on each document recorded or filed with county recorders of deeds, with an additional one dollar on each document recorded
- Three sevenths of the fee on delinquent property taxes
- Interest earned on investment of the above collections prior to remittance to CERF

The County Employer's Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, Missouri 65101 or by calling 1-573-632-9203.

Funding Policy

Jasper County's full-time employees hired before February 25, 2002, do not contribute. Jasper County's full-time employees hire after February 25, 2002, are required by state statute to contribute 4% annual covered payroll to the pension plan. The County is required by state statute to remit the fees collected under RSMo Sections 52.290, 150.150, 137.280, 137.345 and Chapters 59 and 54, RSMo, plus interest. The required contributions have been made.

V. OTHER POST EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). Under COBRA, the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

VI. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County manages these various risks by carrying commercial insurance. There have been no significant reductions in insurance coverage. Settlements have not exceeded insurance coverage for the current or three prior years.

VII.F CONTINGENCIES

VII.F.1. Litigation

The County is party to various legal proceedings which normally occur in governmental operations. While the outcome of such proceedings cannot be predicted, due to insurance maintained by the County, the County feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the County.

VII.E.2. Grant Program Involvement

In the normal course of operations, the County participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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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

Board of County Commissioners
Jasper County, Missouri

We have audited the financial statements of Jasper County, Missouri as of and for the year ended December 31, 2011, and have issued our report thereon dated August 28, 2012. The financial statements were prepared using accounting practices prescribed or permitted by the Missouri law, which differ from accounting principles generally accepted in the United States of America. The financial statements are not intended to be a complete presentation of the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. Our opinion was qualified because activity related to the Jasper County Emergency Services Board was omitted. 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

Management of Jasper County, Missouri is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Jasper County, 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 Jasper County, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jasper County, Missouri's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. 2011-1.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. 2011-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jasper County, 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.*

We noted certain matters that we reported to management of Jasper County, Missouri in a separate letter dated August 28, 2012.

Jasper County, Missouri's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Jasper County, Missouri's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, County Commission, others within the entity, Missouri State Auditor, 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.

Mense, Churchwell & Mense, P.C.
Certified Public Accountants

Joplin, Missouri
August 28, 2012

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

Board of County Commissioners
Jasper County, Missouri

Compliance

We have audited Jasper County, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Jasper County, Missouri's major federal programs for the year ended December 31, 2011. Jasper County, Missouri'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 Jasper County, Missouri's management. Our responsibility is to express an opinion on Jasper County, 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 Jasper County, 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 Jasper County, Missouri's compliance with those requirements.

In our opinion, Jasper County, Missouri complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of Jasper County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Jasper County, Missouri's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jasper County, Missouri's internal control over compliance.

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

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 deficiencies, 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 and use of management, County Commission, others within the entity, Missouri State Auditor, 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.

Mense, Churchwell & Mense, P.C.
Certified Public Accountants

Joplin, Missouri
August 28, 2012

JASPER COUNTY, MISSOURI
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2011

Federal Grantor/ Pass-through Grantor/ Program Title	Federal C.F.D.A. Number	Agency or Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture			
Pass-through programs from:			
Missouri Department of Elementary and Secondary Education			
School Breakfast Program	10.553		$ 6,036
National School Lunch Program	10.555		9,015
Missouri Department of Health and Senior Services			
Summer Food Service Program for Children	10.559	ERS 219-0147i	1,040
Total Department of Agriculture			$ 16,091
Department of Housing and Urban Development			
Pass-through programs from:			
Missouri Department of Social Services			
Emergency Solutions Grant Program	14.231	ERO 1642-023	$ 21,986
ARRA-Homeless Prevention and Rapid Re-Housing	14.257	ERO 16410-23A	24,680
Total Department of Housing and Urban Development			$ 46,666
Department of Justice			
Direct:			
Bulletproof Vest Partnership Program	16.607		$ 4,220
Public Safety Partnership and Community Policing Grants	16.710	2010 CK-WX-0299	183,793
Public Safety Partnership and Community Policing Grants	16.710	2010 CX-WX-0010	388,396
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2009 MO-BX-0010	100,216
Total Department of Justice Direct Programs			$ 676,625
Pass-through programs from:			
Cape Girardeau County Sheriff's Department			
Public Safety Partnership and Community Policing Grants	16.710	2010 CK-WX-0183	$ 47,188
Missouri Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-JAG-008	46,028
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-JAG-017	48,724
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Programs/Grants to States and Territories	16.803	2009-JAG-RA-080	11,854
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Programs/Grants to States and Territories	16.803	2009-JAG-RA-052	7,158
City of Joplin, Missouri			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Programs/Grants to States and Territories	16.803	2009-MJCCG-018	21,396
John R Justice Prosecutors and Defenders Incentive Act	16.816		20,913
Missouri Sheriff's Association and Training Academy			
Domestic Cannabis Eradication/Suppression Program	16.Unknown		1,214
Total Department of Justice Pass-through Programs			$ 204,475
Total Department of Justice			$ 881,100
Department of Transportation			
Pass-through programs from:			
Missouri Department of Transportation			
Highway Planning and Construction	20.205	BHO-B049(30)	$ 16,181
Highway Planning and Construction	20.205	BHO-B049(28)	100,156
Highway Planning and Construction	20.205	BHO-B049(29)	46,826
State and Community Highway Safety	20.600	12-PT-02-074	572
State and Community Highway Safety	20.600	11-PT-02-101	3,019
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	12-K8-03-059	3,430
Alcohol Open Container Requirements	20.607	11-154-AL-72	1,885
Alcohol Open Container Requirements	20.607	10-154-AL-75	11,431
Missouri Emergency Response Commission			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		5,000
Total Department of Transportation			$ 188,500

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

JASPER COUNTY, MISSOURI
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2011

Federal Grantor/ Pass-through Grantor/ Program Title	Federal C.F.D.A. Number	Agency or Pass-Through Entity Identifying Number	Federal Expenditures
Environmental Protection Agency			
Direct:			
Superfund State, Political Subdivision, and Indian Tribe			
Site-Specific Cooperative Agreements	66.802	V98772201	$ 102,183
Pass-through programs from:			
Environmental Resources Coalition, Inc.			
Surveys, Studies, Investigations and Special Purpose Grants	66.606		$ 9,784
Missouri Department of Health and Senior Services			
Superfund State, Political Subdivision, and Indian Tribe			
Site-Specific Cooperative Agreements	66.802	AOC09380002	120,069
Total Environmental Protection Pass-Through Programs			$ 129,853
Total Environmental Protection Agency			$ 232,036
Election Assistance Commission			
Pass-through programs from:			
Missouri Secretary of State			
Help America Vote Act Requirements Payments	90.401		$ 1,324
Total Election Assistance Commission			$ 1,324
Department of Health and Human Services			
Pass-through programs from:			
Missouri Department of Health and Senior Services			
Public Health Emergency Preparedness	93.069	AOC 12380251	$ 22,302
Public Health Emergency Preparedness	93.069	AOC 10380245	37,476
Public Health Emergency Preparedness	93.069	AOC 10380055	30,159
Project Grants and Cooperative Agreements for Tuberculosis Control Payments	93.116		839
Emergency Medical Services for Children	93.127		375
Child Care and Development Block Grants	93.575	ERS 22011048	3,325
Cooperative Agreements for State - Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	ERS 16112042	5,020
Cooperative Agreements for State - Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	ERS 16111024	7,956
Preventive Health and Health Services Block Grant	93.991	AOC 11380021	32,960
Maternal and Child Health Services Block Grant to the States	93.994	AOC 12380072	8,919
Maternal and Child Health Services Block Grant to the States	93.994	AOC 08380315	24,875
Maternal and Child Health Services Block Grant to the States	93.994		1,100
Missouri Department of Social Services			
Child Support Enforcement	93.563		204,536
Total Department of Health and Human Services			$ 379,842
Executive Office of the President			
Pass-through programs from:			
Missouri Department of Public Safety			
High Intensity Drug Trafficking Areas Program	95.001		$ 9,770
Total Executive Office of the President			$ 9,770
Department of Homeland Security			
Pass-through programs from:			
Missouri Department of Public Safety			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1980-DR-MO	$ 16,293
Total Department of Homeland Security			$ 16,293
Total Expenditures of Federal Awards			$ 1,771,622

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

JASPER COUNTY, MISSOURI
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

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

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

B. Basis of Presentation

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

> *Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.
>
> *Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and non-cash awards.

C. Basis of Accounting

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

1. Summary of Significant Accounting Policies (Continued)

D. Sub-recipients

Of the federal expenditures presented in the schedule, Jasper County, Missouri provided federal awards to sub-recipients as follows:

CFDA Number	Program Name	Amount Provided to Sub-recipient
14.231	Emergency Shelter Grants Program	$ 20,917
14.257	ARRA - Homeless Prevention and Rapid Re-Housing	$ 21,170

JASPER COUNTY, MISSOURI
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified opinion on financial statements prepared using accounting practices prescribed or permitted by state law.

Internal control over financial reporting:

* Material weakness(es) identified? ___X___ yes _____ no
* Significant deficiency(ies) identified? ___X___ yes _____ none reported

Noncompliance material to financial statements noted? _____ yes ___X___ no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? _____ yes ___X___ no
* Significant deficiency(ies) identified? _____ yes ___X___ none reported

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? _____ yes ___X___ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
16.710	Public Safety Partnership Community Policing Grants
20.205	Highway Planning and Construction
66.802	Superfund State, Political Subdivision, and Indian Tribe Site – Specific Cooperative Agreements

Dollar threshold used to distinguish between type A and type B programs: $ 300,000

Auditee qualifies as a low-risk auditee? _____ yes ___X___ no

Section II – Financial Statement Findings

2011-1	Segregation of Duties
Criteria:	Duties should be segregated so that employees who maintain accounting records do not have access to cash receipts and disbursements.
Condition:	Personnel who receive and receipt cash also maintain accounting records in many County offices.
Effect:	The effect of this condition could result in the improper recording of assets or the possible understatement or misappropriation of assets.
Cause:	The County does not have a written accounting manual detailing and segregating employee's duties. Insufficient personnel in many county offices make it not possible to adequately segregate duties.
Recommendation:	Duties should be assigned among office personnel so that functions are performed by different employees.
Management Response:	The number of employees is limited and it is not feasible given current budget conditions to employ additional staff.

Section II – Financial Statement Findings (Continued)

2011-2	Accounting Manual
Criteria:	The County should have a written accounting manual for employees to follow. Employee's duties and responsibilities relating to the accounting cycle should be detailed in the manual.
Condition:	No accounting manual exists.
Effect:	Employees duties are not adequately segregated which may lead to errors or misappropriation of assets.
Cause:	County employees do not have time to develop a manual. It is not economically feasible at the present time to contract for this service.
Recommendation:	The County develop an accounting manual.
Management Response:	It is not feasible at this time to contract for the development of such a manual. Employees do not have sufficient time to develop a manual given the limited number of employees.

Section III – Federal Awards Findings and Questioned Costs

No matters were reported.

JASPER COUNTY, MISSOURI
Summary Schedule of Prior Audit Findings
For the year ended December 31, 2011

Item	Program Finding	Status
2010-1	Segregation of Duties	Condition Still Exists
2010-2	Accounting Manual	Condition Still Exists

JASPER COUNTY, MISSOURI
Corrective Action Plan
December 31, 2011

Finding 2011-1	County Officials are aware of the need to develop procedures for the handling of money generated in the respective offices. It is the County's goal to have a written set of procedures and a method for documenting that the procedures were followed for each office. The County Commissioner, with the help of the County Auditor, will continue to monitor the process of this project until it is completed and in place.
Finding 2011-2	The County Commissioner will inquire about accounting manuals in use by other entities and will use the manual as a model for the development of their own. It is not economically feasible at present to contract for the development of such a manual. The internal development of such a manual from scratch would present a grave challenge because of the amount of time and resources it would entail.