JASPER COUNTY, MISSOURI

Financial Statements

For the year ended December 31, 2012

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

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Independent Auditor's Report

To the County Commission
Jasper County, Missouri

Report on the Financial Statement

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash and Investment Balances of Jasper County, Missouri, as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements using accounting practices prescribed or permitted by Missouri law as described in Note 1; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the 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.

The effects on the financial statements of the variances between the accounting practices described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above 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, 2012, or the changes in its' financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investment balances of Jasper County, Missouri, as of December 31, 2012, 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 describe in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Jasper County, Missouri's basic financial statements. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2013 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, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jasper County, Missouri's internal control over financial reporting and compliance.

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

Joplin, Missouri
September 24, 2013

JASPER COUNTY, MISSOURI
Statement of Receipts, Disbursements, and Changes in Cash and Investment Balances
All Funds - Regulatory Basis
For the year ended December 31, 2012

All County Funds	Beginning Cash and Investment Balances January 1, 2012	Receipts	Disbursements	Ending Cash and Investment Balances December 31, 2012
General Revenue	$ 2,220,068	$ 15,057,679	$ 15,037,128	$ 2,240,619
Assessment	419,176	766,128	908,062	277,242
Common Road	3,380,837	6,715,073	8,005,837	2,090,073
Special Road and Bridge	3,014,401	3,568,278	3,557,241	3,025,438
Amendment II	59,239	585,208	580,657	63,790
County School	497,906	502,801	479,102	521,605
General School	2,408,359	2,514,666	2,464,490	2,458,535
Temporary School	190,794	87,836	163,941	114,689
Sheriff's Fund	63,909	37,885	74,392	27,402
Law Enforcement Sales Tax	249,154	3,245,117	3,278,224	216,047
Law Enforcement Training	1,915	17,203	18,141	977
Drug Task Force	36,552	285,910	268,505	53,957
Sheriff's Contingency	3,333	6,436	8,911	858
Inmate Security	16,266	12,171	25,949	2,488
Prosecuting Attorney Training	14,595	3,078	-	17,673
Prosecuting Attorney Delinquent Tax	78,320	25,365	38,040	65,645
Prosecuting Attorney Bad Checks	59,683	59,280	86,259	32,704
Prosecuting Attorney Contingent	10,933	19,301	26,116	4,118
Prosecuting Attorney Law Enforcement Sales Tax	144,697	209,525	189,924	164,298
Sheriff's Contracted Services	5,593	73,692	73,273	6,012
Sheriff's Salary Supplement	4,630	51,040	53,640	2,030
Law Enforcement Sales Tax Trust	403,050	4,141,184	3,954,099	590,135
Law Enforcement Sales Tax Grant	226,294	180,210	226,381	180,123
Sheriff's Revolving	43,786	97,927	115,196	26,517
Recorder's User Fee	522,463	73,844	35,673	560,634
County Retirement	70,275	637,603	635,649	72,229
Collector's Maintenance	122,986	133,589	114,153	142,422
Mental Health	953,321	1,308,314	1,308,794	952,841
Domestic Violence	6,963	14,702	14,712	6,953
Election Services	62,603	30,121	63,709	29,015
Reserve	995,148	151,437	125,000	1,021,585
Witness and Jury	1,260	-	877	383
County Trustee	-	4,546	4,446	100
Financial Institution Tax	3	64,985	64,985	3
Miscellaneous	16,689	36,720	51,605	1,804
Law Enforcement Restitution	28,921	22,393	-	51,314
Grants	72,329	690,627	721,179	41,777
Emergency Dispatch Service	-	1,271,267	1,271,267	-
GIS	-	31,843	31,843	-
Discretionary	6,056	4,251	876	9,431
County Depository Accounts	6,465,263	83,935,532	84,540,535	5,860,260
Blanche Dumbauld Trust	1,057	10	-	1,067
	$ 22,878,827	$ 126,674,777	$ 128,618,811	$ 20,934,793

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, 2012

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Receipts:				
Taxes	$ 7,554,125	$ 7,554,125	$ 7,595,791	$ 41,666
Intergovernmental Receipts	1,153,145	1,553,354	1,491,890	(61,464)
Licenses, Fees, and Permits	3,320,633	3,320,633	3,319,551	(1,082)
Use of Money and Property	17,800	17,800	16,779	(1,021)
Other	188,425	188,425	311,217	122,792
Transfers In	2,479,301	2,479,301	2,322,451	(156,850)
Total Receipts	$ 14,713,429	$ 15,113,638	$ 15,057,679	$ (55,959)
Disbursements:				
Circuit Court Division 1	$ 6,200	$ 6,200	$ 4,907	$ 1,293
Circuit Court Division 2	5,750	5,750	2,229	3,521
Circuit Clerk	89,400	89,400	79,201	10,199
Court Reporter Division 1	4,000	4,000	2,229	1,771
Court Reporter Division 2	2,500	2,500	1,355	1,145
Jury Script	22,000	27,000	26,243	757
Criminal Costs	30,000	35,000	31,872	3,128
Child Support Enforcement	203,448	203,448	171,580	31,868
Prosecuting Attorney	921,543	926,579	886,110	40,469
Sheriff	2,681,277	2,697,165	2,664,968	32,197
Jail	2,503,407	2,536,651	2,287,252	249,399
Juvenile Court	941,815	963,699	921,393	42,306
Coroner	70,750	77,250	74,053	3,197
Juvenile Detention	357,226	357,226	343,390	13,836
Court Reporter Division 3	2,500	2,500	1,234	1,266
Presiding Judge	13,000	13,000	7,795	5,205
State Hospitals	3,000	3,000	3,000	-
Pauper Burial	17,500	17,500	7,849	9,651
Health Department	931,472	1,015,162	844,824	170,338
GIS	62,928	63,261	62,165	1,096
Transfers to Assessment Fund	160,000	160,000	160,000	-
County Collector	325,144	326,410	288,877	37,533
Treasurer	107,960	110,052	107,024	3,028
Recorder	233,080	233,080	229,167	3,913
Circuit Court Division 3	20,920	20,920	12,181	8,739
Election	496,102	544,102	520,259	23,843
Public Administrator	176,706	177,373	176,029	1,344
County Commission	188,700	188,700	187,260	1,440
Courthouse Maintenance	304,813	304,813	284,994	19,819
Carthage Courthouse	171,950	55,100	48,781	6,319
Annex 2 - Bank Building	-	31,150	27,032	4,118
Carpenter Shop	-	1,200	907	293
Joplin Courthouse	-	59,800	54,881	4,919
Annex 1 - Lincoln Street	-	13,000	12,112	888
County Clerk	192,600	192,600	188,615	3,985
County Auditor	113,790	114,125	112,149	1,976
Benefits and Services	1,746,200	1,742,252	1,647,511	94,741
Prosecuting Attorney LEST Benefits	34,360	34,360	21,968	12,392
Sheriff LEST Benefits	268,182	268,182	216,071	52,111
Jail LEST Benefits	215,638	215,638	243,951	(28,313)
Prosecuting Attorney Reimbursements	7,025	7,025	6,914	111
Sheriff Reimbursements	53,830	53,830	72,603	(18,773)
Capital Outlay	109,200	109,200	109,200	-
Emergency and Miscellaneous	2,006,991	2,067,734	1,806,547	261,187
Transfers Out	-	78,446	78,446	-
Total Disbursements	$ 15,802,907	$ 16,155,383	$ 15,037,128	$ 1,118,255
Excess of Receipts Over (Under) Disbursements	$ (1,089,478)	$ (1,041,745)	$ 20,551	$ 1,062,296
Beginning Cash and Investment Balances	1,089,478	2,220,068	2,220,068	-
Ending Cash and Investment Balances	$ -	$ 1,178,323	$ 2,240,619	$ 1,062,296

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, 2012

	Budget			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Receipts:				
Taxes	$ 468,460	$ 468,460	$ 406,653	$ (61,807)
Intergovernmental Receipts	202,560	202,560	193,554	(9,006)
Use of Money and Property	100	100	98	(2)
Other	2,500	2,500	5,823	3,323
Transfers In	160,000	160,000	160,000	-
Total Receipts	$ 833,620	$ 833,620	$ 766,128	$ (67,492)
Disbursements:				
Salaries	$ 493,000	$ 493,000	$ 484,784	$ 8,216
Supplies	8,000	8,000	7,041	959
Postage	22,000	22,000	22,000	-
Mileage	1,500	1,500	1,125	375
Machine Contracts	1,000	1,000	496	504
New Equipment	10,000	9,030	8,885	145
Social Security	36,000	36,000	35,406	594
Health and Dental Insurance	60,500	60,500	59,234	1,266
Local Government Employees Retirement System	57,500	57,500	55,492	2,008
Workman's Compensation	9,000	9,000	7,378	1,622
Fuel and Oil	9,500	9,825	9,649	176
Seminars	11,000	11,000	10,262	738
Printing and Binding	25,000	25,000	25,000	-
Data Processing	116,000	116,000	115,215	785
Mapping Updates	28,917	28,917	27,048	1,869
Photo Supplies	500	500	-	500
Internet Service	480	480	480	-
Computer Hardware	5,000	5,000	4,259	741
Data Processing	7,500	7,500	6,890	610
Vehicle Maintenance	4,000	4,000	3,810	190
County Employees Retirement Fund	804	859	856	3
Employee Drug Testing	500	500	240	260
Website Support	7,500	7,250	7,250	-
Computer Service and Maintenance	10,000	10,840	10,840	-
Computer Monitoring	4,800	4,800	4,422	378
Total Disbursements	$ 930,001	$ 930,001	$ 908,062	$ 21,939
Excess of Receipts Over (Under) Disbursements	$ (96,381)	$ (96,381)	$ (141,934)	$ (45,553)
Beginning Cash and Investment Balances	96,381	419,176	419,176	-
Ending Cash and Investment Balances	$ -	$ 322,795	$ 277,242	$ (45,553)

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, 2012

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Receipts:				
Taxes	$ 3,989,466	$ 3,989,466	$ 4,157,199	$ 167,733
Intergovernmental Receipts	1,959,407	1,959,407	1,149,824	(809,583)
Use of Money and Property	3,300	3,300	6,011	2,711
Other	50,000	50,000	114,113	64,113
Transfers In	1,209,040	1,209,040	1,287,926	78,886
Total Receipts	$ 7,211,213	$ 7,211,213	$ 6,715,073	$ (496,140)
Disbursements:				
Salaries	$ 850,000	$ 800,000	$ 790,573	$ 9,427
Supplies	1,500	1,500	498	1,002
Mileage	1,500	1,500	760	740
New Equipment	225,000	225,000	220,245	4,755
Social Security	64,000	64,000	59,240	4,760
Health Insurance	100,100	100,100	91,646	8,454
Local Government Employees Retirement System	100,400	100,400	84,567	15,833
Workmen's Compensation	52,000	52,000	31,377	20,623
Fuel and Oil	230,000	230,000	192,884	37,116
Utilities	16,000	16,000	13,566	2,434
Seminars	3,000	3,000	2,410	590
New Road Overlay	2,500,000	3,315,000	3,283,480	31,520
Road Maintenance	700,000	700,000	698,984	1,016
Corner Monuments	3,000	-	-	-
Bridges - Current	2,103,200	1,966,200	1,618,338	347,862
New Bridges	920,000	920,000	65,467	854,533
Signs	16,000	16,000	13,992	2,008
Insurance	45,000	56,000	55,958	42
Uniforms	20,000	20,000	19,287	713
Cell Phone Service	1,500	1,550	1,425	125
County Engineer	20,000	20,000	15,558	4,442
Transfer to General Fund - Administrative Fee	175,000	172,985	172,985	-
Miscellaneous	25,000	17,000	9,445	7,555
Employee Drug Testing	800	800	402	398
Culvert Pipe	24,000	24,000	23,618	382
Storm Water	3,500	3,500	1,938	1,562
Region M Grant - Tires	8,000	8,000	6,900	1,100
Region M Grant- 08-09	2,600	2,600	1,575	1,025
Repairs and Maintenance	200,000	200,000	190,262	9,738
New Employee Physicals	400	400	120	280
TIF Payments - City of Sarcoxie	4,000	3,000	2,008	992
TIF Payments - Northpark Crossing	63,000	67,200	61,130	6,070
TIF Payments - 1717 Marketplace	50,000	45,800	34,834	10,966
Employee Screening	300	300	-	300
Flood Plain	3,000	3,000	3,000	-
Other Contingencies	185,000	45,000	39,330	5,670
Capital Outlay	135,000	210,000	198,035	11,965
Total Disbursements	$ 8,851,800	$ 9,411,835	$ 8,005,837	$ 1,405,998
Excess of Receipts Over (Under) Disbursements	$ (1,640,587)	$ (2,200,622)	$ (1,290,764)	$ 909,858
Beginning Cash and Investment Balances	1,640,587	3,380,837	3,380,837	-
Ending Cash and Investment Balances	$ -	$ 1,180,215	$ 2,090,073	$ 909,858

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, 2012

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Receipts:				
Use of Money and Property	$ 175	$ 175	$ 139	$ (36)
Other	17,000	17,000	30,666	13,666
Transfers In	3,135,866	3,159,466	3,214,312	54,846
Total Receipts	$ 3,153,041	$ 3,176,641	$ 3,245,117	$ 68,476
Disbursements:				
Salaries and Benefits	$ -	$ -	$ 1,164	$ (1,164)
Supplies	45,000	45,000	44,986	14
Equipment	30,000	24,670	22,605	2,065
Fuel and Oil	275,000	284,500	279,026	5,474
Utilities and Rent	37,500	37,500	29,804	7,696
Repairs	60,000	60,000	53,822	6,178
Uniforms	32,000	34,800	34,780	20
Vehicle Maintenance	71,000	75,100	75,100	-
Cell Phones	32,000	32,000	28,552	3,448
Seminars and Training	20,000	20,000	17,558	2,442
New Vehicles / Up Fit	285,000	285,000	278,926	6,074
JASCO Drug Task Force	4,737	4,737	4,737	-
Food Service Contract	315,000	315,000	297,046	17,954
Tower Lease Contract	7,500	7,500	6,215	1,285
Maintenance Agreement	185,000	197,500	196,987	513
Phone Voice Recorder	3,363	3,363	3,363	-
Special Services	30,000	30,030	30,029	1
Transfers to General Fund	1,967,941	1,967,941	1,873,524	94,417
Total Disbursements	$ 3,401,041	$ 3,424,641	$ 3,278,224	$ 146,417
Excess of Receipts Over (Under) Disbursements	$ (248,000)	$ (248,000)	$ (33,107)	$ 214,893
Beginning Cash and Investment Balances	248,000	249,154	249,154	-
Ending Cash and Investment Balances	$ -	$ 1,154	$ 216,047	$ 214,893

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, 2012

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Receipts:				
Taxes	$ 3,900,000	$ 3,900,000	$ 4,141,184	$ 241,184
Total Receipts	$ 3,900,000	$ 3,900,000	$ 4,141,184	$ 241,184
Disbursements:				
TIF Payments - City of Sarcoxie	$ 4,000	$ 4,000	$ 2,008	$ 1,992
TIF Payments - Northpark Crossing	63,000	63,000	59,740	3,260
TIF Payments - Marketplace	50,000	50,000	36,223	13,777
Jail Medical Contract	180,000	180,000	180,000	-
Transfer to LEST Grant Fund	180,000	180,000	180,000	-
Transfer to Prosecuting Attorney LEST Fund	209,302	209,302	209,302	-
Transfer to Law Enforcement Sales Tax Fund	3,135,866	3,135,866	3,135,866	-
Lease Payments	45,315	45,315	44,677	638
Jail Improvements	137,500	137,500	37,335	100,165
Reserve Law Enforcement Contigency	228,067	228,067	-	228,067
Rent	70,000	70,000	68,948	1,052
Total Disbursements	$ 4,303,050	$ 4,303,050	$ 3,954,099	$ 348,951
Excess of Receipts Over (Under) Disbursements	$ (403,050)	$ (403,050)	$ 187,085	$ 590,135
Beginning Cash and Investment Balances	403,050	403,050	403,050	-
Ending Cash and Investment Balances	$ -	$ -	$ 590,135	$ 590,135

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, 2012

All County Funds	Beginning Cash and Investment Balances January 1, 2012	Receipts	Disbursements	Ending Cash and Investment Balances December 31, 2012
Health	$ 2,455	$ 149,063	$ 149,450	$ 2,068
Election	106,970	397,208	481,017	23,161
Public Administrator	617,781	3,643,265	3,631,190	629,856
County Collector	4,656,522	72,307,151	73,032,289	3,931,384
County Clerk	396	103,282	103,608	70
Recorder of Deeds	207	853,005	853,062	150
Prosecuting Attorney	17,664	752,250	758,277	11,637
Sheriff	82,118	1,179,624	1,202,976	58,766
Circuit Court	971,124	4,529,101	4,299,550	1,200,675
Associate Circuit Court Division 4	9,004	994	8,176	1,822
Probate Court Division 3	98	-	73	25
Commission (Road and Bridge)	50	-	-	50
Assessor	424	20,589	20,867	146
Juvenile Court	200	-	-	200
Juvenile Detention	200	-	-	200
Maintenance	50	-	-	50
	$ 6,465,263	$ 83,935,532	$ 84,540,535	$ 5,860,260

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 regulatory 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 and Law Enforcement Sales Tax Trust Fund present 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 2012 for purposes of local taxation was:

Real Estate Valuation	$ 1,013,875,550
Personal Property Valuation	393,150,094
State Assessed Railroad and Utility Valuation	71,187,680
Total	$ 1,478,213,324

The total assessed valuation of the tangible taxable property of the Common Road District of Jasper County, Missouri for 2012 for purposes of local taxation was $354,476,914.

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

Fund –	
General	$ .0753
Road and Bridge	.2036
	$ .2789

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, 2012, the County's carrying amounts of deposits was $20,932,358 and the bank balance was $32,283,100. 93% of the bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $30,395,457 was covered by Federal Depository Insurance and $1,887,643 was collateralized with securities held by the pledging financial institutions' agents but not in the County's name.

As of December 31, 2012, the County had the following investments and maturities.

Investments -

Investment Type	Cost	Market Value	Maturity
Repurchase Agreements	$ 5,063,000.00	$ 5,316,627	1/2/13

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 and 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%.	$ 70,000
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%.	-0-
	$ 70,000

Changes in Long-Term Debt

Description	Beginning Balance	Issued	Retired	Ending Balance
Capital Leases	$ 183,849	$ -	$ 113,849	$ 70,000

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
2013	$ 71,400
Total minimum lease payments	$ 71,400
Less: Amount representing interest costs	1,400
Present value of minimum lease payments	$ 70,000

III.C. TRANSFERS

Interfund transfers for the year ended December 31, 2012 consisted of the following:

Fund	Transfers In	Transfers Out
General	$ 2,322,451	$ 238,446
Assessment	160,000	-
Common Road	1,287,926	172,985
Law Enforcement Sales Tax	3,214,312	1,873,524
LEST Trust	-	3,525,168
Prosecuting Attorney - LEST	209,302	126,942
LEST Grant	180,000	-
Health	-	149,000
Special Road and Bridge	-	1,287,926

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 differs from the ending cash balance reported on the December 31, 2011 financial statements. The difference is attributed to an outstanding item in the Recorder of Deeds account and inclusion of the Jasper County Sheriffs Evidence account. The net effect is a decrease in cash balance of $14,642.

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 12.1% (General) and 13.1% (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	$ 1,125,907
Interest on net pension obligation	6,000
Adjustment to annual required contribution	(7,105)
Annual pension costs	$ 1,124,802
Actual contributions	1,120,277
Increase (decrease) in NPO	$ 4,525
NPO - Beginning of year	82,757
NPO - End of year	$ 87,282

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 included (a) a rate of return on the investment of present and future assets of 7.25% 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, 2010 was 30 years for the General division and 16 years for the Police division. The amortization period as of February 28, 2011 was 16 years for the General division and 15 years for the Police division.

Year Ended June 30,	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
2010	$ 963,660	96.2%	$ 36,619
2011	$ 1,144,880	96.0%	$ 82,757
2012	$ 1,124,802	99.6%	$ 87,282

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
02/28/10	$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%
02/29/12	$12,876,697	$15,095,732	$ 2,219,035	85%	$ 9,172,399	24%

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

To the County Commission
Jasper County, Missouri

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statements of receipts, disbursements, and changes in cash and investment balances of Jasper County, Missouri as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Jasper County, Missouri's basic financial statements, and have issued our report thereon dated September 24, 2013. The 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 County'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. 2012-1.

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. 2012-2 and 2012-3.

Compliance and Other Matters

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

Jasper County, Missouri's Response to Findings

Jasper County, Missouri's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Jasper County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Joplin, Missouri
September 24, 2013

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Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required By OMB Circular A-133

Independent Auditor's Report

To the County Commission
Jasper County, Missouri

Report on Compliance for Each Major Federal Program

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, 2012. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jasper County, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jasper County, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, Jasper County, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of Jasper County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jasper County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes.

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

Joplin, Missouri
September 24, 2013

JASPER COUNTY, MISSOURI
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2012

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture			
Direct:			
Emergency Watershed Protection	10.923		$ 49,819
Pass-through programs from:			
Missouri Department of Elementary and Secondary Education			
School Breakfast Program	10.553		$ 6,201
National School Lunch Program	10.555		9,365
Missouri Department of Health and Senior Services			
Summer Food Service Program for Children	10.559	ERS 219-12048	900
Total Department of Agriculture Pass-Through Programs			$ 16,466
Total Department of Agriculture			$ 66,285
Department of Housing and Urban Development			
Pass-through programs from:			
Missouri Department of Social Services			
Emergency Solutions Grant Program	14.231	ERO 16412007	$ 92,934
ARRA-Homeless Prevention and Rapid Re-Housing	14.257	ERO 16410023A	10,016
Total Department of Housing and Urban Development			$ 102,950
Department of Justice			
Direct:			
Public Safety Partnership and Community Policing Grants	16.710		57,509
Public Safety Partnership and Community Policing Grants	16.710		97,498
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		65,897
Total Department of Justice Direct Programs			$ 220,904
Pass-through programs from:			
Missouri Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-JAG-011	42,493
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-JAG-017	56,712
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Programs/Grants to States and Territories	16.803	2009-JAG-RA-080	10,792
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Programs/Grants to States and Territories	16.803	2009-JAG-RA-108	22,618
City of Joplin, Missouri			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Programs/Grants to States and Territories	16.803	2009-MJCCG-018	20,782
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Programs/Grants to States and Territories	16.803	2009-MJCCG-046	21,114
Total Department of Justice Pass-through Programs			$ 174,511
Total Department of Justice			$ 395,415
Department of Transportation			
Pass-through programs from:			
Missouri Department of Transportation			
Highway Planning and Construction	20.205	BHO-B049(30)	$ 14,975
Highway Planning and Construction	20.205	BHO-B049(40)	7,733
State and Community Highway Safety	20.600	12-PT-02-074	3,874
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	12-K8-03-059	8,675
Alcohol Open Container Requirements	20.607	13-154-AL(39)	687
Missouri Emergency Response Commission			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		5,000
Total Department of Transportation			$ 40,944

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, 2012

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Environmental Protection Agency			
Direct:			
Superfund State, Political Subdivision, and Indian Tribe			
Site-Specific Cooperative Agreements	66.802		$ 134,928
Pass-through programs from:			
Missouri Department of Natural Resources			
Nonpoint Source Implementation Grants	66.460	G12-NPS-04	1,511
Environmental Resources Coalition, Inc.			
Surveys, Studies, Investigations and Special Purpose Grants	66.606		5,724
Missouri Department of Health and Senior Services			
Superfund State, Political Subdivision, and Indian Tribe			
Site-Specific Cooperative Agreements	66.802	AOC13380056	124,017
Total Environmental Protection Pass-Through Programs			$ 131,252
Total Environmental Protection Agency			$ 266,180
Election Assistance Commission			
Pass-through programs from:			
Missouri Secretary of State			
Help America Vote Act Requirements Payments	90.401		$ 1,078
Help America Vote Act Requirements Payments	90.401		40,571
Total Election Assistance Commission			$ 41,649
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	$ 49,177
Project Grants and Cooperative Agreements for Tuberculosis Control Payments	93.116		640
Prevention and Public Health Fund Affordable Care Act - Immunization Program	93.539	DH130005017	423
Child Care and Development Block Grants	93.575	ERS 22011048	4,990
Cooperative Agreements for State - Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	ERS 16112042	9,301
Cooperative Agreements for State - Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	ERS 16113072	4,489
Maternal and Child Health Services Block Grant to the States	93.994	AOC 12380072	35,731
Maternal and Child Health Services Block Grant to the States	93.994		1,625
Missouri Department of Social Services			
Child Support Enforcement	93.563		204,546
Total Department of Health and Human Services			$ 310,922
Executive Office of the President			
Pass-through programs from:			
Missouri Department of Public Safety			
High Intensity Drug Trafficking Areas Program	95.001	G11MW0001A-PP	$ 59,286
High Intensity Drug Trafficking Areas Program	95.001	G12MW0001A-PP	31,638
Total Executive Office of the President			$ 90,924
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	$ 180,669
Total Department of Homeland Security			$ 180,669
Total Expenditures of Federal Awards			$ 1,495,938

The accompanying notes are an integral part of this schedule.

JASPER COUNTY, MISSOURI
Notes to Schedule of Expenditures of Federal Awards
December 31, 2012

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Jasper County, Missouri under programs of the federal government for the year ended December 31, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Jasper County, Missouri, it is not intended to and does not present the financial position, changes in net assets or cash flows of Jasper County, Missouri.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3. Subrecipients

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 Solutions Grant Program	$ 91,111
14.257	ARRA - Homeless Prevention and Rapid Re-Housing	$ 9,453

JASPER COUNTY, MISSOURI
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified 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
66.802	Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements
93.563	Child Support Enforcement
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

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

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

JASPER COUNTY, MISSOURI
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

Section II – Financial Statement Findings

2012-1	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 the current economic environment to employ additional staff.

Section II – Financial Statement Findings (Continued)

2012-2	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.

2012-3	Preparation of the Financial Statements and Related Notes
Criteria:	The financial statements and the related notes are the responsibility of the management of the County.
Condition:	County personnel are able to perform basic accounting functions necessary to maintain the general ledger and prepare financial statements for internal use but do not maintain the knowledge to prepare the financial statements and related notes in accordance with the Generally Accepted Accounting Principles.
Effect:	The financial statements may be misstated or may lack all required disclosures.
Recommendation:	County personnel continue to maintain the general ledger and prepare internal financial statements.
Management Response:	County personnel will take responsibility for the financial statement, will review all proposed adjustments and the draft financial statements.

JASPER COUNTY, MISSOURI
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

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, 2012

Item	Program Finding	Status
2011-1	Segregation of Duties	Condition Still Exists
2011-2	Accounting Manual	Condition Still Exists

JASPER COUNTY, MISSOURI
Corrective Action Plan
December 31, 2012

Finding 2012-1	County Officials are aware of the need to develop procedures for the handling of money generated in the respective offices. County personnel are continuing to develop 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.
Finding 2012-2	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.
Finding 2012-3	County personnel will continue to prepare financial statements and budget comparisons for internal use and will review the audited financial statements and related notes and accept responsibility for them.