



**THOMAS A. SCHWEICH**  
Missouri State Auditor

To the County Commission  
and  
Officeholders of Vernon County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Vernon County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2011, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Thomas A. Schweich".

Thomas A. Schweich  
State Auditor

September 2012  
Report No. 2012-113

ANNUAL FINANCIAL REPORT

**VERNON COUNTY, MISSOURI**

For the Years Ended  
December 31, 2011 and 2010

VERNON COUNTY, MISSOURI

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## **INTRODUCTORY SECTION**

VERNON COUNTY, MISSOURI  
List of Elected Officials

*County Commission*

Presiding Commissioner – Bonnie M. McCord

Northern Commissioner – Neal F. Gerster

Southern Commissioner – Kennon R. Shaw

*Other Elected Officials*

Assessor – Cherie K. Roberts

County Clerk – Tammi Beach

Circuit Clerk – Vickie Erwin

Recorder – Doug Shupe

Coroner – David Ferry

Prosecuting Attorney – Lynn M. Ewing, III

Public Administrator – Tammy Bond

Sheriff – Ron Peckman

Collector/Treasurer – Phil Couch

## **FINANCIAL SECTION**

## McBRIDE, LOCK & ASSOCIATES

### INDEPENDENT AUDITORS' REPORT

To the County Commission and  
Officeholders of Vernon County, Missouri

We have audited the accompanying financial statements of Vernon County, Missouri as of and for the years ended December 31, 2011 and 2010, which collectively comprise the County's basic financial statements as identified in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

As described more fully in Note 1, Vernon County, Missouri has prepared these financial statements using accounting practices prescribed or permitted by Missouri Law, which practices differ from 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 Vernon County, Missouri, as of December 31, 2011 and 2010, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Vernon County, Missouri, as of December 31, 2011 and 2010, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report date June 15, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 audits.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Vernon County, Missouri's basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*(Original Signed by Auditor)*

McBride, Lock & Associates  
June 15, 2012

VERNON COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2010 AND 2011

Fund	Cash & Cash Equivalents			Cash & Cash Equivalents			Cash & Cash Equivalents
	January 1, 2010	Receipts 2010	Disbursements 2010	December 31, 2010	Receipts 2011	Disbursements 2011	December 31, 2011
General Revenue	\$ 13,710	\$ 3,511,136	\$ 3,461,937	\$ 62,909	\$ 3,346,772	\$ 3,106,815	\$ 302,866
Special Road & Bridge	180,999	1,334,311	1,058,536	456,774	1,173,403	1,204,132	426,045
Assessment	12,203	202,955	199,489	15,669	213,357	194,661	34,365
Law Enforcement Training	153	3,502	3,336	319	3,866	2,467	1,718
Sheriff's Discretionary	7,891	28,468	29,833	6,526	24,236	27,948	2,814
Prosecuting Attorney Training	320	625	761	184	681	690	175
Prosecuting Attorney Bad Check	4,034	20,373	23,072	1,335	14,054	15,389	-
Sewer	37,572	7,069	15,917	28,724	5,045	33,669	100
Local Emergency Planning Committee	13,957	8,185	9,476	12,666	9,831	12,457	10,040
Shelter	-	4,366	4,366	-	4,677	4,677	-
Election Service	25,941	32,649	17,888	40,702	13,129	12,222	41,609
Help America Vote Act	51	13,473	13,455	69	8,390	7,381	1,078
Election	-	106,498	106,498	-	75,832	45,215	30,617
Tax Maintenance	37,824	30,858	19,829	48,853	31,140	33,571	46,422
Quarter % Assessment	1,677	33,536	26,336	8,877	41,765	43,858	6,784
Recorder User Fee	90,310	13,885	16,156	88,039	12,533	19,235	81,337
Law Enforcement Restitution	9,106	71,588	65,793	14,901	34,509	25	49,385
Law Enforcement Sales Tax	104,927	905,524	946,920	63,531	958,114	922,465	99,180
Inmate Security	7,158	2,546	18	9,686	2,763	20	12,429
Prosecuting Attorney Tax Collection	845	77	287	635	197	665	167
Recycling Income	13,305	20,089	29,266	4,128	10,183	14,311	-
United Way Dare	950	2,518	3,253	215	2,394	860	1,749
Payment in Lieu of Tax (P.I.L.T.)	-	-	-	-	40,000	4,824	35,176
Bond Reserve	744,244	627	293	744,578	480	19,067	725,991
<b>Total</b>	<b>\$ 1,307,177</b>	<b>\$ 6,354,858</b>	<b>\$ 6,052,715</b>	<b>\$ 1,609,320</b>	<b>\$ 6,027,351</b>	<b>\$ 5,726,624</b>	<b>\$ 1,910,047</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

		GENERAL REVENUE FUND			
		Year Ended December 31,			
		2010		2011	
		Budget	Actual	Budget	Actual
<b>RECEIPTS</b>					
Property taxes	\$	359,446	\$ 366,365	\$ 397,507	\$ 387,203
Sales taxes		850,200	914,770	897,000	958,230
Intergovernmental		470,909	425,406	587,618	460,047
Charges for services		1,089,915	964,207	964,594	996,488
Interest		2,500	1,749	1,700	2,925
Other		466,243	433,363	206,714	194,135
Transfers in		413,695	405,276	395,266	347,744
Total Receipts	\$	<u>3,652,908</u>	<u>\$ 3,511,136</u>	<u>\$ 3,450,399</u>	<u>\$ 3,346,772</u>
<b>DISBURSEMENTS</b>					
County Commission	\$	96,274	\$ 96,280	\$ 96,291	\$ 95,522
County Clerk		190,647	189,394	193,634	192,351
Elections		75,200	55,557	3,900	3,778
Buildings and grounds		116,174	105,186	99,137	95,437
Employee fringe benefits		367,126	357,465	438,235	371,489
Treasurer		109,651	107,168	110,285	107,406
Recorder of Deeds		88,202	86,753	88,852	87,680
Circuit Clerk		53,900	45,354	42,400	44,736
Court administration		27,210	23,502	23,846	20,716
Public Administrator		65,380	63,212	67,785	65,798
Sheriff		924,281	883,027	1,000,002	825,311
Jail		608,938	604,379	599,570	605,488
Prosecuting Attorney		183,789	183,782	193,336	184,609
Juvenile Officer		118,374	103,806	113,744	113,587
Coroner		31,153	32,262	28,628	25,634
Other County Government		236,973	221,006	222,096	208,598
Health and Welfare		1,500	1,500	1,000	1,000
Debt Services		351,323	289,146	57,650	57,637
Transfers out		37,620	10,350	10,000	-
Emergency fund		98,811	2,808	96,219	38
Total Disbursements	\$	<u>3,782,526</u>	<u>\$ 3,461,937</u>	<u>\$ 3,486,610</u>	<u>\$ 3,106,815</u>
<b>RECEIPTS OVER (UNDER)</b>					
<b>DISBURSEMENTS</b>					
	\$	(129,618)	\$ 49,199	\$ (36,211)	\$ 239,957
<b>CASH &amp; CASH EQUIVELANTS, JANUARY 1</b>					
		<u>13,710</u>	<u>13,710</u>	<u>62,909</u>	<u>62,909</u>
<b>CASH &amp; CASH EQUIVELANTS, DECEMBER 31</b>					
	\$	<u>(115,908)</u>	<u>\$ 62,909</u>	<u>\$ 26,698</u>	<u>\$ 302,866</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - REGULATORY BASIS

	SPECIAL ROAD AND BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2010		2011		2010		2011	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ 102,361	\$ 109,576	\$ 105,000	\$ 111,399	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,307,194	1,160,471	1,345,223	1,045,157	190,720	198,317	214,070	211,269
Charges for services	-	-	-	-	-	-	-	-
Interest	2,500	4,648	3,000	6,777	500	804	650	937
Other	16,200	59,616	28,200	10,070	2,975	834	600	1,151
Transfers in	-	-	-	-	20,270	3,000	-	-
Total Receipts	<u>\$ 1,428,255</u>	<u>\$ 1,334,311</u>	<u>\$ 1,481,423</u>	<u>\$ 1,173,403</u>	<u>\$ 214,465</u>	<u>\$ 202,955</u>	<u>\$ 215,320</u>	<u>\$ 213,357</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ 260,000	\$ 255,244	\$ 270,000	272,778	\$ 143,948	\$ 133,213	\$ 142,245	\$ 126,272
Employee fringe benefits	103,140	84,334	95,911	89,352	26,093	23,742	26,319	23,433
Materials and supplies	142,000	114,650	159,800	96,559	22,652	16,168	19,652	21,334
Services and Other	635,931	391,790	723,346	367,932	33,975	26,366	30,725	23,622
Capital Outlay	31,000	-	141,682	161,224	-	-	-	-
Construction	237,050	142,436	240,000	134,750	-	-	-	-
Transfers out	70,082	70,082	81,537	81,537	-	-	-	-
Total Disbursements	<u>\$ 1,479,203</u>	<u>\$ 1,058,536</u>	<u>\$ 1,712,276</u>	<u>\$ 1,204,132</u>	<u>\$ 226,668</u>	<u>\$ 199,489</u>	<u>\$ 218,941</u>	<u>\$ 194,661</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>\$ (50,948)</u>	<u>\$ 275,775</u>	<u>\$ (230,853)</u>	<u>\$ (30,729)</u>	<u>\$ (12,203)</u>	<u>\$ 3,466</u>	<u>\$ (3,621)</u>	<u>\$ 18,696</u>
<b>CASH &amp; CASH EQUIVELANTS, JANUARY 1</b>	<u>180,999</u>	<u>180,999</u>	<u>456,774</u>	<u>456,774</u>	<u>12,203</u>	<u>12,203</u>	<u>15,669</u>	<u>15,669</u>
<b>CASH &amp; CASH EQUIVELANTS, DECEMBER 31</b>	<u><u>\$ 130,051</u></u>	<u><u>\$ 456,774</u></u>	<u><u>\$ 225,921</u></u>	<u><u>\$ 426,045</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,669</u></u>	<u><u>\$ 12,048</u></u>	<u><u>\$ 34,365</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	LAW ENFORCEMENT TRAINING FUND				SHERIFF'S DISCRETIONARY FUND			
	Year Ended December 31,							
	2010		2011		2010		2011	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	3,471	3,478	3,350	3,857	38,500	25,976	29,000	24,207
Interest	11	6	7	9	100	58	50	29
Other	-	18	-	-	-	2,434	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 3,482</u>	<u>\$ 3,502</u>	<u>\$ 3,357</u>	<u>\$ 3,866</u>	<u>\$ 38,600</u>	<u>\$ 28,468</u>	<u>\$ 29,050</u>	<u>\$ 24,236</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	8,000	8,000	8,000	8,000
Services and other	3,635	3,336	3,676	2,467	28,500	20,649	24,580	17,921
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	9,991	1,184	2,027	2,027
Total Disbursements	<u>\$ 3,635</u>	<u>\$ 3,336</u>	<u>\$ 3,676</u>	<u>\$ 2,467</u>	<u>\$ 46,491</u>	<u>\$ 29,833</u>	<u>\$ 34,607</u>	<u>\$ 27,948</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	\$ (153)	\$ 166	\$ (319)	\$ 1,399	\$ (7,891)	\$ (1,365)	\$ (5,557)	\$ (3,712)
<b>CASH &amp; CASH EQUIVELANTS,</b>								
JANUARY 1	<u>153</u>	<u>153</u>	<u>319</u>	<u>319</u>	<u>7,891</u>	<u>7,891</u>	<u>6,526</u>	<u>6,526</u>
<b>CASH &amp; CASH EQUIVELANTS,</b>								
DECEMBER 31	<u>\$ -</u>	<u>\$ 319</u>	<u>\$ -</u>	<u>\$ 1,718</u>	<u>\$ -</u>	<u>\$ 6,526</u>	<u>\$ 969</u>	<u>\$ 2,814</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	PROSECUTING ATTORNEY TRAINING FUND				PROSECUTING ATTORNEY BAD CHECK FUND			
	Year Ended December 31,				Year Ended December 31,			
	2010		2011		2010		2011	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	20,392	20,253	20,000	14,002
Interest	-	5	5	3	175	120	110	52
Other	550	620	620	678	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 550</u>	<u>\$ 625</u>	<u>\$ 625</u>	<u>\$ 681</u>	<u>\$ 20,567</u>	<u>\$ 20,373</u>	<u>\$ 20,110</u>	<u>\$ 14,054</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	780	761	700	690	2,406	877	707	747
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	22,195	22,195	20,738	14,642
Total Disbursements	<u>\$ 780</u>	<u>\$ 761</u>	<u>\$ 700</u>	<u>\$ 690</u>	<u>\$ 24,601</u>	<u>\$ 23,072</u>	<u>\$ 21,445</u>	<u>\$ 15,389</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>								
	\$ (230)	\$ (136)	\$ (75)	\$ (9)	\$ (4,034)	\$ (2,699)	\$ (1,335)	\$ (1,335)
<b>CASH &amp; CASH EQUIVELANTS, JANUARY 1</b>								
	<u>320</u>	<u>320</u>	<u>184</u>	<u>184</u>	<u>4,034</u>	<u>4,034</u>	<u>1,335</u>	<u>1,335</u>
<b>CASH &amp; CASH EQUIVELANTS, DECEMBER 31</b>								
	<u>\$ 90</u>	<u>\$ 184</u>	<u>\$ 109</u>	<u>\$ 175</u>	<u>\$ -</u>	<u>\$ 1,335</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SEWER FUND				LOCAL EMERGENCY PLANNING COMMITTEE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2010		2011		2010		2011	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ 6,100	\$ 6,502	\$ 6,000	\$ 4,858	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	3,800	8,185	3,900	4,675
Charges for services	-	-	-	-	-	-	-	-
Interest	500	567	500	187	-	-	100	5,156
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 6,600</u>	<u>\$ 7,069</u>	<u>\$ 6,500</u>	<u>\$ 5,045</u>	<u>\$ 3,800</u>	<u>\$ 8,185</u>	<u>\$ 4,000</u>	<u>\$ 9,831</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	44,172	15,917	35,224	33,669	17,757	9,476	15,600	12,457
Capital outlay and construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 44,172</u>	<u>\$ 15,917</u>	<u>\$ 35,224</u>	<u>\$ 33,669</u>	<u>\$ 17,757</u>	<u>\$ 9,476</u>	<u>\$ 15,600</u>	<u>\$ 12,457</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>\$ (37,572)</u>	<u>\$ (8,848)</u>	<u>\$ (28,724)</u>	<u>\$ (28,624)</u>	<u>\$ (13,957)</u>	<u>\$ (1,291)</u>	<u>\$ (11,600)</u>	<u>\$ (2,626)</u>
<b>CASH &amp; CASH EQUIVELANTS, JANUARY 1</b>	<u>37,572</u>	<u>37,572</u>	<u>28,724</u>	<u>28,724</u>	<u>13,957</u>	<u>13,957</u>	<u>12,666</u>	<u>12,666</u>
<b>CASH &amp; CASH EQUIVELANTS, DECEMBER 31</b>	<u>\$ -</u>	<u>\$ 28,724</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 12,666</u>	<u>\$ 1,066</u>	<u>\$ 10,040</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL -REGULATORY BASIS

	SHELTER FUND				ELECTION SERVICE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2010		2011		2010		2011	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	4,352	4,352	4,400	4,664	5,750	32,253	2,800	12,604
Interest	14	14	1,400	13	200	396	200	525
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 4,366</u>	<u>\$ 4,366</u>	<u>\$ 5,800</u>	<u>\$ 4,677</u>	<u>\$ 5,950</u>	<u>\$ 32,649</u>	<u>\$ 3,000</u>	<u>\$ 13,129</u>
<b>DISBURSEMENTS</b>								
Salaries	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	31,891	17,888	43,702	12,222
Services and other	4,366	4,366	5,800	4,677	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 4,366</u>	<u>\$ 4,366</u>	<u>\$ 5,800</u>	<u>\$ 4,677</u>	<u>\$ 31,891</u>	<u>\$ 17,888</u>	<u>\$ 43,702</u>	<u>\$ 12,222</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	\$ -	\$ -	\$ -	\$ -	\$ (25,941)	\$ 14,761	\$ (40,702)	\$ 907
<b>CASH &amp; CASH EQUIVELANTS,</b>								
<b>JANUARY 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,941</u>	<u>25,941</u>	<u>40,702</u>	<u>40,702</u>
<b>CASH &amp; CASH EQUIVELANTS,</b>								
<b>DECEMBER 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,702</u>	<u>\$ -</u>	<u>\$ 41,609</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL-REGULATORY BASIS

	HELP AMERICA VOTE ACT FUND				ELECTION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2010		2011		2010		2011	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	15,183	6,114	16,000	8,313	115,000	106,498	45,250	75,832
Charges for services	230	-	-	75	-	-	-	-
Interest	9	9	8	2	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	7,350	-	-	-	-	-	-
Total Receipts	<u>\$ 15,422</u>	<u>\$ 13,473</u>	<u>\$ 16,008</u>	<u>\$ 8,390</u>	<u>\$ 115,000</u>	<u>\$ 106,498</u>	<u>\$ 45,250</u>	<u>\$ 75,832</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	10,253	8,510	13,206	5,764	-	-	-	-
Services and other	5,220	4,945	2,871	1,617	115,000	106,498	45,250	45,215
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 15,473</u>	<u>\$ 13,455</u>	<u>\$ 16,077</u>	<u>\$ 7,381</u>	<u>\$ 115,000</u>	<u>\$ 106,498</u>	<u>\$ 45,250</u>	<u>\$ 45,215</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	\$ (51)	\$ 18	\$ (69)	\$ 1,009	\$ -	\$ -	\$ -	\$ 30,617
<b>CASH &amp; CASH EQUIVELANTS,</b>								
<b>JANUARY 1</b>	<u>51</u>	<u>51</u>	<u>69</u>	<u>69</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH &amp; CASH EQUIVELANTS,</b>								
<b>DECEMBER 31</b>	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ -</u>	<u>\$ 1,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,617</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	TAX MAINTENANCE FUND				QUARTER % ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2010		2011		2010		2011	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 32,000	\$ 30,209	\$ 31,250	\$ 30,891
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	4,000	-
Charges for services	25,000	30,232	27,000	30,395	-	3,178	2,975	6,835
Interest	500	626	500	745	500	149	149	186
Other	-	-	-	-	-	-	-	3,853
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 25,500</u>	<u>\$ 30,858</u>	<u>\$ 27,500</u>	<u>\$ 31,140</u>	<u>\$ 32,500</u>	<u>\$ 33,536</u>	<u>\$ 38,374</u>	<u>\$ 41,765</u>
<b>DISBURSEMENTS</b>								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	17,550	13,825	23,775	22,106
Services and other	13,900	3,729	50,000	17,153	8,352	4,236	15,375	13,651
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	16,100	16,100	16,418	16,418	8,275	8,275	8,101	8,101
Total Disbursements	<u>\$ 30,000</u>	<u>\$ 19,829</u>	<u>\$ 66,418</u>	<u>\$ 33,571</u>	<u>\$ 34,177</u>	<u>\$ 26,336</u>	<u>\$ 47,251</u>	<u>\$ 43,858</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>\$ (4,500)</b>	<b>\$ 11,029</b>	<b>\$ (38,918)</b>	<b>\$ (2,431)</b>	<b>\$ (1,677)</b>	<b>\$ 7,200</b>	<b>\$ (8,877)</b>	<b>\$ (2,093)</b>
<b>CASH &amp; CASH EQUIVELANTS, JANUARY 1</b>	<u>37,824</u>	<u>37,824</u>	<u>48,853</u>	<u>48,853</u>	<u>1,677</u>	<u>1,677</u>	<u>8,877</u>	<u>8,877</u>
<b>CASH &amp; CASH EQUIVELANTS, DECEMBER 31</b>	<u><u>\$ 33,324</u></u>	<u><u>\$ 48,853</u></u>	<u><u>\$ 9,935</u></u>	<u><u>\$ 46,422</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,877</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,784</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	RECORDER USER FEE FUND				LAW ENFORCEMENT RESTITUTION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2010		2011		2010		2011	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	10,551	12,556	10,000	11,462	40,000	35,027	33,000	34,118
Interest	1,200	1,329	1,000	1,071	200	470	400	391
Other	-	-	-	-	36,091	36,091	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 11,751</u>	<u>\$ 13,885</u>	<u>\$ 11,000</u>	<u>\$ 12,533</u>	<u>\$ 76,291</u>	<u>\$ 71,588</u>	<u>\$ 33,400</u>	<u>\$ 34,509</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	556	-	3,635	-	-	-	-
Services and other	50,000	-	50,000	-	-	18	-	25
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	15,600	-	15,600	85,397	65,775	30,000	-
Total Disbursements	<u>\$ 50,000</u>	<u>\$ 16,156</u>	<u>\$ 50,000</u>	<u>\$ 19,235</u>	<u>\$ 85,397</u>	<u>\$ 65,793</u>	<u>\$ 30,000</u>	<u>\$ 25</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>								
	\$ (38,249)	\$ (2,271)	\$ (39,000)	\$ (6,702)	\$ (9,106)	\$ 5,795	\$ 3,400	\$ 34,484
<b>CASH &amp; CASH EQUIVELANTS, JANUARY 1</b>								
	<u>90,310</u>	<u>90,310</u>	<u>88,039</u>	<u>88,039</u>	<u>9,106</u>	<u>9,106</u>	<u>14,901</u>	<u>14,901</u>
<b>CASH &amp; CASH EQUIVELANTS, DECEMBER 31</b>								
	<u>\$ 52,061</u>	<u>\$ 88,039</u>	<u>\$ 49,039</u>	<u>\$ 81,337</u>	<u>\$ -</u>	<u>\$ 14,901</u>	<u>\$ 18,301</u>	<u>\$ 49,385</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	LAW ENFORCEMENT SALES TAX FUND				INMATE SECURITY FUND			
	Year Ended December 31,				Year Ended December 31,			
	2010		2011		2010		2011	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	850,000	903,155	897,000	955,475	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	2,000	2,424	2,000	2,625
Interest	2,300	2,369	2,000	2,639	100	122	100	138
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 852,300</u>	<u>\$ 905,524</u>	<u>\$ 899,000</u>	<u>\$ 958,114</u>	<u>\$ 2,100</u>	<u>\$ 2,546</u>	<u>\$ 2,100</u>	<u>\$ 2,763</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	744,899	758,736	746,759	725,695	9,000	18	11,786	20
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	202,328	188,184	215,772	196,770	-	-	-	-
Total Disbursements	<u>\$ 947,227</u>	<u>\$ 946,920</u>	<u>\$ 962,531</u>	<u>\$ 922,465</u>	<u>\$ 9,000</u>	<u>\$ 18</u>	<u>\$ 11,786</u>	<u>\$ 20</u>
<b>RECEIPTS OVER (UNDER)</b>								
<b>DISBURSEMENTS</b>	\$ (94,927)	\$ (41,396)	\$ (63,531)	\$ 35,649	\$ (6,900)	\$ 2,528	\$ (9,686)	\$ 2,743
<b>CASH &amp; CASH EQUIVELANTS,</b> <b>JANUARY 1</b>	<u>104,927</u>	<u>104,927</u>	<u>63,531</u>	<u>63,531</u>	<u>7,158</u>	<u>7,158</u>	<u>9,686</u>	<u>9,686</u>
<b>CASH &amp; CASH EQUIVELANTS,</b> <b>DECEMBER 31</b>	<u>\$ 10,000</u>	<u>\$ 63,531</u>	<u>\$ -</u>	<u>\$ 99,180</u>	<u>\$ 258</u>	<u>\$ 9,686</u>	<u>\$ -</u>	<u>\$ 12,429</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	PROSECUTING ATTORNEY TAX COLLECTION				RECYCLING INCOME FUND			
	2010		2011		2010		2011	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	300	67	100	195	-	-	-	-
Interest	-	10	-	2	50	109	100	22
Other - sales of recyclables	-	-	-	-	20,000	19,980	20,187	10,161
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 300</u>	<u>\$ 77</u>	<u>\$ 100</u>	<u>\$ 197</u>	<u>\$ 20,050</u>	<u>\$ 20,089</u>	<u>\$ 20,287</u>	<u>\$ 10,183</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	1,100	287	666	665	33,355	11,385	19,343	1,662
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	17,881	5,072	12,649
Total Disbursements	<u>\$ 1,100</u>	<u>\$ 287</u>	<u>\$ 666</u>	<u>\$ 665</u>	<u>\$ 33,355</u>	<u>\$ 29,266</u>	<u>\$ 24,415</u>	<u>\$ 14,311</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>\$ (800)</u>	<u>\$ (210)</u>	<u>\$ (566)</u>	<u>\$ (468)</u>	<u>\$ (13,305)</u>	<u>\$ (9,177)</u>	<u>\$ (4,128)</u>	<u>\$ (4,128)</u>
<b>CASH &amp; CASH EQUIVELANTS, JANUARY 1</b>	<u>845</u>	<u>845</u>	<u>635</u>	<u>635</u>	<u>13,305</u>	<u>13,305</u>	<u>4,128</u>	<u>4,128</u>
<b>CASH &amp; CASH EQUIVELANTS, DECEMBER 31</b>	<u>\$ 45</u>	<u>\$ 635</u>	<u>\$ 69</u>	<u>\$ 167</u>	<u>\$ -</u>	<u>\$ 4,128</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	United Way Dare				Payment in Lieu of Tax			
	Year Ended December 31,				Year Ended December 31,			
	2010		2011		2010		2011	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	18	-	9	-	-	700	-
Property tax settlement	-	-	-	-	-	-	40,000	40,000
Other	2,500	2,500	3,500	2,385	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 2,500</u>	<u>\$ 2,518</u>	<u>\$ 3,500</u>	<u>\$ 2,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,700</u>	<u>\$ 40,000</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	3,450	3,253	3,500	860	-	-	40,700	4,824
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 3,450</u>	<u>\$ 3,253</u>	<u>\$ 3,500</u>	<u>\$ 860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,700</u>	<u>\$ 4,824</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (950)	\$ (735)	\$ -	\$ 1,534	\$ -	\$ -	\$ -	\$ 35,176
CASH & CASH EQUIVELANTS, JANUARY 1	<u>950</u>	<u>950</u>	<u>215</u>	<u>215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH & CASH EQUIVELANTS, DECEMBER 31	<u>\$ -</u>	<u>\$ 215</u>	<u>\$ 215</u>	<u>\$ 1,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,176</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	Bond Reserve			
	Year Ended December 31,			
	2010		2011	
	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	627	-	480
Other	-	-	-	-
Transfers in	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ 627</u>	<u>\$ -</u>	<u>\$ 480</u>
<b>DISBURSEMENTS</b>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-
Materials and supplies	-	-	-	-
Services and other	-	293	-	19,067
Capital outlay	-	-	-	-
Construction	-	-	-	-
Transfers out	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ 293</u>	<u>\$ -</u>	<u>\$ 19,067</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>\$ -</b>	<b>\$ 334</b>	<b>\$ -</b>	<b>\$ (18,587)</b>
<b>CASH &amp; CASH EQUIVELANTS, JANUARY 1</b>	<u>744,244</u>	<u>744,244</u>	<u>744,578</u>	<u>744,578</u>
<b>CASH &amp; CASH EQUIVELANTS, DECEMBER 31</b>	<u><u>\$ 744,244</u></u>	<u><u>\$ 744,578</u></u>	<u><u>\$ 744,578</u></u>	<u><u>\$ 725,991</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Vernon County, Missouri (“County”) is governed by a three-member board of commissioners. In addition to the three board members, there are nine elected Constitutional Officers: Assessor, County Clerk, Circuit Clerk, Recorder, Coroner, Prosecuting Attorney, Public Administrator, Sheriff, and Treasurer – Collector.

As discussed further in Note 1, these financial statements are presented using accounting practices prescribed or permitted by Missouri Law, which differ from accounting principles generally accepted in the United States of America, which would include all relevant Government Accounting Standards Board (GASB) pronouncements. The differences include use of a prescribed definition of the reporting entity and the cash basis of accounting.

A. Reporting Entity

The County’s operations include tax assessments and collections, state/county courts, county recorder, public safety, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include the primary government of Vernon County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, offices that are considered to comprise the County’s legal entity.

Certain elected County officials, particularly the Collector/Treasurer and Sheriff, collect and hold monies in a trustee capacity as an agent of individuals, taxing units, or other governments. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements.

B. Basis of Presentation

Governmental Funds - Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, net assets, revenues/receipts and expenditures/disbursements. The County’s funds are governmental funds. Governmental funds are those through which most governmental functions are financed. The County’s expendable financial resources are accounted for through governmental funds.

C. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, 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.

#### D. Budgets and Budgetary Accounting

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

1. In accordance with Chapter 50 RSMo, the County's policy is to adopt a budget for each governmental fund.
2. On or before the second Monday in January, each elected officer and department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the cash basis of accounting, for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated fund balance at the beginning of the year as well as estimated revenues to be received.
4. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance.
5. A public hearing is conducted to obtain public comment on the budget. Prior to its approval by the County Commission, the budget document is available for public inspection, which usually takes place the third and fourth weeks of January.
6. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by a formal vote of the Commission. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.
8. Budgets are prepared and adopted on the cash basis of accounting.
9. Adoption of a formal budget is required by law. However, the County did not adopt a formal budget for the Bond Reserve Fund in 2011 and 2010.

10. Section 50.740 RSMo. prohibits expenditures in excess of the approved budgets. Actual expenditures did exceed budgeted amounts for the Bond Reserve. Because a budget was not adopted for the Bond Reserve Fund as noted in 1.D.9, expenditures in the Bond Reserve exceeded budgetary authority to the extent that a budget was not adopted in years 2011 and 2010.

11. Section 50.1610 and Section 50.740, RSMo require that counties prepare budgets that balance proposed expenditures with estimated revenues and other sources of financial resources. Accordingly, counties are not authorized to have deficit budgeted fund balances. The General Revenue Fund budget in 2010 carried a deficit fund balance. The County considers property taxes received by the Collector on December 31 of the fiscal year but not received by the General Fund until January of the subsequent year to be additional resources available to finance the current years' budget. At December 31, 2010, the \$260,000 of property taxes were held by the collector pending distribution to the County's General Revenue Fund.

E. Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and tax bills are mailed to taxpayers in October and November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuations of the tangible taxable property, included within the County's boundaries for the calendar year 2011 and 2010, for purposes of taxation were:

	<u>2011</u>	<u>2010</u>
Real Estate	\$ 155,065,370	\$ 153,775,910
Personal Property	58,876,951	52,856,326
Railroad and Utilities	17,316,693	15,069,959

During 2011 and 2010, the County Commission approved a tax levy per \$100 of assessed valuation of tangible taxable property for the calendar years 2011 and 2010, for purposes of County taxation, as follows:

	<u>2011</u>	<u>2010</u>
General Revenue	\$ 0.1638	\$ 0.1713

F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents may include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of

Missouri or other government bonds, or time certificates of deposit, purchased at a price at or below par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash and investment balances are presented in Note 2.

#### G. Interfund Activity

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

### 2. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements within the "Cash and Cash Equivalents" caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2011 and 2010, the carrying amounts of the County's deposits, were \$1,910,047 and \$1,609,320, respectively, and the bank balances were \$2,071,224 and \$1,251,430, respectively. Of the bank balances, \$302,162 and \$295,453 for December 31, 2011 and December 31, 2010, respectively, were covered by federal depository insurance and the remainder were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name.

At December 31, 2011 and 2010, the County Collector held, in addition to the cash and cash equivalents listed above, cash representing collections of property taxes on behalf of various taxing districts in the County, including the County General Revenue fund. Tax Collections on deposit amounted to \$8,298,121 and \$7,760,727 at December 31, 2011 and 2010, respectively. The County Collector's deposits were covered by federal depository insurance of \$250,000 as of December 31, 2011 and 2010, and the remainder was covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name.

### 3. COUNTY EMPLOYEES' RETIREMENT PLANS

The following information is presented in accordance with the Governmental Accounting Standards Board Statement 27 (GASB 27), "Accounting for Pensions by State and Local Governmental Employees"

#### A. Missouri Local Government Employees Retirement System (LAGERS)

### 1) Plan Description

Vernon County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401 (a) and 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. 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

### 2) Pension Benefits

Upon termination of employment, any member who is vested is entitled to either an unreduced benefit annuity, payable at age sixty (police and fire fighters, age fifty-five), or a reduced benefit annuity, payable at age fifty-five (police and fire fighters, age fifty).

### 3) Funding Policy

Participation in the plan is mandatory for full-time employees with six months service. Part-time employees are not eligible to participate in the plan. Employees do not contribute to LAGERS. Employer contributions are determined each year by LAGERS' actuary and are based on level-percent-of-payroll funding principles so the employer contributions rate may remain level over time. For 2011 and 2010, total payments to LAGERS were \$151,194 and \$135,869 respectively.

## B. County Employees' Retirement Fund (CERF)

The County Employee's Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees.

### 1) Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee

per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994.

The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of nine persons.

## 2) Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active member upon his or her death.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement is at age fifty-five. Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, P.O. Box 2271, Jefferson City, MO 65102-2271, or by calling 1-573-632-9203.

## 3) Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. All participants hired on or after February 24, 2002 are required to contribute an additional 4% of their gross compensation to CERF, starting January 1, 2003. An active LAGERS participant who was employed with the County prior to February 24, 2002, is not required to make contributions. During 2011 and 2010, the County collected and remitted to CERF employee contributions of approximately \$33,804 and \$33,841, respectively, for the years then ended.

## 4. POST EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County.

## 5. CLAIMS, COMMITMENT AND CONTINGENCIES

### A. Compensated Absences

The County provides full-time employees with up to 30 days of sick time, to accrue at one and one half day per complete calendar month of employment. Upon termination, the

employee is not compensated accrued sick time. Vacation time is accrued for every full-time employee, and accrues at the rate of 5 days per year up to two and 20 days per year depending on length of employment. Employees must use vacation time in the year it is earned.

#### B. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly, such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

### 6. RISK MANAGEMENT

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

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

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

### 7. LONG TERM DEBT

The County had the following debt outstanding at December 31, 2011:

#### A. Bonds Payable:

The County issued certificates of participation bonds to provide funds for the construction of a new law enforcement facility and to repay the related bond anticipation notes. The County created a Law Enforcement Sales Tax Fund and a Bond Reserve Fund in which the activity for this project and the bond reserve are recorded. Sales tax revenue bonds are payable from a one-half cent sales tax plus the interest from the Bond Reserve fund. The County debt at December 31, 2011 consisted of the following Certificates of Participation:

1) Certificates of Participation:

\$8,905,000 outstanding as of December 31, 2011; Certificates of Participation Series 2007, issued for the Law Enforcement Project, due in semi-annual installments of \$174,444 and \$569,444, interest at 3.7% through October 1, 2012; \$134,126 to \$609,126, interest at 3.75% to 3.95% through October 1, 2017; \$70,374 to \$670,374, interest at 4% to 4.2% through October 1, 2023; \$15,520 to \$725,620, interest \$4.25% to 4.4% through maturity at October 1, 2027.

8. CHANGE IN REPORTING ENTITY

The County has changed its definition of the reporting entity, as of January 1, 2010, to include the Recycling Income, United Way Dare and Payment in Lieu of Tax funds, as these funds are fiduciary in nature. The effect of the aforementioned change in reporting entity is to increase cash balances of the governmental funds as previously reported at December 31, 2009 by the amount representing cash balances of the Recycling Income and United Way Dare funds, which were \$13,305 and \$950, respectively.

9. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2011 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through June 15, 2012, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

## **COMPLIANCE SECTION**

## McBRIDE, LOCK & ASSOCIATES

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

To the County Commission and  
Officeholders of Vernon County, Missouri

We have audited the accompanying financial statements of Vernon County, Missouri as of and for the years ended December 31, 2011 and 2010, which collectively comprise the County's basic financial statements as identified in the table of contents, and have issued our report thereon dated June 15, 2012. 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 Vernon County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Vernon County, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Vernon County, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Vernon County, Missouri's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph in this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 1, that we consider to be a significant deficiency in internal control over financial reporting. 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vernon 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs as items 2 and 3.

We also noted two matters that we reported to management of Vernon County, Missouri, in the accompanying schedule of findings and questioned costs section as item 4 and 5.

Vernon 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 Vernon County, Missouri's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the County Commission, County Officeholders, the Missouri State Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*(Original Signed by Auditor)*

McBride, Lock & Associates  
June 15, 2012

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITORS' 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

To the County Commission and  
Officeholders of Vernon County, Missouri

Compliance

We have audited Vernon County, Missouri's (County) 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 the County's major federal programs for the years ended December 31, 2011 and 2010. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County'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 major federal programs occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal programs for the years ended December 31, 2011 and 2010.

## Internal Control Over Compliance

Management of the County 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 audits, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal programs 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 the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2. *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.

Vernon County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the County Commission, County Officeholders, the Missouri State Auditor, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*(Original Signed by Auditor)*

McBride, Lock & Associates  
June 15, 2012

VERNON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31, 2010	2011
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	2006ED07	\$ 1,050	\$ -
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants		32,368	17,919
Passed through:				
State Department of Public Safety -				
16.726	Juvenile Mentoring Program	2009EUDL29	-	1,063
16.523	Juvenile Accountability Block Grants	ERS172350	12,959	-
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	ERO172354	6,399	-
		ERS172392	-	29,323
16.738	Edward Byrne Memorial Justice Assistance Grant Program	2009-LBGJ-083	6,309	-
		2010-LBGJ-092	-	4,933
		2010-JAG-028	-	49,833
		2009-JAG-RA-092	-	27,347
16.710	Public Safety Partnership and Community Policing Grants	2010CKWX0183 (MOSMART)	-	84,992
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program			-
		2009-REC-JAG-032	32,379	
		*	6,351	
16.753	Congressionally Recommended Awards	2009D1BX0017 (MOSMART)	80,220	-
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	2010DCESP09	459	-
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through State Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-B108(34)	205,754	-
		BRO-B108(35)	-	36,272
		BRO-B108(36)	-	35,738
		BRO-B108(37)	-	35,738
		BRO-B108(38)	-	38,736
20.607	Alcohol Open Container Requirements	*	15,512	3,723
20.600	State and Community Highway Safety	*	7,014	742
20.613	Child Safety and Child Booster Seats Incentive Grants			76
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I		1,184	577
Passed through Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	HMPG	8,185	3,968
GENERAL SERVICES ADMINISTRATION				
Passed through the Office of Secretary of State -				
39.011	Election Reform Payments		2,158	4,204
ELECTION ASSISTANCE COMMISSION				
Passed through the Office of Secretary of State -				
90.401	Help America Vote Act Requirements Payments		2,453	
			1,894	
				3,442
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state Department of Social Services -				
93.563	Child Support Enforcement	*	1,802	1,857
93.569	Community Services Block Grant	*	32,389	34,208
93.617	Voting Access for Individuals with Disabilities - Grants to States		-	69
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through State Department of Public Safety:				
97.036	Disaster Grants - Public Assistance Grants (Presidentially declared disasters)	FEMA 732	42,792	
	Disaster Grants - Public Assistance Grants (Presidentially declared disasters)	*		2,319
97.067	Homeland Security Grant Program	EMPG	19,303	19,529
97.053	Citizen Corps	44-600613	1,018	788
Total Expenditures of Federal Awards			<u>\$ 519,952</u>	<u>\$ 437,396</u>

\* - the County was unable to provide the Pass-Through Entity Identifying Number. The County was unable to locate the grant agreement for this award. See Federal Finding No. 2011-2

See accompanying Notes to the Schedule of Expenditures of Federal Awards

**VERNON COUNTY, MISSOURI**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**NOTE C – SUBRECIPIENTS**

The County provided no federal awards to sub-recipients during the years ended December 31, 2011 and 2010.

VERNON COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

Type of Auditors' Report Issued: Unqualified

Internal Control Over Financial Reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards:**

Internal Control Over Major Programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  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  No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway and Transportation – Highway Planning and Construction
16.710	Public Safety Partnership And Community Policing Grants

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk:  Yes  No

## **SECTION II – FINANCIAL STATEMENTS FINDINGS**

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

1. Bond Reserve Monitoring and Reporting
2. Budgetary Compliance
3. Procurement Procedures
4. Accounting for Transfers
5. Timely Filing of Collector's Annual Settlement

Summary Schedule of Prior Audit Findings:

1. Bond Reserve Monitoring and Reporting
2. Budgetary Controls
3. Absence of Investment Policy
4. Accounting for Transfers

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Federal Grantor: U.S. Department of Justice-Direct Programs  
Pass through Grantor: N/A  
Federal CFDA Number: 16.710  
Program Title: Public Safety Partnership and Community Policing Grants  
Pass through Entity Identifying Numbers: N/A  
Award Years: 2010 and 2011  
Questioned Costs: None

Federal Grantor: U.S. Department of Justice  
Pass through Grantor: State Department of Public Safety  
Federal CFDA Number: 16.710  
Program Title: Public Safety Partnership and Community Policing Grants  
Pass through Entity Identifying Numbers: 2010CKWX0183  
Award Years: 2011  
Questioned Costs: None

Federal Grantor: U.S. Department of Justice  
Pass through Grantor: Department of Public Safety  
Federal CFDA Number: 16.580  
Program Title: Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program  
Pass through Entity Identifying Numbers: N/A  
Award Years: 2010  
Questioned Costs: None

Federal Grantor: U.S. Department of Transportation  
Pass through Grantor: State Highway and Transportation Commission  
Federal CFDA Number: 20.607  
Program Title: Alcohol Open Container Requirements

Pass through Entity Identifying Numbers: N/A  
Award Years: 2010 and 2011  
Questioned Costs: None

Federal Grantor: U.S. Department of Transportation  
Pass through Grantor: State Highway and Transportation Commission  
Federal CFDA Number: 20.600  
Program Title: State and Community Highway Safety  
Pass through Entity Identifying Numbers: N/A  
Award Years: 2010 and 2011  
Questioned Costs: None

Federal Grantor: U.S. Department of Health and Human Services  
Pass through Grantor: Department of Social Services  
Federal CFDA Number: 93.563  
Program Title: Child Support Enforcement  
Pass through Entity Identifying Numbers: N/A  
Award Years: 2010 and 2011  
Questioned Costs: None

Federal Grantor: U.S. Department of Health and Human Services  
Pass through Grantor: Department of Social Services  
Federal CFDA Number: 93.569  
Program Title: Community Services Block Grant  
Pass through Entity Identifying Numbers: N/A  
Award Years: 2010 and 2011  
Questioned Costs: None

Federal Grantor: U.S. Department of Homeland Security  
Pass through Grantor: Department of Public Safety  
Federal CFDA Number: 97.036  
Program Title: Disaster Grants - Public Assistance Grants (Presidentially declared disasters)  
Pass through Entity Identifying Numbers: N/A  
Award Years: 2011  
Questioned Costs: None

See Findings and Recommendation Sections, Findings 2011-1 and 2011-2 entitled:  
2011-1. Incorrect Schedule of Expenditures of Federal Awards (SEFA)  
2011-2. Document Retention

**SECTION IV – FOLLOW-UP ON PRIOR YEAR’S FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**None**

## **FINDINGS AND RECOMMENDATIONS**

VERNON COUNTY, MISSOURI  
FINDINGS AND RECOMMENDATIONS

**MATERIAL WEAKNESSES IN INTERNAL CONTROL**

None

**SIGNIFICANT INTERNAL CONTROL DEFICIENCIES**

**1. Bond Reserve Monitoring and Reporting**

Condition: A bond reserve was established in connection with the County's issuance of certificates of participation to finance the costs of the County Law Enforcement Facility in 2007. The Reserve Fund for the Certificates was established pursuant to the Declaration and was required to be funded at the time of the delivery of the Certificates from proceeds of the Certificates in an amount equal to \$744,086 (the "Reserve Requirement"). The reserve is to remain invested until the certificates of participation are paid in full in 2027, with the balances of the fund is to be used toward the final bond payment.

The interest earned by the fund and sales taxes collected by the County are used toward the payments of these certificates. While the bond reserve was presented in the County's published financial statements, the reserve fund is included in the Budget under County Long Term Debt as a reduction of long term debt. However this does not include associated transactions in the County's annual budget. The omission of cash and disbursement transactions from the County's central accounting system misstates the financial statements and also weakens internal control by reducing the oversight and monitoring functions pertaining to the disbursement of the funds and the repayment of the related debt.

Recommendation: We recommend that the County record all transactions associated with the Bond Reserve in the County's accounting system. These transactions and balances should also be included in the annual County Budget.

County's Response: The County is required to have a bond reserve fund and those funds are managed outside of the County's regular funds. The County will review prior history provided by the Trust company for the funds held in the bond reserve and start a new fund which simply mirrors the activities of the account held by the Trust Company.

Auditor's Evaluation: The stated corrective action is responsive to the recommendation.

## **ITEMS OF NONCOMPLIANCE**

### **2. Budgetary Compliance**

Condition: We noted two areas of noncompliance with State Statutes regarding the County's budgeting process during 2011 and 2010, as follows:

- a) Adoption of a formal budget is required by law. However, the County did not adopt a formal budget for the Bond Reserve Fund in Fiscal year 2011 and 2010.
- b) Actual expenditures exceeded budgeted expenditures for the Bond Reserve Fund in fiscal year 2011 and 2010 because a budget was not adopted for the Fund.

Recommendation: We recommend the County Commission and County Clerk ensure compliance with State Statutes and the Missouri Constitution by adopting a formal budget for all funds and refrain from approving proposed expenditures in excess of budgeted amounts.

County's Response: The County is required to have a bond reserve fund and those funds are managed outside of the County's regular funds. The County will review prior history provided by the Trust Company for the funds held in the bond reserve and start a new fund which simply mirrors the activities of the account held by the Trust Company.

Auditor's Response: The stated corrective action is responsive to the recommendation.

### **3. Procurement Procedures**

Condition: The County was unable to locate the procurement documentation in regards to selecting a car dealership from which to lease two sheriff patrol vehicles. RSMO 50.660 states "All contracts and purchases shall be let to the lowest and best bidder after due opportunity for competition."

Recommendation: We recommend that the County Clerk develop and implement procedures to ensure adequate record retention.

County Responses: The Sheriff's Office states that the dealership where these patrol vehicles were leased is the only company available that has no mileage restrictions on leased vehicles. Therefore, a single source allowing for their purchase. We do realize that was not noted in the minutes. The Commission and the Clerk will see that statement is included in any single source purchase. All officials will be reminded of the bidding laws.

Auditor's Evaluation: The stated corrective action is responsive to the recommendation.

## **OTHER MATTERS**

In planning and performing our audit of the financial statements of Vernon County, Missouri (the County) as of and for the years ended December 31, 2011 and 2010, in accordance with generally accepted government auditing standards, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the County's financial statements and not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are summarized below. We previously reported on the County's internal control in our report dated June 15, 2012. (A separate report dated June 15, 2012 contains our report on significant deficiencies in the County's internal control.) This document does not affect our report dated June 15, 2012.

### **4. Accounting for Transfers**

Condition: The County's financial statements as presented in the annual budget should record all transfers. The auditors noted that transfers between the General Revenue, Special Road and Bridge, and Assessment funds were generally accurate, transfers to and from other funds were not always properly classified.

The audit noted seven instances in which expenses had been misclassified as transfers out. The audit also noted an instance in which a transfer in was misclassified as an intergovernmental revenue. It is important that transfers between funds be accounted for and reported as such. Failure to do so places the County at greater risk for inaccurate reporting of expenses and revenues.

The financial statements presented in this report have been revised to balance transfers in and transfers out between funds.

Recommendation: We recommend that the County ensure that transactions between funds are recorded as transfers in and out and that they are in balance at all times. Other types of transactions should not be presented in the Transfers category.

County's Response: In 2012 a new budget line within the General Fund called transfers-in was created in hopes this will segregate the transfers to one budget line allowing for a more efficient tracking system.

Auditor's Evaluation: The stated corrective action is responsive to the recommendation.

## **5. Timely Filing of Collector's Annual Settlement**

Condition: The Collector filed annual settlements later than the due date of the first Monday in March 2011 and 2012. The settlement for 2010 was certified on April 22, 2011 and the settlement for 2011 was certified on April 2, 2012.

Recommendation: We recommend the County Collector establish procedures to ensure that future settlements are submitted by the required date.

County's Response: The Collector's association will be trying to change this law in the 2013 legislative session. This law does not allow adequate time for the collector's to receive statements for balancing the annual settlement. The delinquent tax books must be printed and checked for accuracy as well as continued daily work of collecting delinquent taxes, distributing the taxes to all political sub-divisions. Therefore making it impossible to meet the first Monday in March deadline as required by the state statute.

Auditor's Evaluation: The stated corrective action is responsive to the recommendation.

## FEDERAL FINDINGS AND QUESTIONED COST

### **2011-1: Incorrect Schedule of Expenditures of Federal Awards (SEFA)**

Condition: The County Clerk did not prepare an accurate SEFA for the years ending December 31, 2010 and 2011. Reporting was based on reimbursements received for CFDA Number 16.710 rather than expenditures incurred during the year. As a result, expenditures were understated on the draft SEFA by \$6,010. The December 31, 2011 Schedule of Expenditures of Federal Awards included with this report has been adjusted to correct this condition.

Recommendation: We recommend that County Clerk implement procedures to ensure that federal expenditures incurred during the year are reported on the Schedule of Federal Expenditures.

County Response: The Clerk's office will enlist the cooperation of each division in determining if funds deposited include expenses from the previous year.

Auditor's Response: The stated corrective action is responsive to the recommendation.

### **2011-2: Document Retention**

Condition: The County was unable to provide the grant agreements, inclusive of the identifying numbers for six grants (CFDA 16.580, 20.607, 20.600, 93.563, 93.569, 97.036) passed through four different state agencies.

Recommendation: We recommend that the County Clerk develop and implement procedures to ensure adequate record retention.

County Response: It is the County's understanding that not all state agencies of federal agencies provide a pass through entity identifying number. If those are available I believe it is the responsibility of the pass through agency to provide them to the county and we should not be written up if the information is not included as part of the application or award documentation provided from the agency.

Auditor's Evaluation: The County needs to maintain proper filing of grant agreements.

VERNON COUNTY, MISSOURI  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

In accordance with Government Auditing Standards, this section reports the auditors' follow-up on action taken by Vernon County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2009 and 2008.

1. The Reserve Fund and associated transactions are not included in the County's annual budget.

*Status – Not resolved. See finding No. 1.*

2. The County did not exercise adequate budgetary control over funds which incurred expenditures in excess of the authorized budgeted levels.

*Status - Not resolved. See finding No. 2.*

3. The County has not adopted an investment policy as required by State Statutes.

*Status – Resolved.*

4. Transfers were not always properly identified and in balance.

*Status – Not resolved See finding No. 4.*