



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE

March 22, 2011

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Jasper County, Iowa.

The County had local tax revenue of \$47,686,470 for the year ended June 30, 2010, which included \$1,781,258 in tax credits from the state. The County forwarded \$34,819,729 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$12,866,741 of the local tax revenue to finance County operations, a 1 percent increase over the prior year. Other revenues included charges for service of \$1,685,182, operating grants, contributions and restricted interest of \$6,294,138, capital grants, contributions and restricted interest of \$2,701,615, tax increment financing of \$592,150, local option sales tax of \$1,266,740, unrestricted investment earnings of \$200,826 and other general revenues of \$370,952.

Expenses for County operations totaled \$23,894,934, an 8 percent decrease from the prior year. Expenses included \$8,040,849 for roads and transportation, \$4,742,460 for public safety and legal services and \$3,312,568 for mental health.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1010-0050-B00F.pdf>.

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**JASPER COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2010**

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**Jasper County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John Parsons	Board of Supervisors	Jan 2011
Richard Tiedje	Board of Supervisors	Jan 2011
Dennis Stevenson	Board of Supervisors	Jan 2013
Dennis Parrott	County Auditor	Jan 2013
Doug Bishop	County Treasurer	Jan 2011
Nancy Parrott	County Recorder	Jan 2011
Mike Balmer	County Sheriff	Jan 2013
Mike Jacobsen	County Attorney	Jan 2011
John Deegan	County Assessor	Jan 2016

**Jasper County**



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STATE OF IOWA

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Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

## Independent Auditor's Report

To the Officials of Jasper County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Jasper County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County at June 30, 2010, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

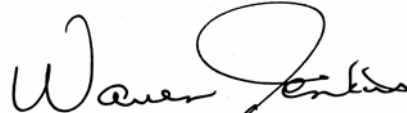
In accordance with Government Auditing Standards, we have also issued our report dated March 8, 2011 on our consideration of Jasper County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 44 through 48 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jasper County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) 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. Such information has been subjected to the auditing procedures applied in our 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.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 8, 2011



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Jasper County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2010 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities decreased 5.4%, or approximately \$1,481,000, from fiscal year 2009 to fiscal year 2010. Operating grants, contributions and restricted interest decreased approximately \$1,167,000, capital grants, contributions and restricted interest decreased approximately \$642,000 and property and other county tax increased approximately \$359,000.
- Program expenses of the County's governmental activities decreased 8.1%, or approximately \$2,117,000, from fiscal year 2009 to fiscal year 2010. Expenses decreased approximately \$2,762,000 in the county environment and education function and approximately \$303,000 in the mental health function and increased approximately \$532,000 in the roads and transportation function, approximately \$210,000 in the public safety and legal services function and approximately \$142,000 in the physical health and social services function.
- The County's net assets increased 5.8%, or approximately \$2,083,000, from June 30, 2009 to June 30, 2010.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Jasper County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Jasper County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Jasper County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has two kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for auto license and use tax, emergency management services and the County Assessor, to name a few.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Jasper County's combined net assets increased from a year ago, from approximately \$35,801,000 to approximately \$37,884,000. The analysis that follows focuses on the changes in the net assets of governmental activities.

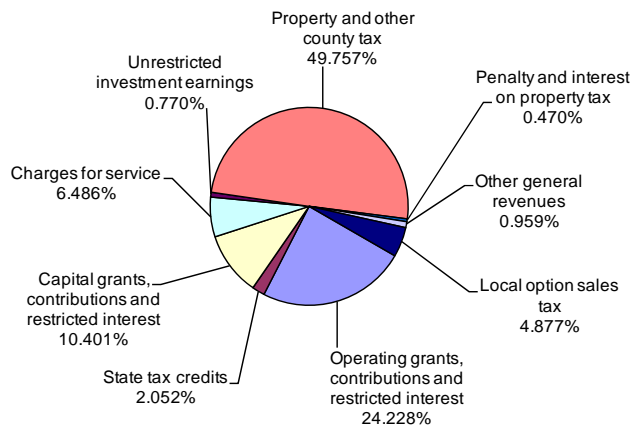
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2010	2009
Current and other assets	\$ 26,600	25,238
Capital assets	42,426	42,101
Total assets	<u>69,026</u>	<u>67,339</u>
Long-term liabilities	16,940	17,436
Other liabilities	14,202	14,102
Total liabilities	<u>31,142</u>	<u>31,538</u>
Net assets:		
Invested in capital assets, net of related debt	33,141	31,995
Restricted	7,201	6,900
Unrestricted	<u>(2,458)</u>	<u>(3,094)</u>
Total net assets	<u>\$ 37,884</u>	<u>35,801</u>

Net assets of Jasper County's governmental activities increased approximately \$2,083,000 (approximately \$37,884,000 compared to approximately \$35,801,000). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately (\$3,094,000) at June 30, 2009 to approximately (\$2,458,000) at the end of this year, an increase of 20.6%. This increase of approximately \$636,000 in unrestricted net assets was a result of increases in the unreserved balances of the General and Rural Services Funds.

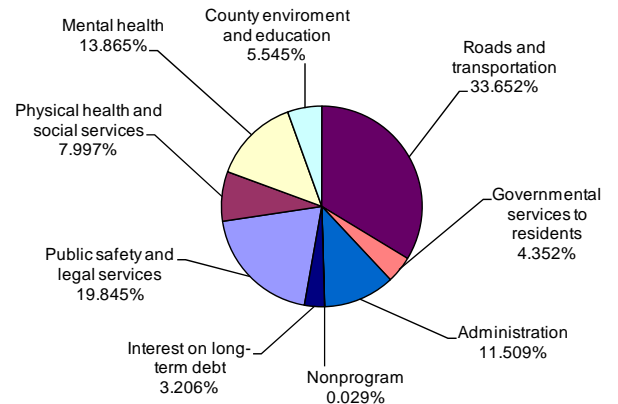
**Changes in Net Assets of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2010	2009
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,685	1,739
Operating grants, contributions and restricted interest	6,294	7,461
Capital grants, contributions and restricted interest	2,702	3,344
<b>General revenues:</b>		
Property and other county tax	12,926	12,567
Penalty and interest on property tax	122	122
State tax credits	533	551
Local option sales tax	1,267	1,241
Unrestricted investment earnings	200	281
Other general revenues	249	153
<b>Total revenues</b>	<b>25,978</b>	<b>27,459</b>
<b>Program expenses:</b>		
Public safety and legal services	4,742	4,532
Physical health and social services	1,911	1,769
Mental health	3,313	3,616
County environment and education	1,325	4,087
Roads and transportation	8,041	7,509
Governmental services to residents	1,040	908
Administration	2,750	2,784
Nonprogram	7	6
Interest on long-term debt	766	801
<b>Total expenses</b>	<b>23,895</b>	<b>26,012</b>
<b>Increase in net assets</b>	<b>2,083</b>	<b>1,447</b>
<b>Net assets beginning of year</b>	<b>35,801</b>	<b>34,354</b>
<b>Net assets end of year</b>	<b>\$ 37,884</b>	<b>35,801</b>

**Revenues by Source**



**Expenses by Function**



Jasper County's net assets of governmental activities increased approximately \$2,083,000 during the year. Revenues for governmental activities decreased approximately \$1,481,000 from the prior year. Property and other county tax revenue increased approximately \$359,000, or 2.9%, over the prior year. Capital grants, contributions and restricted interest decreased approximately \$642,000, or 19.2%, due to fewer farm-to-market projects being contributed to the County by the Iowa Department of Transportation in the current fiscal year. Operating grants, contributions and restricted interest decreased approximately \$1,167,000, or 15.6%, from the prior year, due primarily to a Community Development Block Grant (CDBG) received during the prior fiscal year.

The County decreased property tax rates for fiscal year 2010 an average of 3.6%. This decrease and increases in taxable valuations raised the County's property tax revenue approximately \$359,000 in fiscal year 2010.

The cost of all governmental activities this year was approximately \$23.9 million compared to approximately \$26.0 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$13.2 million because some of the cost was paid by those directly benefited from the programs (\$1,685,000) or by other governments and organizations which subsidized certain programs with grants and contributions (\$8,996,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2010 from approximately \$12,544,000 to approximately \$10,681,000, principally due to fewer farm-to-market road projects being contributed to the County by the Iowa DOT and a CDBG grant was received in the prior fiscal year. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$15,297,000 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

#### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Jasper County completed the year, its governmental funds reported a combined fund balance of approximately \$12.3 million, an increase of almost \$1,200,000 from last year's total of approximately \$11.1 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures remained consistent when compared to the prior year. At year end, the fund balance increased approximately \$441,000 over the prior year to \$4,001,954.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$3,309,741, a decrease of approximately \$304,000, or 8.4%, from the prior year. Revenues increased approximately \$128,000, or 3.4%, due to an increase in property tax. The Mental Health Fund balance at year end increased approximately \$549,000 to \$2,229,456.
- There were no significant changes in revenues and expenditures of the Rural Services Fund. At year end, the fund balance was \$401,126 compared to the prior year ending balance of \$351,723.
- Secondary Roads Fund revenues decreased approximately \$390,000, or 8.3%, primarily due to receipt of FEMA funding during the prior year. Expenditures increased approximately \$302,000, or 5.5%, from the prior year due to increased road maintenance expenditures during fiscal year 2010. The fund balance at June 30, 2010 was \$3,172,716 compared to the prior year ending balance of \$3,013,942, an increase of \$158,774.
- Debt Service Fund revenues increased from \$662,936 in the prior year to \$743,035 for the current year, due primarily to the City of Newton contributing half of the annual interest expense on debt in accordance with the development agreement between TPI Iowa LLC, the City and the County. Expenditures remained consistent compared to the prior year. At year end, the fund balance was \$205,208 compared to the prior year ending balance of \$274,924.

- Capital Projects Fund revenues decreased approximately \$38,000, or 82.2%, due to more FEMA funding received in the prior fiscal year. Expenditures decreased from \$1,268,098 in the prior year to \$21,471 for the current year, primarily due to payment of an economic development grant to TPI Iowa, LLC made during the prior year.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, Jasper County amended its budget once in May 2010. The amendment resulted in an increase in budgeted receipts for increases in local option sales tax, intergovernmental and other receipts and decreases in budgeted disbursements for the mental health and capital projects functions and increases in budgeted disbursements in the other functions. Significant changes in budgeted disbursements were a result of additional maintenance needed for granular roads, decreases in mental health costs and capital projects moved forward to the next year.

The County’s receipts were \$511,492 less than budgeted, a difference of 2.2%. The most significant variance resulted from the County receiving less in intergovernmental receipts than anticipated.

Total disbursements were \$3,276,957 less than budgeted. Actual disbursements for the roads and transportation, capital projects and mental health functions were \$834,755, \$736,180 and \$492,047, respectively, less than budgeted. These differences were due to less road maintenance projects being performed than expected, moving capital projects forward to next year and clients needing less expensive mental health services than anticipated.

The County did not exceed the budgeted amount in any function for the year ended June 30, 2010.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2010, Jasper County had approximately \$42.4 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$325,000, or .8%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2010	2009
Land	\$ 1,005	1,005
Construction in progress	374	658
Buildings and improvements	9,569	9,811
Equipment and vehicles	2,234	2,520
Infrastructure	29,244	28,107
Total	\$ 42,426	42,101

The County had depreciation expense of \$2,723,189 in fiscal year 2010 and total accumulated depreciation of \$22,615,163 at June 30, 2010. More detailed information about the County’s capital assets is presented in Note 4 to the financial statements.

## Long-Term Debt

At June 30, 2010, Jasper County had approximately \$15,657,000 in general obligation bonds and capital loan notes outstanding, compared to approximately \$16,721,000 at June 30, 2009, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2010	2009
General obligation bonds and capital loan notes	\$ 15,657	16,721

The County continues to carry a general obligation bond rating of A1 assigned by national rating agencies to the County's debt since 2008. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Jasper County's outstanding general obligation debt of approximately \$15.7 million is significantly below its constitutional debt limit of approximately \$104 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Jasper County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2011 budget, tax rates and fees charged for various County activities. In an ongoing effort to maintain County services, the Jasper County Board of Supervisors is committed to limiting expenditure increases, using excess fund balances and reducing funding to non-mandated programs to provide essential services for the citizens of Jasper County.

The Jasper County Board of Supervisors has stated it is determined to use all of the one cent Local Option Sales and Services Tax (LOSST) funds for property tax relief. Therefore, in the fiscal year 2011 budget, all of the LOSST money estimated to be received in fiscal year 2010 (approximately \$1,257,000) was used to offset a property tax increase in fiscal year 2011.

Amounts available for appropriation in the operating budget are approximately \$24,511,000, an increase of 3% over the final fiscal year 2010 budget. Intergovernmental receipts are expected to lead the increase due to federal bridge replacement funding. Budgeted disbursements increased approximately \$2,906,000 over the final fiscal year 2010 budget, mainly due to a road project, a bridge replacement project and increased costs for mental health services. The County has added no major new programs or initiatives to the fiscal year 2011 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of fiscal year 2011.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Jasper County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Jasper County Auditor's Office, 101 1<sup>st</sup> St. N., Newton, Iowa 50208.

**Jasper County**



## **Basic Financial Statements**

**Exhibit A**

Jasper County  
Statement of Net Assets  
June 30, 2010

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 12,259,408
Receivables:	
Property tax:	
Delinquent	14,249
Succeeding year	12,308,000
Succeeding year tax increment financing	700,000
Interest and penalty on property tax	54,155
Accounts	67,963
Accrued interest	2,215
Special assessments	35,402
Due from other governments	676,809
Inventories	341,224
Prepaid expense	140,919
Capital assets (net of accumulated depreciation)	42,425,513
<b>Total assets</b>	<u>69,025,857</u>
<b>Liabilities</b>	
Accounts payable	405,627
Accrued interest payable	60,612
Salaries and benefits payable	278,918
Due to other governments	448,496
Deferred revenue:	
Succeeding year property tax	12,308,000
Succeeding year tax increment financing	700,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	305,000
General obligation bonds	795,000
Compensated absences	500,628
Portion due or payable after one year:	
General obligation capital loan notes	1,982,000
General obligation bonds	12,575,000
Compensated absences	659,558
Net OPEB liability	122,892
<b>Total liabilities</b>	<u>31,141,731</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	33,140,903
Restricted for:	
Nonexpendable:	
Permanent fund	16,262
Expendable:	
Supplemental levy purposes	455,548
Mental health purposes	2,220,297
Secondary roads purposes	2,115,745
Debt service	145,245
Capital projects	71,309
Other purposes	2,176,731
Unrestricted	(2,457,914)
<b>Total net assets</b>	<u>\$ 37,884,126</u>

See notes to financial statements.

Jasper County

Statement of Activities

Year ended June 30, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 4,742,460	440,850	89,488	-	(4,212,122)
Physical health and social services	1,910,543	276,801	684,573	-	(949,169)
Mental health	3,312,568	78	1,427,473	-	(1,885,017)
County environment and education	1,325,482	49,346	71,053	-	(1,205,083)
Roads and transportation	8,040,849	172,506	3,878,016	2,701,615	(1,288,712)
Governmental services to residents	1,040,310	605,861	26	-	(434,423)
Administration	2,749,791	78,766	10,627	-	(2,660,398)
Non-program	7,279	60,974	-	-	53,695
Interest on long-term debt	765,652	-	132,882	-	(632,770)
<b>Total</b>	<b>\$ 23,894,934</b>	<b>1,685,182</b>	<b>6,294,138</b>	<b>2,701,615</b>	<b>(13,213,999)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					11,748,353
Debt service					585,445
Tax increment financing					592,150
Penalty and interest on property tax					121,693
State tax credits					532,943
Local option sales tax					1,266,740
Unrestricted investment earnings					200,826
Gain on disposition of capital assets					77,023
Miscellaneous					172,236
<b>Total general revenues</b>					<b>11,297,409</b>
Change in net assets					2,083,410
Net assets beginning of year					35,800,716
Net assets end of year					<b>\$ 37,884,126</b>

See notes to financial statements.

Jasper County  
Balance Sheet  
Governmental Funds

June 30, 2010

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 4,094,544	2,681,702	420,894	2,798,953
Receivables:				
Property tax:				
Delinquent	8,938	2,826	1,807	-
Succeeding year	7,793,000	1,874,000	2,020,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	54,155	-	-	-
Accounts	29,499	-	-	38,364
Accrued interest	2,215	-	-	-
Special assessments	-	-	-	35,402
Due from other governments	175,005	9,318	-	289,066
Inventories	-	-	-	341,224
Prepaid expenditures	137,890	-	166	2,863
<b>Total assets</b>	<b>\$ 12,295,246</b>	<b>4,567,846</b>	<b>2,442,867</b>	<b>3,505,872</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 119,371	62,986	2,916	216,443
Salaries and benefits payable	199,225	3,707	3,210	72,776
Due to other governments	30,860	394,924	13,885	8,535
Deferred revenue:				
Succeeding year property tax	7,793,000	1,874,000	2,020,000	-
Succeeding year tax increment financing	-	-	-	-
Other	150,836	2,773	1,730	35,402
Total liabilities	8,293,292	2,338,390	2,041,741	333,156
Fund balances:				
Reserved for:				
Supplemental levy purposes	547,007	-	-	-
Debt service	-	-	-	-
Cemetery levy	6,848	-	-	-
Dental care of county residents	-	-	-	-
Unreserved:				
Designated for special projects	50,384	-	-	-
Undesignated, reported in:				
General fund	3,397,715	-	-	-
Special revenue funds	-	2,229,456	401,126	3,172,716
Capital projects fund	-	-	-	-
Total fund balances	4,001,954	2,229,456	401,126	3,172,716
<b>Total liabilities and fund balances</b>	<b>\$ 12,295,246</b>	<b>4,567,846</b>	<b>2,442,867</b>	<b>3,505,872</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
205,193	72,560	1,985,562	12,259,408
664	-	14	14,249
621,000	-	-	12,308,000
-	-	700,000	700,000
-	-	-	54,155
-	-	100	67,963
-	-	-	2,215
-	-	-	35,402
-	-	203,420	676,809
-	-	-	341,224
-	-	-	140,919
826,857	72,560	2,889,096	26,600,344
-	1,251	2,660	405,627
-	-	-	278,918
-	-	292	448,496
621,000	-	-	12,308,000
-	-	700,000	700,000
649	-	14	191,404
621,649	1,251	702,966	14,332,445
-	-	-	547,007
205,208	-	-	205,208
-	-	-	6,848
-	-	16,262	16,262
-	-	-	50,384
-	-	-	3,397,715
-	-	2,169,868	7,973,166
-	71,309	-	71,309
205,208	71,309	2,186,130	12,267,899
826,857	72,560	2,889,096	26,600,344

**Jasper County**

Jasper County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2010

<b>Total governmental fund balances (page 19)</b>	\$ 12,267,899
<b><i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i></b>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$65,040,676 and the accumulated depreciation is \$22,615,163.	42,425,513
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.	191,404
Long-term liabilities, including general obligation capital loan notes payable, general obligation bonds payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(17,000,690)</u>
<b>Net assets of governmental activities (page 16)</b>	<u><u>\$ 37,884,126</u></u>

See notes to financial statements.

Jasper County

Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2010

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 7,369,732	2,329,875	2,047,143	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	-	-
Interest and penalty on property tax	117,212	-	-	-
Intergovernmental	1,191,311	1,529,133	91,947	4,083,485
Licenses and permits	23,197	-	41,042	10,485
Charges for service	964,849	78	625	9,861
Use of money and property	275,331	-	-	-
Miscellaneous	303,759	98	35	196,187
Total revenues	10,245,391	3,859,184	2,180,792	4,300,018
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	4,441,162	-	-	-
Physical health and social services	1,878,450	-	-	-
Mental health	-	3,309,741	-	-
County environment and education	774,799	-	444,000	-
Roads and transportation	-	-	-	5,791,297
Governmental services to residents	900,142	-	-	-
Administration	2,589,494	-	-	-
Non-program	7,279	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	22,307
Total expenditures	10,591,326	3,309,741	444,000	5,813,604
Excess (deficiency) of revenues over (under) expenditures	(345,935)	549,443	1,736,792	(1,513,586)
<b>Other financing sources (uses):</b>				
Operating transfers in	1,001,723	-	239,569	2,127,439
Operating transfers out	(214,869)	-	(1,926,958)	(455,079)
Total other financing sources (uses)	786,854	-	(1,687,389)	1,672,360
Net change in fund balances	440,919	549,443	49,403	158,774
Fund balances beginning of year	3,561,035	1,680,013	351,723	3,013,942
Fund balances end of year	\$ 4,001,954	2,229,456	401,126	3,172,716

See notes to financial statements.



Debt Service	Capital Projects	Nonmajor	Total
585,470	-	-	12,332,220
-	-	592,150	592,150
-	-	1,266,740	1,266,740
-	-	-	117,212
156,804	6,247	36,874	7,095,801
-	-	-	74,724
-	-	8,750	984,163
761	2,030	20,697	298,819
-	-	72,701	572,780
<u>743,035</u>	<u>8,277</u>	<u>1,997,912</u>	<u>23,334,609</u>
-	-	49,267	4,490,429
-	-	657	1,879,107
-	-	-	3,309,741
-	-	16,077	1,234,876
-	-	-	5,791,297
-	-	38,356	938,498
-	-	25,383	2,614,877
-	-	-	7,279
1,833,025	-	-	1,833,025
-	21,471	-	43,778
<u>1,833,025</u>	<u>21,471</u>	<u>129,740</u>	<u>22,142,907</u>
<u>(1,089,990)</u>	<u>(13,194)</u>	<u>1,868,172</u>	<u>1,191,702</u>
1,020,274	14,388	-	4,403,393
-	(82,595)	(1,723,892)	(4,403,393)
<u>1,020,274</u>	<u>(68,207)</u>	<u>(1,723,892)</u>	<u>-</u>
(69,716)	(81,401)	144,280	1,191,702
<u>274,924</u>	<u>152,710</u>	<u>2,041,850</u>	<u>11,076,197</u>
<u>205,208</u>	<u>71,309</u>	<u>2,186,130</u>	<u>12,267,899</u>

Jasper County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2010

**Net change in fund balances - Total governmental funds (page 23)** \$ 1,191,702

**Amounts reported for governmental activities in the Statement of Activities are different because:**

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 471,875	
Capital assets contributed by the Iowa Department of Transportation	2,499,266	
Depreciation expense	<u>(2,723,189)</u>	247,952

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 77,023

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	1,578	
Other	<u>65,868</u>	67,446

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 1,064,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(520,453)	
Other postemployment benefits	(47,633)	
Interest on long-term debt	<u>3,373</u>	<u>(564,713)</u>

**Change in net assets of governmental activities (page 17)** \$ 2,083,410

See notes to financial statements.

Jasper County  
Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2010

	Other Employee Benefit Trust	Private Purpose Trust	Agency
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 119,620	49,342	1,894,864
Other County officials	-	-	41,123
Receivables:			
Property tax:			
Delinquent	-	-	38,115
Succeeding year	-	-	33,614,000
Special assessments	-	-	336,535
Accounts	-	-	46,591
Due from other governments	-	-	44,459
<b>Total assets</b>	<b>119,620</b>	<b>49,342</b>	<b>36,015,687</b>
<b>Liabilities</b>			
Accounts payable	-	-	62,930
Salaries and benefits payable	-	-	12,134
Due to other governments	-	-	35,697,429
Trusts payable	-	-	129,863
Compensated absences	-	-	113,331
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>36,015,687</b>
<b>Net assets</b>			
Held in trust for employee benefits and others	\$ 119,620	49,342	-

See notes to financial statements.

Jasper County  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2010

	Other Employee Benefit Trust	Private Purpose Trust
Additions:		
Donations and contributions	\$ 108,315	918
Deductions:		
Distribution to participants and others	43,961	826
Change in net assets held in trust	64,354	92
Net assets beginning of year	55,266	49,250
Net assets end of year	<u>\$ 119,620</u>	<u>49,342</u>

See notes to financial statements.

Jasper County

Notes to Financial Statements

June 30, 2010

**(1) Summary of Significant Accounting Policies**

Jasper County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Jasper County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Jasper County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Seven drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Jasper County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Jasper County Auditor's Office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Jasper County Assessor’s Conference Board, Jasper County Emergency Management Commission and Jasper County Joint E911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the Newton Sanitary Landfill, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County’s nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in following categories/components:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets*

*Nonexpendable* – Nonexpendable net assets are subject to externally imposed stipulations which require them to be maintained permanently by the County, including the County’s Permanent Fund.

*Expendable* – Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following fiduciary funds:

The Other Employee Benefit Trust Fund is used to account for resources held for retired employees who participated in the County's sick leave conversion program.

The Private Purpose Trust Fund is used to account for resources held for the Newton Memorial Park Cemetery.

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

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

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the

current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property



valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2009.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Intangibles	\$ 100,000
Infrastructure	50,000
Land improvements	5,000
Land, buildings and improvements	5,000
Machinery, equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	10 - 65
Intangibles	2 - 10
Improvements other than buildings	10 - 50
Machinery and equipment	2 - 20
Vehicles	3 - 15

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property and tax increment financing tax receivables that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave in excess of 1,440 hours will be paid at the last rate of pay to an employee upon retirement. Upon retirement employees may elect to convert up to 720 hours of accumulated sick leave to cash to be accounted for in an Employee Benefit Trust Fund and used for continued health care coverage. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Local Option Sales/Service Tax	<u>\$ 1,001,723</u>
Special Revenue: Rural Services	Special Revenue: Local Option Sales/Service Tax	<u>239,569</u>
Secondary Roads	General	200,481
	Special Revenue: Rural Services	<u>1,926,958</u>
		<u>2,127,439</u>
Debt Service	Special Revenue: Secondary Roads	455,079
	Tax Increment Financing	482,600
	Capital Projects	<u>82,595</u>
		<u>1,020,274</u>
Capital Projects	General	<u>14,388</u>
Total		<u>\$ 4,403,393</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

#### (4) Capital Assets

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,004,656	-	-	1,004,656
Construction in progress	658,018	2,499,266	2,783,135	374,149
Total capital assets not being depreciated	<u>1,662,674</u>	<u>2,499,266</u>	<u>2,783,135</u>	<u>1,378,805</u>
Capital assets being depreciated:				
Buildings	11,861,003	-	-	11,861,003
Improvements other than buildings	416,852	7,141	-	423,993
Machinery, equipment and vehicles	7,691,485	567,162	332,626	7,926,021
Infrastructure	40,667,719	2,783,135	-	43,450,854
Total capital assets being depreciated	<u>60,637,059</u>	<u>3,357,438</u>	<u>332,626</u>	<u>63,661,871</u>
Less accumulated depreciation for:				
Buildings	2,403,593	237,484	-	2,641,077
Improvements other than buildings	62,874	12,265	-	75,139
Machinery, equipment and vehicles	5,171,466	827,840	307,221	5,692,085
Infrastructure	12,561,262	1,645,600	-	14,206,862
Total accumulated depreciation	<u>20,199,195</u>	<u>2,723,189</u>	<u>307,221</u>	<u>22,615,163</u>
Total capital assets being depreciated, net	<u>40,437,864</u>	<u>634,249</u>	<u>25,405</u>	<u>41,046,708</u>
Governmental activities capital assets, net	<u>\$ 42,100,538</u>	<u>3,133,515</u>	<u>2,808,540</u>	<u>42,425,513</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 237,865
Physical health and social services	11,470
County environment and education	68,385
Roads and transportation	2,279,138
Governmental services to residents	38,270
Administration	88,061
Total depreciation expense - governmental activities	<u>\$ 2,723,189</u>

**(5) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 30,860
Special Revenue:		
Mental Health	Services	394,924
Rural Services		13,885
Secondary Roads		8,535
Other		292
		<u>417,636</u>
Total for governmental funds		<u>\$ 448,496</u>
Agency:		
County Assessor	Collections	\$ 593,293
Schools		20,919,923
Community Colleges		817,709
Corporations		8,593,032
Auto License and Use Tax		712,529
All other		4,060,943
		<u>35,697,429</u>
Total for agency funds		<u>\$ 35,697,429</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	General Obligation Capital Loan Notes	General Obligation Bonds	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 2,581,000	14,140,000	639,733	75,259	17,435,992
Increases	-	-	1,053,898	47,633	1,101,531
Decreases	294,000	770,000	533,445	-	1,597,445
Balance end of year	<u>\$ 2,287,000</u>	<u>13,370,000</u>	<u>1,160,186</u>	<u>122,892</u>	<u>16,940,078</u>
Due within one year	<u>\$ 305,000</u>	<u>795,000</u>	<u>500,628</u>	<u>-</u>	<u>1,600,628</u>

General Obligation Capital Loan Notes

A summary of the County's June 30, 2010 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 2001			Series 2003		
	Issued Jul 26, 2001			Issued May 16, 2003		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	5.00%	\$ 65,000	48,745	5.125%	\$ 45,000	4,406
2012	5.00	70,000	45,495	5.250	40,000	2,100
2013	5.10	70,000	41,995	-	-	-
2014	5.15	75,000	38,425	-	-	-
2015	5.20	80,000	34,562	-	-	-
2016-2020	5.25-5.45	460,000	105,094	-	-	-
2021-2022	5.50	105,000	5,775	-	-	-
Total		\$ 925,000	320,091		\$ 85,000	6,506

Year Ending June 30,	Series 2006			Series 2006A		
	Issued Feb 15, 2006			Issued Oct 31, 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	4.00%	\$ 45,000	11,400	6.15%	\$ 16,000	11,439
2012	4.00	45,000	9,600	6.15	17,000	10,455
2013	4.00	45,000	7,800	6.15	18,000	9,410
2014	4.00	50,000	6,000	6.15	19,000	8,303
2015	4.00	50,000	4,000	6.15	21,000	7,134
2016-2020	4.00	50,000	2,000	6.15	95,000	15,005
2021-2022		-	-		-	-
Total		\$ 285,000	40,800		\$ 186,000	61,746

Year Ending June 30,	Series 2006B			Series 2007A		
	Issued Oct 31, 2006			Issued Jul 6, 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	6.00%	\$ 105,000	27,600	7.00%	\$ 14,000	12,110
2012	6.00	110,000	21,300	7.00	15,000	11,130
2013	6.00	120,000	14,700	7.00	17,000	10,080
2014	6.00	125,000	7,500	7.00	18,000	8,890
2015		-	-	7.00	19,000	7,630
2016-2020		-	-	7.00	90,000	16,310
2021-2022		-	-		-	-
Total		\$ 460,000	71,100		\$ 173,000	66,150

Year Ending June 30,	Series 2007A			Total		
	Issued Nov 16, 2007			Principal	Interest	Total
	Interest Rates	Principal	Interest	Principal	Interest	Total
2011	6.10%	\$ 15,000	10,553	305,000	126,253	431,253
2012	6.10	16,000	9,638	313,000	109,718	422,718
2013	6.10	17,000	8,662	287,000	92,647	379,647
2014	6.10	18,000	7,625	305,000	76,743	381,743
2015	6.10	19,000	6,527	189,000	59,853	248,853
2016-2020	6.10	88,000	13,724	783,000	152,133	935,133
2021-2022		-	-	105,000	5,775	110,775
Total		\$ 173,000	56,729	\$ 2,287,000	623,122	2,910,122

During the year ended June 30, 2010, the County retired \$294,000 of general obligation capital loan notes.

**General Obligation Bonds**

A summary of the County's June 30, 2010 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2003			Series 2005		
	Issued Nov 1, 2003			Issued Mar 1, 2005		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	4.00%	\$ 275,000	197,085	3.40%	\$ 520,000	140,168
2012	4.50	290,000	186,085	3.50	545,000	122,487
2013	3.65	305,000	173,035	3.75	565,000	103,413
2014	3.65	315,000	159,310	3.75	585,000	82,225
2015	3.75	330,000	147,812	3.40	600,000	60,287
2016-2020	3.85-4.30	1,860,000	534,948	3.60-3.95	615,000	155,371
2021-2025	4.40-4.50	1,325,000	120,400	4.00-4.05	415,000	34,017
2026-2027		-	-		-	-
Total		\$ 4,700,000	1,518,675		\$ 3,845,000	697,968

Year Ending June 30,	Series 2007B			Total		
	Issued Nov 1, 2007					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2011		\$ -	263,842	795,000	601,095	1,396,095
2012		-	263,842	835,000	572,414	1,407,414
2013		-	263,842	870,000	540,290	1,410,290
2014	5.00%	240,000	263,842	1,140,000	505,377	1,645,377
2015	5.10	250,000	251,842	1,180,000	459,941	1,639,941
2016-2020	5.200-5.400	1,470,000	1,048,672	3,945,000	1,738,991	5,683,991
2021-2025	5.450-5.650	1,930,000	603,330	3,670,000	757,747	4,427,747
2026-2027	5.700-5.750	935,000	81,135	935,000	81,135	1,016,135
Total		\$ 4,825,000	3,040,347	\$ 13,370,000	5,256,990	18,626,990

During the year ended June 30, 2010, the County retired \$770,000 of general obligation bonds.

**(7) Private Redevelopment Agreements**

**Alpha Products International**

On July 16, 2007, the County entered into a private redevelopment agreement with G & L Properties, LLC (G & L) and Alpha Products International (Alpha Products). G & L is a development company which constructed two 25,000 square feet warehouses and leased them to Alpha Products. The County made economic development grants totaling \$200,000 to Alpha Products. The parties also entered into a minimum assessment agreement, whereby the minimum assessed value shall not be less than \$1,000,000 upon completion of the two warehouses. Alpha Products agreed to create and retain 10 full time employment (FTE) units paying an average wage of not less than \$8 per hour until at least January 31, 2019. The County has not received annual FTE certifications from Alpha Products, which recently sold the property. The County is consulting legal counsel to determine what actions, if any, the County should pursue.

## Opus/TPI

The County entered into a private redevelopment agreement with Opus Northwest, LLC (Opus), the City of Newton and Jasper County Economic Development Corporation (JEDCO). The agreement required Opus construct a building on a 33 acre site with a minimum assessed value of \$13,500,000. Under the agreement, the County provided \$694,848 to JEDCO to purchase the site and transfer it to Opus. The County also provided a \$3,000,000 economic development grant to Opus to assist in the construction of the facility. The facility constructed is leased to TPI Iowa, LLC (TPI).

The County also entered into an employer incentive agreement with TPI and the City of Newton. TPI agreed to employ at least 500 full-time employees (FTEs) until at least December 31, 2012. The County provided \$600,000 of bond proceeds to satisfy the County and City share of local match requirements associated with an Iowa Department of Economic Development grant of \$2,000,000 awarded to TPI. Also, if TPI maintains the FTEs required during calendar year 2011, TPI will receive tax rebate payments funded from the tax increment revenues generated from the improvements. If TPI fails to maintain the required FTEs, the tax rebate payments will be reduced proportionally to the percentage of FTEs achieved. For calendar years 2012 through 2017, TPI is entitled to receive additional economic development grant payments, subject to TPI maintaining the FTEs.

In consideration for the County including the City's share of the required local match in the series 2007B general obligation bond, the City of Newton agreed to pay the County one half of the interest payments due on the bonds during fiscal year 2010 through fiscal year 2013. During the year ended June 30, 2010, the City paid the County \$132,121 for interest and other bond fees.

### **(8) Pension and Retirement Benefits**

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.30% of their annual covered salary and the County is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$552,557, \$539,694 and \$484,233, respectively, equal to the required contributions for each year.

### **(9) Other Postemployment Benefits (OPEB)**

Plan Description. The County operates a single-employer retiree benefit plan which provides medical, dental and vision benefits for retirees and their spouses. There are 178 active and 7 retired members in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service.

The health coverage is purchased through and administered by United Health Care. Retirees under age 65 pay the same premium for the health coverage as active employees, which results in an implicit rate subsidy and an OPEB liability.



Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 88,433
Interest on net OPEB obligation	3,000
Adjustment to annual required contribution	<u>(2,900)</u>
Annual OPEB cost	88,533
Contributions made	<u>(40,900)</u>
Increase in net OPEB obligation	47,633
Net OPEB obligation beginning of year	<u>75,259</u>
Net OPEB obligation end of year	<u>\$ 122,892</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the County contributed \$40,900 to the health plan. Plan members eligible for benefits contributed \$34,918, or 46.1% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 88,533	46.2%	\$ 122,892

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$688,015, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$688,015. The covered payroll (annual payroll of active employees covered by the plan) was \$7,875,565 and the ratio of the UAAL to covered payroll was 8.7%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9.5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$1,040 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

## **(10) Risk Management**

The County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 634 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2010 were \$198,807.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2010, no liability has been recorded in the County's financial statements. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation, boiler and machinery, and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) Designated Fund Equity**

The County has designated \$50,384 from the General Fund for special projects. At June 30, 2010, the amounts designated are as follows:

<u>Description</u>	<u>Amount</u>
Courthouse roof, chiller and dome windows	\$ 17,282
Chichaqua bike trail maintenance	<u>33,102</u>
Total	<u>\$ 50,384</u>

**(12) Other Employee Benefits**

During the year ended June 30, 2005, the Board of Supervisors approved a plan whereby an employee who is eligible to remain on the Employer's Group Health Plan (EGHP) at retirement may convert accrued sick leave hours, up to 720 hours, and use them to pay for continued health care coverage through the EGHP. The County accounts for the activity in the Fiduciary, Other Employee Benefit Trust Fund. Twelve employees participated in this program during the year ended June 30, 2010 and the County contributed \$108,315 to the fund for continued health care coverage.

**(13) Lessor Operating Leases**

The County leases two parcels of land, a piece of farm ground and a pasture. The following is a schedule by year of minimum future rentals on these operating leases as of June 30, 2010:

<u>Year ending June 30,</u>	<u>Amount</u>
2011	\$ 59,125
2012	<u>29,563</u>
Total	<u>\$ 88,688</u>

**(14) Pending Litigation**

The County is a defendant in a lawsuit seeking unspecified damages for which the probability and amount of loss, if any, is undeterminable.

**Required Supplementary Information**

Jasper County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances -  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2010

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 14,152,121	-	14,152,121
Interest and penalty on property tax	117,269	-	117,269
Intergovernmental	7,041,365	-	7,041,365
Licenses and permits	74,963	-	74,963
Charges for service	996,561	-	996,561
Use of money and property	297,053	-	297,053
Miscellaneous	526,712	-	526,712
Total receipts	<u>23,206,044</u>	-	<u>23,206,044</u>
<b>Disbursements:</b>			
Public safety and legal services	4,465,663	-	4,465,663
Physical health and social services	1,782,277	-	1,782,277
Mental health	3,403,261	-	3,403,261
County environment and education	1,227,491	-	1,227,491
Roads and transportation	5,769,586	-	5,769,586
Governmental services to residents	938,592	-	938,592
Administration	2,608,385	-	2,608,385
Non-program	7,279	-	7,279
Debt service	1,833,025	-	1,833,025
Capital projects	34,131	-	34,131
Total disbursements	<u>22,069,690</u>	-	<u>22,069,690</u>
Deficiency of receipts under disbursements	1,136,354	-	1,136,354
Other financing sources, net	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,136,354	-	1,136,354
Balance beginning of year	<u>11,123,054</u>	60,347	11,062,707
Balance end of year	<u>\$ 12,259,408</u>	60,347	<u>12,199,061</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
13,858,454	14,227,289	(75,168)
100,000	100,000	17,269
7,314,097	7,557,392	(516,027)
54,600	64,800	10,163
905,545	927,495	69,066
447,040	320,520	(23,467)
427,435	520,040	6,672
<u>23,107,171</u>	<u>23,717,536</u>	<u>(511,492)</u>
4,821,807	4,941,407	475,744
1,933,826	2,055,915	273,638
4,853,233	3,895,308	492,047
1,328,015	1,379,040	151,549
5,833,213	6,604,341	834,755
960,066	1,028,941	90,349
2,813,684	2,823,884	215,499
14,000	14,000	6,721
1,833,500	1,833,500	475
1,179,292	770,311	736,180
<u>25,570,636</u>	<u>25,346,647</u>	<u>3,276,957</u>
(2,463,465)	(1,629,111)	2,765,465
-	-	-
(2,463,465)	(1,629,111)	2,765,465
<u>8,513,050</u>	<u>10,939,419</u>	<u>123,288</u>
<u>6,049,585</u>	<u>9,310,308</u>	<u>2,888,753</u>

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Jasper County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2010

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 23,206,044	128,565	23,334,609
Expenditures	22,069,690	73,217	22,142,907
Net	1,136,354	55,348	1,191,702
Other financing sources, net	-	-	-
Beginning fund balances	11,123,054	(46,857)	11,076,197
Ending fund balances	\$ 12,259,408	8,491	12,267,899

See accompanying independent auditor's report.



Jasper County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Fiduciary Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment decreased budgeted disbursements by \$223,989. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted.

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Jasper County

Schedule of Funding Progress for the  
Retiree Health Plan  
(In thousands)

Required Supplementary Information

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Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 688	688	0.00%	\$ 8,083	8.5%
2010	Jul 1, 2008	-	688	688	0.00%	7,876	8.7%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**Other Supplementary Information**

Jasper County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2010

	Special Revenue			
	County Recorder's Records Management	Resource Enhance- ment	Conservation Land Acquisition	Local Option Sales/Service Tax
<b>Assets</b>				
Cash and pooled investments	\$ 8,043	161,213	105,479	1,223,289
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Accounts Receivable	-	-	-	-
Due from other governments	-	-	-	199,415
<b>Total assets</b>	<b>\$ 8,043</b>	<b>161,213</b>	<b>105,479</b>	<b>1,422,704</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Due to other governments	-	-	-	-
Deferred revenue:				
Succeeding year tax increment financing	-	-	-	-
Other	-	-	-	-
Total liabilities	-	-	-	-
Fund equity:				
Fund balances:				
Reserved for dental care of county residents	-	-	-	
Unreserved	8,043	161,213	105,479	1,422,704
Total fund equity	8,043	161,213	105,479	1,422,704
<b>Total liabilities and fund equity</b>	<b>\$ 8,043</b>	<b>161,213</b>	<b>105,479</b>	<b>1,422,704</b>

See accompanying independent auditor's report.

Drainage Districts	Tax Increment Financing	Other	Permanent	Total
60,347	158,767	252,162	16,262	1,985,562
-	14	-	-	14
-	700,000	-	-	700,000
-	-	100	-	100
-	-	4,005	-	203,420
60,347	858,781	256,267	16,262	2,889,096
-	-	2,660	-	2,660
-	2	290	-	292
-	700,000	-	-	700,000
-	14	-	-	14
-	700,016	2,950	-	702,966
-	-	-	16,262	16,262
60,347	158,765	253,317	-	2,169,868
60,347	158,765	253,317	16,262	2,186,130
60,347	858,781	256,267	16,262	2,889,096

Jasper County

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2010

	Special Revenue			
	County Recorder's Records Management	Resource Enhance- ment	Conservation Land Acquisition	Local Option Sales/Service Tax
Revenues:				
Tax increment financing	\$ -	-	-	-
Local option sales tax	-	-	-	1,266,740
Intergovernmental	-	24,698	5,016	-
Charges for service	6,730	-	-	-
Use of money and property	26	178	20,449	-
Miscellaneous	-	-	-	-
Total revenues	<u>6,756</u>	<u>24,876</u>	<u>25,465</u>	<u>1,266,740</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	-	-	-
County environment and education	-	-	-	-
Governmental services to residents	38,356	-	-	-
Administration	-	-	-	-
Total expenditures	<u>38,356</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(31,600)	24,876	25,465	1,266,740
Other financing uses:				
Operating transfers out	-	-	-	(1,241,292)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(31,600)	24,876	25,465	25,448
Fund balances beginning of year	<u>39,643</u>	<u>136,337</u>	<u>80,014</u>	<u>1,397,256</u>
Fund balances end of year	<u>\$ 8,043</u>	<u>161,213</u>	<u>105,479</u>	<u>1,422,704</u>

See accompanying independent auditor's report.

Drainage Districts	Tax Increment Financing	Other	Permanent	Total
-	592,150	-	-	592,150
-	-	-	-	1,266,740
-	4,660	2,500	-	36,874
-	-	2,020	-	8,750
-	-	44	-	20,697
-	-	72,701	-	72,701
-	596,810	77,265	-	1,997,912
-	-	49,267	-	49,267
-	-	-	657	657
-	4,764	11,313	-	16,077
-	-	-	-	38,356
-	-	25,383	-	25,383
-	4,764	85,963	657	129,740
-	592,046	(8,698)	(657)	1,868,172
-	(482,600)	-	-	(1,723,892)
-	109,446	(8,698)	(657)	144,280
60,347	49,319	262,015	16,919	2,041,850
60,347	158,765	253,317	16,262	2,186,130

Jasper County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	2,879	191,427	284,284	10,910
Other County officials	41,123	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	238	561	23,639	799
Succeeding year	-	212,000	518,000	20,612,000	806,000
Special assessments	-	-	-	-	-
Accounts	5,399	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 46,522</b>	<b>215,117</b>	<b>709,988</b>	<b>20,919,923</b>	<b>817,709</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	968	-	-
Salaries and benefits payable	-	-	9,504	-	-
Due to other governments	19,894	215,117	593,293	20,919,923	817,709
Trusts payable	26,628	-	-	-	-
Compensated absences	-	-	106,223	-	-
<b>Total liabilities</b>	<b>\$ 46,522</b>	<b>215,117</b>	<b>709,988</b>	<b>20,919,923</b>	<b>817,709</b>

See accompanying independent auditor's report.



Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
157,604	3,312	7,063	712,529	524,856	1,894,864
-	-	-	-	-	41,123
12,428	213	-	-	237	38,115
8,423,000	321,000	-	-	2,722,000	33,614,000
-	-	336,535	-	-	336,535
-	-	-	-	41,192	46,591
-	-	-	-	44,459	44,459
<b>8,593,032</b>	<b>324,525</b>	<b>343,598</b>	<b>712,529</b>	<b>3,332,744</b>	<b>36,015,687</b>
-	-	-	-	61,962	62,930
-	-	-	-	2,630	12,134
8,593,032	324,525	343,598	712,529	3,157,809	35,697,429
-	-	-	-	103,235	129,863
-	-	-	-	7,108	113,331
<b>8,593,032</b>	<b>324,525</b>	<b>343,598</b>	<b>712,529</b>	<b>3,332,744</b>	<b>36,015,687</b>

Jasper County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 46,600	199,412	645,776	19,216,966	780,606
Additions:					
Property and other county tax	-	212,637	520,363	20,715,530	808,390
E911 surcharge	-	-	-	-	-
State tax credits	-	8,270	19,489	800,595	32,228
Drivers license fees	-	-	-	-	-
Office fees and collections	918,963	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	445,302	-	-	-	-
Miscellaneous	-	-	201	-	-
Total additions	1,364,265	220,907	540,053	21,516,125	840,618
Deductions:					
Agency remittances:					
To other funds	642,139	-	-	-	-
To other governments	375,899	205,202	475,841	19,813,168	803,515
Trusts paid out	346,305	-	-	-	-
Total deductions	1,364,343	205,202	475,841	19,813,168	803,515
Balances end of year	\$ 46,522	215,117	709,988	20,919,923	817,709

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
8,038,566	312,245	357,545	692,265	3,124,038	33,414,019
8,349,567	323,553	-	-	2,641,374	33,571,414
-	-	-	-	230,501	230,501
315,872	13,468	-	-	58,393	1,248,315
-	-	-	209,064	-	209,064
-	-	-	-	19,953	938,916
-	-	-	8,163,019	-	8,163,019
-	-	44,424	-	-	44,424
-	-	-	-	730,489	1,175,791
-	-	-	-	2,396,006	2,396,207
8,665,439	337,021	44,424	8,372,083	6,076,716	47,977,651
-	-	-	359,589	-	1,001,728
8,110,973	324,741	58,371	7,992,230	5,071,157	43,231,097
-	-	-	-	796,853	1,143,158
8,110,973	324,741	58,371	8,351,819	5,868,010	45,375,983
8,593,032	324,525	343,598	712,529	3,332,744	36,015,687

Jasper County

Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds

For the Last Nine Years

	Modified Accrual Basis			
	2010	2009	2008	2007
<b>Revenues:</b>				
Property and other county tax	\$ 12,332,220	12,148,843	11,905,983	11,868,910
Tax increment financing	592,150	419,479	267,768	294,204
Local option sales tax	1,266,740	1,241,293	1,243,746	1,056,192
Interest and penalty on property tax	117,212	124,322	109,752	111,155
Intergovernmental	7,095,801	8,715,856	7,141,355	7,719,665
Licenses and permits	74,724	72,004	70,816	72,550
Charges for service	984,163	1,057,610	990,787	984,919
Use of money and property	298,819	375,452	556,844	644,635
Miscellaneous	572,780	510,187	579,022	608,518
<b>Total</b>	<b>\$ 23,334,609</b>	<b>24,665,046</b>	<b>22,866,073</b>	<b>23,360,748</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 4,490,429	4,363,202	4,204,230	3,947,911
Physical health and social services	1,879,107	1,751,652	1,774,103	1,764,524
Mental health	3,309,741	3,614,092	4,085,414	3,935,254
County environment and education	1,234,876	3,007,680	1,446,616	1,135,184
Roads and transportation	5,791,297	5,463,308	5,933,784	4,976,047
Governmental services to residents	938,498	867,398	843,578	798,300
Administration	2,614,877	2,682,493	2,656,102	2,582,618
Non-program	7,279	5,860	38,553	798
Debt service	1,833,025	1,826,464	1,676,997	1,615,440
Capital projects	43,778	1,329,406	4,948,584	1,238,670
<b>Total</b>	<b>\$ 22,142,907</b>	<b>24,911,555</b>	<b>27,607,961</b>	<b>21,994,746</b>

See accompanying independent auditor's report.

2006	2005	2004	2003	2002
11,705,904	10,433,414	8,585,612	8,558,533	9,472,434
238,561	171,439	155,837	96,688	50,415
-	-	-	-	-
106,187	113,364	142,490	95,570	100,809
7,518,337	7,765,029	7,588,530	7,180,507	7,734,924
104,297	112,586	104,919	68,371	72,772
1,034,993	1,004,702	1,065,016	1,071,297	953,013
466,665	265,129	157,559	168,858	284,837
424,392	413,696	686,770	651,622	399,740
21,599,336	20,279,359	18,486,733	17,891,446	19,068,944
3,707,359	3,350,867	3,129,432	3,058,425	2,919,333
1,681,600	1,707,344	1,547,630	1,682,536	1,752,734
3,694,993	3,469,165	3,745,451	3,780,377	3,858,862
1,046,555	1,004,377	821,661	1,035,423	1,008,646
4,773,484	5,601,722	6,080,708	6,388,078	4,736,532
1,121,043	822,015	690,879	654,019	669,898
2,138,150	1,906,315	1,808,403	1,802,173	1,784,915
6,320	-	-	-	-
1,422,630	791,053	330,233	265,146	209,588
2,065,874	8,642,212	5,416,138	2,391,818	2,237,536
21,658,008	27,295,070	23,570,535	21,057,995	19,178,044

**Schedule 6**

Jasper County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>\$ 27,185</u>
U.S. Department of Commerce:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Public Safety Interoperable Communications Grant Program	11.555	2007-GS-H7-0042-04	<u>1,244,474</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	O7-ED-003	<u>2,500</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO50(53)-8J-50	<u>2,400</u>
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP-10-410 Task 39	11,159
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP-09-410 Task 40	<u>11,570</u> <u>22,729</u>
U.S. Department of Education:			
Iowa Department of Transportation:			
ARRA - State Fiscal Stabilization Fund (SFSF)- Government Services, Recovery Act	84.397		<u>40,960</u>
U.S. Department of Health and Human Services:			
Aging Resources of Central Iowa:			
Special Programs for the Aging Cluster:			
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045		117,317
Nutrition Services Incentive Program	93.053		67,985
ARRA- Aging Home-Delivered Nutrition Services for States	93.705		5,932
ARRA- Aging Congregate Nutrition Services for States	93.707		<u>10,681</u> <u>201,915</u>

\*

Jasper County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5880BT50	99,414
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5880OB28	1,165
Social Services Block Grant	93.667	5880C050	14,389 **
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		13,883
Refugee and Entrant Assistance - State Administered Programs	93.566		76
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		7,114
Foster Care - Title IV-E	93.658		14,538
Adoption Assistance	93.659		3,633
Children's Health Insurance Program	93.767		164
Medical Assistance Program	93.778		30,693
Social Services Block Grant	93.667		14,404
Social Services Block Grant	93.667		129,064
			143,468 **
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Hazard Mitigation Grant	97.039	DR-1727-0004-00	6,574
Hazard Mitigation Grant	97.039	Planning & Training FFY10	4,532
			11,106
Emergency Management Performance Grants	97.042		34,321
Homeland Security Region 1:			
Homeland Security Grant Program	97.067	2007-GE-T7-0032-001	18,301
Homeland Security Grant Program	97.067	2006-GE-T6-0065-001	39,829
			58,130
Total			\$ 1,974,257

\* - Includes \$36,515 of non-cash awards.

\*\* - Total for CFDA Number 93.667 is \$157,857.

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Jasper County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**Jasper County**





**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
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Independent Auditor's 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 Officials of Jasper County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 8, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jasper County'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 Jasper County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jasper County's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility 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 in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10 and II-B-10 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-10 through II-G-10 to be significant deficiencies.

## Compliance and Other Matters

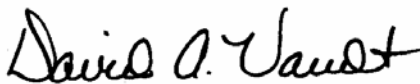
As part of obtaining reasonable assurance about whether Jasper County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

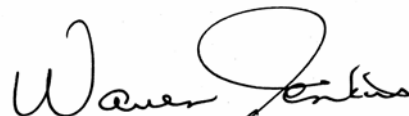
Jasper County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Jasper County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Jasper County and other parties to whom Jasper County may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Jasper County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 8, 2011

**Independent Auditor's 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**

**Jasper County**



# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Independent Auditor's 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 Officials of Jasper County:

Compliance

We have audited Jasper County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on Jasper county's major federal program for the year ended June 30, 2010. Jasper County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Jasper County's management. Our responsibility is to express an opinion on Jasper County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, 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 non-compliance 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jasper County's compliance with those requirements.

In our opinion, Jasper County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in

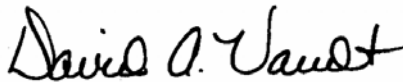
internal control over compliance we consider to be a material weakness and another deficiency we consider to be a significant deficiency.

A deficiency in the County's 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs as item III-A-10 to be a material weakness.

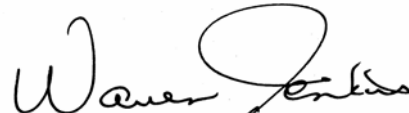
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-B-10 to be a significant deficiency.

Jasper County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Jasper County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Jasper County and other parties to whom Jasper County may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 8, 2011

Jasper County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2010

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness and a significant deficiency in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed audit findings required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 11.555 – Public Safety Interoperable Communications Grant Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Jasper County did not qualify as a low-risk auditee.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-10 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

	<u>Applicable Offices</u>
(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Treasurer, Sheriff, Recorder, Environmental Health and Home Care Aides, Conservation, Community Services, Elderly Nutrition, Emergency Management and E911
(2) Generally, one individual may have control over listing mail receipts, collecting, depositing, posting, maintaining receivable records and daily reconciling of receipts for which no compensating controls exist. The initial listing is not compared to receipt records by an independent person.  In the County Treasurer's Office the County Recorder's Office and Elderly Nutrition, a listing of mail receipts is not prepared.	Treasurer, Sheriff (Civil and Jail), Engineer, Recorder, Community Services, Environmental Health and Home Care Aides, Conservation, Elderly Nutrition, Emergency Management and E911
(3) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Treasurer, Sheriff (Jail) and Elderly Nutrition
(4) The person responsible for the detailed record keeping of investments is also the custodian of the investments. Investments are not periodically inspected or reconciled to investment records by an independent person and an independent verification of interest earnings is not performed.	Treasurer
(5) Depositing, reconciling and recording of receipts is done by the custodian of the change funds for which no compensating controls exist.	Treasurer



Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

- |  |                |
|--|----------------|
| (6) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash receipts.   | Sheriff (Jail) |
| (7) Daily cash reconciliations for motor vehicle and drivers license are not reviewed and approved by an independent person for propriety. | Treasurer      |

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be evidenced by initials or signature of the reviewer and the date of the review.

Responses –

Treasurer – We will have the driver’s license examiner open the mail and will try to put together a mail receipt review. We will have the daily business initialed by an independent person. I will continue to do periodic surprise counts of each drawer. We will have the tax clerk add investment income to the ledger and the Treasurer will verify and initial. Bank reconciliations will be reviewed by an independent person.

Sheriff – A small staff limits the segregation of duties in the office, as all four office employees are cross-trained to handle each other’s duties so operations can continue when one or more persons are absent. In the jail, where the primary job responsibility is dealing with inmates, the number of staff available to handle mail and money receipting is also limited. A periodic review of bank reconciliation by the Sheriff or Sheriff’s Office manager will be initiated.

Recorder – We will review our process and segregate duties as we can.

Engineer – We have implemented a system where one individual opens and logs receipts and another processes them.

Community Services – Due to limited staff, duties are segregated as much as possible. I will continue to look for ways to segregate further within the limits of two staff.

Environmental Health and Home Care Aides – Department heads will open mail. We will review our procedures and segregate duties as much as possible.

Conservation – Due to limited staff size we try to segregate duties as much as possible. We will start having office personnel initial deposits.

Elderly Nutrition – We will try to segregate duties as much as possible with a small staff.

Emergency Management – With a small staff, it is difficult to segregate duties.

E911 – It is difficult to segregate duties with only one employee in the office.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Conclusions –

Treasurer, Sheriff, Recorder, Engineer, Community Services, Environmental Health and Home Care Aides, Conservation and Elderly Nutrition – Responses accepted.

Emergency Management and E911 – Responses acknowledged. The offices should utilize personnel from other offices to provide additional control through review of financial transactions and reports.

- II-B-10 Financial Reporting – During the audit, we identified grant revenues and expenditures for a contract in the name of Jasper County Board of Health which were not recorded in the County’s financial statements. Jasper County Board of Health contracts for services with Skiff Medical Center, doing business as Jasper County Public Health Nursing Service. The grant revenues identified were sent directly to Skiff Medical Center. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

In addition, during the audit, we identified a material receivable which should not have been recorded in the County’s financial statements. An adjustment was subsequently made by the County to correct the financial statements.

Recommendations – The County should implement procedures to ensure all contracts in the name of Jasper County Board of Health are included in the County’s financial statements. In addition, the County should implement procedures to ensure receivables are properly identified and included in the County’s financial statements.

Responses –

Board of Health - There will be better communication and monitoring of the grant money between Skiff Medical Center and the Board of Health.

Engineer - The receivable was miscoded by the Auditor’s Office.

Auditor – This procedure has been corrected.

Conclusions – Responses accepted.

- II-C-10 Timesheets – Individual timesheets prepared by non-salaried secondary roads employees are not approved by a supervisor. In addition, salaried personnel do not prepare and file timesheets.

Recommendation – Timesheets should be prepared by all personnel, including salaried employees. The timesheets should be reviewed and signed by the employee and the employee’s supervisor.

Response – We will implement a system of supervisor approval for timesheets and consider salaried timesheets.

Conclusion – Response accepted.

- II-D-10 Check Endorsement – Checks are not restrictively endorsed upon receipt in the County Emergency Management and E911 offices.

Recommendation – A restrictive endorsement (for deposit only) should be placed on all checks when received.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Responses –

Emergency Management – We will start restrictively endorsing checks.

E911 – I will purchase a restrictive endorsement stamp.

Conclusions – Responses accepted.

- II-E-10 Elderly Nutrition – Donations received through the mail are not deposited with the County Treasurer. These checks are given to the site managers to be included in their daily bank deposits. In addition, drivers making home meal deliveries may collect donations.

Recommendation – Donations received through the mail should be deposited directly with the County Treasurer. Donations should be mailed to the Congregate Meals office.

Response – Effective December 13, 2010, we have notified clients donations must be sent to the Elderly Nutrition Office. Drivers will no longer accept donations. Self-addressed envelopes will be provided to all clients. We no longer will redistribute donations received in the mail to site managers but instead will deposit these funds immediately in our bank account.

Conclusion – Response accepted.

- II-F-10 County Engineer – Fuel usage reports are not generated and reviewed by an independent person.

Recommendation – Fuel usage reports should be reviewed by an independent person to determine the propriety of fuel used.

Response – Will add independent review for monthly reports.

Conclusion – Response accepted.

- II-G-10 Home Care Aides – Reconciliations of nursing service billings, collections and receivables were not properly prepared each month.

Recommendation – A reconciliation of nursing service billings, collections and receivables should be properly prepared monthly.

Response – We will work to improve the procedure.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

**CFDA Number 11.555: Public Safety Interoperable Communications Grant Program**

**Pass-through Number: 2007-GS-H7-0042-04**

**Federal Award Year: 2009**

**U.S. Department of Commerce**

**Passed through the Iowa Department of Public Defense**

**Iowa Homeland Security and Emergency Management Division**

- III-A-10 Segregation of Duties Over Federal Revenue – The Jasper County E911 Service Board did not properly segregate opening the mail, collecting, depositing, posting and reconciling functions for revenues, including those related to federal programs. See item II-A-10.
- III-B-10 Check Endorsement – Checks are not restrictively endorsed upon receipt by the Jasper County E911 Service Board. See item II-D-10.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 did not exceed the amounts budgeted.

IV-B-10 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-10 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-10 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-10 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-10 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-10 Deposits and Investments – Deposits and investments were in compliance with provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy, except for the following:

Interest earned on the Special Revenue, Tax Increment Financing Fund balance is not credited to the Special Revenue, Tax Increment Financing Fund in accordance with Chapter 12C.9 of the Code of Iowa

Recommendation – The County should comply with Chapter 12C.9 of the Code of Iowa.

Response – We will work with the assistant budget director to address this situation.

Conclusion – Response accepted.

IV-H-10 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-10 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2010 for the County Extension Office did not exceed the amount budgeted.

The initial listing of receipts is not compared to receipt records by an independent person. Bank reconciliations contained no evidence of review by an independent person for propriety.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the office should review operating procedures to obtain the maximum internal control possible under the circumstances. The office should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response – We will work to segregate duties to ensure the best possible internal controls.

Conclusion – Response accepted.

IV-J-10 County Assessor – Questionable Expenditures – An expenditure we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented was noted. The expenditure for the County Assessor’s Office is detailed as follows:

Paid To	Purpose	Amount
Des Moines Register	Newspaper subscription delivered to the Assessor’s home address	\$ 144

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The County Assessor’s Conference Board should determine and document the public purpose served by this expenditure before authorizing any further payments. If this practice is continued, the County Assessor’s Conference Board should establish written policies and procedures, including requirements for proper documentation.

Response – The newspaper is now delivered to the courthouse.

Conclusion – Response accepted.

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Jasper County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager  
Selina V. Johnson, CPA, Senior Auditor II  
Tiffany M. Ainger, Staff Auditor  
Daniel W. Henaman, Staff Auditor  
Jenny M. Podrebarac, Staff Auditor  
Kassi D. Adams, Assistant Auditor  
Ann C. McMinimee, Auditor Intern

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA  
Deputy Auditor of State