



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

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE

April 12, 2013

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

The County had local tax revenue of \$50,329,689 for the year ended June 30, 2012, which included \$1,645,736 in tax credits from the state. The County forwarded \$36,686,741 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$13,642,948 of the local tax revenue to finance County operations, a 6.0% increase over the prior year. Other revenues included charges for service of \$1,773,630, operating grants, contributions and restricted interest of \$6,472,371, capital grants, contributions and restricted interest of \$2,909,561, tax increment financing of \$656,972, local option sales tax of \$1,258,294, unrestricted investment earnings of \$121,660 and other general revenues of \$302,625.

Expenses for County operations totaled \$25,517,956, a 2.9% increase over the prior year. Expenses included \$8,289,998 for roads and transportation, \$5,014,676 for public safety and legal services and \$4,346,656 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/1210-0050-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, 2012**

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**Jasper County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis Stevenson	Board of Supervisors	Jan 2013
Joe Brock	Board of Supervisors	Jan 2015
Dennis Carpenter	Board of Supervisors	Jan 2015
Dennis Parrott	County Auditor	Jan 2013
Doug Bishop	County Treasurer	Jan 2015
Nancy Parrott	County Recorder	Jan 2015
Mike Balmer	County Sheriff	Jan 2013
Mike Jacobsen	County Attorney	Jan 2015
John Deegan	County Assessor	Jan 2016

**Jasper County**



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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, 2012, 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.

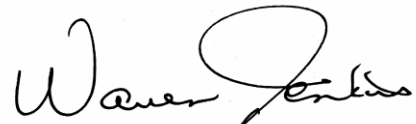
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County at June 30, 2012, and the respective changes in financial 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 15, 2013 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.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information 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 15, 2013



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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, 2012. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2012 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 5.8%, or approximately \$1,482,000, from fiscal year 2011 to fiscal year 2012. Operating grants, contributions and restricted interest decreased approximately \$495,000, capital grants, contributions and restricted interest increased approximately \$1,014,000, charges for service increased approximately \$260,000 and property tax increased approximately \$771,000.
- Program expenses of the County's governmental activities increased 2.9%, or approximately \$709,000, from fiscal year 2011 to fiscal year 2012. Expenses increased approximately \$702,000 in the mental health function, approximately \$281,000 in the roads and transportation function and approximately \$173,000 in the county environment and education function. Also, expenses decreased approximately \$352,000 in the administration function.
- The County's net assets increased 4.2%, or approximately \$1,620,000, from June 30, 2011 to June 30, 2012.

### 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 financial 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.

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 \$38,731,000 to approximately \$40,351,000. The analysis that follows focuses on the changes in the net assets of governmental activities.

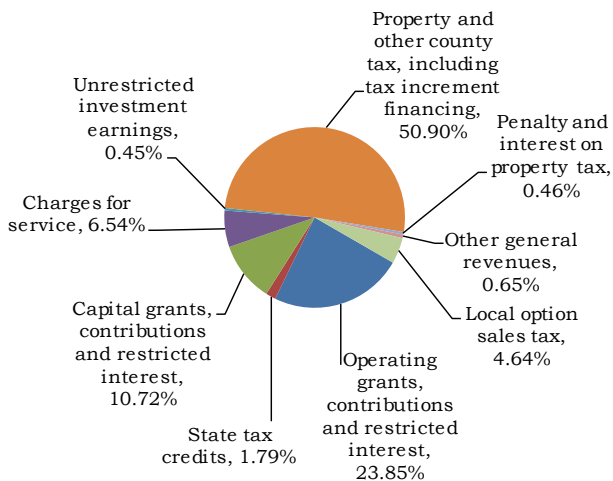
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2012	2011
Current and other assets	\$ 28,523	29,327
Capital assets	44,502	41,851
Total assets	<u>73,025</u>	<u>71,178</u>
Long-term liabilities	17,352	17,101
Other liabilities	15,322	15,346
Total liabilities	<u>32,674</u>	<u>32,447</u>
Net assets:		
Invested in capital assets, net of related debt	35,352	33,155
Restricted	8,160	8,215
Unrestricted	(3,161)	(2,639)
Total net assets	<u>\$ 40,351</u>	<u>38,731</u>

Net assets of Jasper County's governmental activities increased approximately \$1,620,000 (approximately \$40,351,000 compared to approximately \$38,731,000). 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—decreased from approximately (\$2,639,000) at June 30, 2011 to approximately (\$3,161,000) at the end of this year, a decrease of 19.8%. The unrestricted net assets deficit balance is a result of the County issuing general obligation bonds and notes for capital assets not owned by the County.

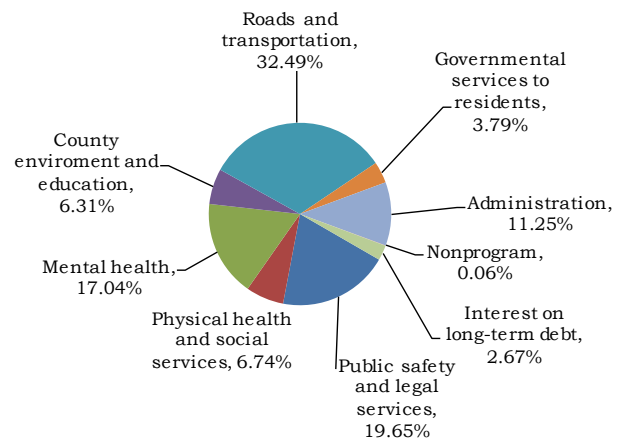
Changes in Net Assets of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2012	2011
Revenues:		
Program revenues:		
Charges for service	\$ 1,774	1,514
Operating grants, contributions and restricted interest	6,472	6,967
Capital grants, contributions and restricted interest	2,910	1,896
General revenues:		
Property and other county tax, including tax increment financing	13,814	13,043
Penalty and interest on property tax	125	137
State tax credits	486	472
Local option sales tax	1,258	1,322
Unrestricted investment earnings	122	174
Other general revenues	177	131
Total revenues	27,138	25,656
Program expenses:		
Public safety and legal services	5,015	5,031
Physical health and social services	1,720	1,839
Mental health	4,347	3,645
County environment and education	1,609	1,436
Roads and transportation	8,290	8,009
Governmental services to residents	967	894
Administration	2,872	3,224
Nonprogram	16	8
Interest on long-term debt	682	723
Total expenses	25,518	24,809
Increase in net assets	1,620	847
Net assets beginning of year	38,731	37,884
Net assets end of year	\$ 40,351	38,731

**Revenues by Source**



**Expenses by Function**



Jasper County's net assets of governmental activities increased approximately \$1,620,000 during the year. Revenues for governmental activities increased approximately \$1,482,000 over the prior year. Property and other county tax revenue increased approximately \$771,000, or 5.9%, over the prior year. Capital grants, contributions and restricted interest increased approximately \$1,014,000, or 53.5%, due to more farm-to-market projects contributed to the County by the Iowa Department of Transportation (DOT) in the current fiscal year. Operating grants, contributions and restricted interest decreased approximately \$495,000, or 7.1%, the from prior year, due primarily to FEMA disaster grants received during the previous fiscal year.

The County increased property tax rates for fiscal year 2012 an average of 2.1%. This increase and increases in taxable valuations raised the County's property tax revenue approximately \$771,000 in fiscal year 2012.

The cost of all governmental activities this year was approximately \$25.5 million compared to approximately \$24.8 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$14.4 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,774,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$9,382,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2012 from approximately \$10,377,000 to approximately \$11,156,000, primarily due to more farm-to-market road projects contributed to the County by the Iowa DOT. The County paid for the remaining "public benefit" portion of governmental activities with 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, a decrease of approximately \$979,000 from last year's total of approximately \$13.3 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. The ending fund balance increased approximately \$484,000 over the prior year to \$5,048,288.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$4,345,312, an increase of approximately \$718,000, or 19.8%, over the prior year. Revenues remained consistent when compared to the prior year. The Special Revenue, Mental Health Fund balance at year end decreased approximately \$970,000 to \$1,023,589.
- Special Revenue, Rural Services Fund revenues increased approximately \$108,000 due to an increase in property tax. Expenditures remained consistent when compared to the prior year. At year end, the fund balance was \$996,418 compared to the prior year ending fund balance of \$635,372.
- Special Revenue, Secondary Roads Fund revenues remained consistent when compared to the prior year, increasing approximately \$56,000, or 1.3%. Expenditures increased approximately \$631,000, or 10.4%, over the prior year due to capital expenditures for equipment purchases and the construction of two machine storage sheds during fiscal year 2012. The fund balance at June 30, 2012 was \$2,576,159 compared to the prior year ending fund balance of \$3,077,043, a decrease of \$500,884.

- Debt Service Fund revenues increased approximately \$178,000 as a result of the increase in property tax rates from \$.47348 to \$.56639 per \$1,000 of taxable valuation. During the year ended June 30, 2012, the County issued \$2,580,000 of general obligation bonds for a current refunding of \$1,100,000 of general obligation capital loan notes and for heating and cooling system improvements to the County Courthouse. The County also issued \$5,000,000 of general obligation refunding bonds for a current refunding of \$842,000 of general obligation capital loan notes and an advance refunding of \$4,135,000 of general obligation bonds. The proceeds of the advance refunding were placed in an escrow account to provide for all future debt service payments on the refunded debt. As a result of the current refundings, expenditures increased \$2,131,578. At year end, the fund balance was \$259,172 compared to the prior year ending fund balance of \$204,948.
- During the year ended June 30, 2012, the County issued \$2,580,000 of general obligation bonds, of which \$1,437,710 of the proceeds were credited to the Capital Projects Fund to help finance the Courthouse heating and cooling system improvements. At June 30, 2012, the fund balance of the Capital Projects Fund was \$181,280.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, Jasper County amended its budget two times. The first amendment was made in May 2012 and resulted in an increase in budgeted receipts for proceeds of refunding debt issued and an increase in budgeted disbursements for the debt service for repayment of refunded debt. The amendment also increased the capital projects function for the Courthouse boiler replacement and HVAC upgrade. The second amendment was made in June 2012. This amendment was incorrectly completed and negated the budget amendment adopted on May 15, 2012 by \$6,843,026 in multiple functions.

The County’s receipts were \$609,511 more than budgeted, a difference of 2.6%.

Total disbursements were \$1,932,229 more than the amended budget. Actual disbursements for the physical health and social services, roads and transportation, debt service and capital projects functions were \$249,161, \$16,195, \$2,057,996 and \$1,429,088, respectively, more than budgeted, primarily due to errors made in the amendment adopted in June.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2012, Jasper County had approximately \$44.5 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 \$2,651,000, or 6.3%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2012	2011
Land	\$ 1,003	1,003
Construction in progress	1,397	-
Buildings and improvements	9,331	8,946
Equipment and vehicles	2,270	2,371
Infrastructure	30,501	29,531
Total	\$ 44,502	41,851

The County had depreciation expense of \$2,951,265 in fiscal year 2012 and total accumulated depreciation of \$26,295,855 at June 30, 2012. More detailed information about the County’s capital assets is presented in Note 5 to the financial statements.

## Long-Term Debt

Jasper County had general obligation bonds and capital loan notes outstanding at June 30, 2012 and June 30, 2011, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2012	2011
General obligation bonds and capital loan notes	\$ 15,500	15,307

The County carries a general obligation bond rating of Aa2 assigned by national rating agencies to the County's debt. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Jasper County's outstanding general obligation debt of approximately \$19.6 million is significantly below its constitutional debt limit of approximately \$128 million.

During the fiscal year ended June 30, 2012, the County refinanced outstanding debt on three occasions. On January 10, 2012, the County issued \$2,850,000 of general obligation bonds to currently refinance the outstanding balances of its series 2001 and 2006 general obligation capital loan notes. The County also issued \$870,000 of general obligation bonds to currently refinance the outstanding balances of its series 2006B, 2007 and 2007A general obligation capital loan notes. On January 20, 2012, the County issued \$4,130,000 of general obligation refunding bonds to refinance the remaining portion of its series 2003 general obligation bonds.

Additional information about the County's long-term debt is presented in Note 7 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 2013 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 2013 budget, all of the LOSST money estimated to be received in fiscal year 2013 (approximately \$900,000) was used to offset a property tax increase in fiscal year 2013.

Amounts available for appropriation in the operating budget are approximately \$23,517,000, a less than 1% decrease from the final fiscal year 2012 budget. Budgeted disbursements decreased approximately \$51,000 from the final fiscal year 2012 budget, with no significant changes anticipated. The County has added no major new programs or initiatives to the fiscal year 2013 budget.

If these estimates are realized, the County's budgetary operating balance is expected to slightly increase by the close of fiscal year 2013.

## 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, 2012

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 12,751,726
Receivables:	
Property tax:	
Delinquent	25,015
Succeeding year	12,512,000
Succeeding year tax increment financing	1,080,000
Interest and penalty on property tax	75,990
Accounts	213,607
Accrued interest	201
Special assessments	22,142
Due from other governments	1,351,287
Inventories	395,906
Prepaid expense	95,750
Capital assets, net of accumulated depreciation	44,501,568
<b>Total assets</b>	<u>73,025,192</u>
<b>Liabilities</b>	
Accounts payable	663,815
Accrued interest payable	55,201
Salaries and benefits payable	358,741
Due to other governments	652,462
Deferred revenue:	
Succeeding year property tax	12,512,000
Succeeding year tax increment financing	1,080,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	150,000
General obligation bonds	940,000
Compensated absences	474,728
Portion due or payable after one year:	
General obligation capital loan notes	450,000
General obligation bonds	13,960,000
Compensated absences	1,186,873
Net OPEB liability	189,900
<b>Total liabilities</b>	<u>32,673,720</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	35,352,051
Restricted for:	
Nonexpendable:	
Permanent Fund	12,000
Expendable:	
Supplemental levy purposes	1,435,057
Mental health purposes	1,000,897
Rural services purposes	963,265
Secondary roads purposes	2,021,415
Conservation land acquisition	230,771
Debt service	205,409
Capital projects	100,750
Other purposes	2,191,216
Unrestricted	(3,161,359)
<b>Total net assets</b>	<u>\$ 40,351,472</u>

See notes to financial statements.

Jasper County

Statement of Activities

Year ended June 30, 2012

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		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	\$ 5,014,676	354,452	43,027	-	(4,617,197)
Physical health and social services	1,719,471	374,224	399,112	-	(946,135)
Mental health	4,346,656	6,279	1,434,589	-	(2,905,788)
County environment and education	1,609,073	59,654	171,351	69,970	(1,308,098)
Roads and transportation	8,289,998	194,554	4,244,403	2,839,591	(1,011,450)
Governmental services to residents	967,455	608,054	89	-	(359,312)
Administration	2,872,078	105,325	45,084	-	(2,721,669)
Non-program	16,444	71,088	-	-	54,644
Interest on long-term debt	682,105	-	134,716	-	(547,389)
<b>Total</b>	<b>\$ 25,517,956</b>	<b>1,773,630</b>	<b>6,472,371</b>	<b>2,909,561</b>	<b>(14,362,394)</b>

**General Revenues:**

Property and other county tax levied for:		
General purposes		12,357,921
Debt service		798,949
Tax increment financing		656,972
Penalty and interest on property tax		125,314
State tax credits		486,078
Local option sales tax		1,258,294
Unrestricted investment earnings		121,660
Gain on disposition of capital assets		42,186
Miscellaneous		135,125
<b>Total general revenues</b>		<b>15,982,499</b>
Change in net assets		1,620,105
Net assets beginning of year		38,731,367
Net assets end of year		<b>\$ 40,351,472</b>

See notes to financial statements.

Jasper County  
Balance Sheet  
Governmental Funds

June 30, 2012

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 5,441,971	1,666,715	1,015,156	2,126,223
Receivables:				
Property tax:				
Delinquent	16,599	3,705	3,110	-
Succeeding year	7,466,000	1,915,000	2,357,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	75,990	-	-	-
Accounts	205,733	80	-	7,794
Accrued interest	201	-	-	-
Special assessments	-	-	-	22,142
Due from other funds	-	-	-	-
Due from other governments	199,758	11,434	-	863,387
Inventories	-	-	-	395,906
Prepaid expenditures	95,750	-	-	-
<b>Total assets</b>	<b>\$ 13,502,002</b>	<b>3,596,934</b>	<b>3,375,266</b>	<b>3,415,452</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 263,704	62,889	2,614	187,058
Salaries and benefits payable	255,890	5,002	4,208	93,641
Due to other funds	69,920	-	-	-
Due to other governments	16,365	582,108	11,916	42,073
Deferred revenue:				
Succeeding year property tax	7,466,000	1,915,000	2,357,000	-
Succeeding year tax increment financing	-	-	-	-
Other	381,835	8,346	3,110	516,521
Total liabilities	8,453,714	2,573,345	2,378,848	839,293
Fund balances:				
Nonspendable:				
Inventories	-	-	-	395,906
Prepaid expenditures	95,750	-	-	-
Dental care	-	-	-	-
Restricted for:				
Supplemental levy purposes	1,493,825	-	-	-
Mental health purposes	-	1,023,589	-	-
Rural services purposes	-	-	996,418	-
Secondary roads purposes	-	-	-	2,180,253
Conservation land acquisition	178,271	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	14,548	-	-	-
Unassigned	3,265,894	-	-	-
Total fund balances	5,048,288	1,023,589	996,418	2,576,159
<b>Total liabilities and fund balances</b>	<b>\$ 13,502,002</b>	<b>3,596,934</b>	<b>3,375,266</b>	<b>3,415,452</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
259,172	257,317	1,985,172	12,751,726
1,438	-	163	25,015
774,000	-	-	12,512,000
-	-	1,080,000	1,080,000
-	-	-	75,990
-	-	-	213,607
-	-	-	201
-	-	-	22,142
-	69,920	-	69,920
-	73,375	203,333	1,351,287
-	-	-	395,906
-	-	-	95,750
1,034,610	400,612	3,268,668	28,593,544
-	147,550	-	663,815
-	-	-	358,741
-	-	-	69,920
-	-	-	652,462
774,000	-	-	12,512,000
-	-	1,080,000	1,080,000
1,438	71,782	163	983,195
775,438	219,332	1,080,163	16,320,133
-	-	-	395,906
-	-	-	95,750
-	-	12,000	12,000
-	-	-	1,493,825
-	-	-	1,023,589
-	-	-	996,418
-	-	-	2,180,253
-	-	-	178,271
259,172	-	-	259,172
-	181,280	-	181,280
-	-	2,176,505	2,191,053
-	-	-	3,265,894
259,172	181,280	2,188,505	12,273,411
1,034,610	400,612	3,268,668	28,593,544

**Jasper County**

Jasper County

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

June 30, 2012

<b>Total governmental fund balances (page 19)</b>	\$ 12,273,411
<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 \$70,797,423 and the accumulated depreciation is \$26,295,855.	44,501,568
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.	983,195
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>(17,406,702)</u>
<b>Net assets of governmental activities (page 16)</b>	<u><u>\$ 40,351,472</u></u>

See notes to financial statements.

Jasper County

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

Year ended June 30, 2012

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 8,348,646	1,863,390	2,139,633	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	-	-
Interest and penalty on property tax	112,902	-	-	-
Intergovernmental	1,103,266	1,509,864	81,945	4,296,399
Licenses and permits	22,685	-	46,493	17,940
Charges for service	909,966	1,558	325	7,348
Use of money and property	204,920	-	-	-
Miscellaneous	324,491	80	5	193,799
<b>Total revenues</b>	<b>11,026,876</b>	<b>3,374,892</b>	<b>2,268,401</b>	<b>4,515,486</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	4,802,046	-	-	-
Physical health and social services	1,656,699	-	-	-
Mental health	-	4,345,312	-	-
County environment and education	873,528	-	452,209	-
Roads and transportation	-	-	-	6,544,659
Governmental services to residents	925,388	-	-	-
Administration	2,786,437	-	-	-
Non-program	15,829	-	-	-
Debt service	-	-	-	-
Capital projects	140,188	-	-	135,227
<b>Total expenditures</b>	<b>11,200,115</b>	<b>4,345,312</b>	<b>452,209</b>	<b>6,679,886</b>
Excess (deficiency) of revenues over (under) expenditures	(173,239)	(970,420)	1,816,192	(2,164,400)
<b>Other financing sources (uses):</b>				
Sale of capital assets	6,726	-	-	1,600
Operating transfers in	913,458	-	402,764	2,050,624
Operating transfers out	(262,634)	-	(1,857,910)	(388,708)
General obligation refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Discount on general obligation refunding bonds issued	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>657,550</b>	<b>-</b>	<b>(1,455,146)</b>	<b>1,663,516</b>
Change in fund balances	484,311	(970,420)	361,046	(500,884)
Fund balances beginning of year	4,563,977	1,994,009	635,372	3,077,043
<b>Fund balances end of year</b>	<b>\$ 5,048,288</b>	<b>1,023,589</b>	<b>996,418</b>	<b>2,576,159</b>

See notes to financial statements.



Debt Service	Capital Projects	Nonmajor	Total
798,423	-	-	13,150,092
-	-	656,972	656,972
-	-	1,258,294	1,258,294
-	-	-	112,902
159,271	17,045	26,251	7,194,041
-	-	-	87,118
-	-	6,946	926,143
2,545	2,183	1,537	211,185
-	-	30,659	549,034
960,239	19,228	1,980,659	24,145,781
-	-	5,269	4,807,315
-	-	-	1,656,699
-	-	-	4,345,312
-	-	-	1,325,737
-	-	-	6,544,659
-	-	-	925,388
-	-	18,637	2,805,074
-	-	-	15,829
3,960,276	-	-	3,960,276
-	1,928,319	14,058	2,217,792
3,960,276	1,928,319	37,964	28,604,081
(3,000,037)	(1,909,091)	1,942,695	(4,458,300)
-	-	-	8,326
1,020,777	69,920	-	4,457,543
-	(2,472)	(1,945,819)	(4,457,543)
6,142,290	1,437,710	-	7,580,000
(4,057,725)	-	-	(4,057,725)
(51,081)	-	-	(51,081)
3,054,261	1,505,158	(1,945,819)	3,479,520
54,224	(403,933)	(3,124)	(978,780)
204,948	585,213	2,191,629	13,252,191
259,172	181,280	2,188,505	12,273,411

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, 2012

**Change in fund balances - Total governmental funds (page 23)** \$ (978,780)

**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	\$ 2,817,243	
Capital assets contributed by the Iowa Department of Transportation	2,743,670	
Depreciation expense	<u>(2,951,265)</u>	2,609,648

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. 40,586

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	6,778	
Other	<u>192,920</u>	199,698

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	(7,580,000)	
Repaid	<u>7,387,000</u>	(193,000)

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	4,451	
Other postemployment benefits	(62,475)	
Interest on long-term debt	<u>(23)</u>	<u>(58,047)</u>

**Change in net assets of governmental activities (page 17)** \$ 1,620,105

See notes to financial statements.

Jasper County  
Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2012

	Other Employee Benefit Trust	Private Purpose Trust	Agency
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 120,044	49,498	2,349,762
Other County officials	-	-	72,512
Receivables:			
Property tax:			
Delinquent	-	-	66,687
Succeeding year	-	-	36,046,000
Special assessments	-	-	358,651
Accounts	-	-	62,514
<b>Total assets</b>	<b>120,044</b>	<b>49,498</b>	<b>38,956,126</b>
<b>Liabilities</b>			
Accounts payable	-	-	56,507
Salaries and benefits payable	-	-	15,545
Due to other governments	-	-	38,531,019
Trusts payable	-	-	225,142
Compensated absences	-	-	127,913
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>38,956,126</b>
<b>Net assets</b>			
Held in trust for employee benefits and others	\$ 120,044	49,498	-

See notes to financial statements.

Jasper County  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2012

	Other Employee Benefit Trust	Private Purpose Trust
Additions:		
Donations and contributions	\$ 77,503	-
Interest on investments	-	501
Total additions	<u>77,503</u>	<u>501</u>
Deductions:		
Distributions to participants	<u>63,894</u>	-
Change in net assets held in trust	13,609	501
Net assets beginning of year	<u>106,435</u>	<u>48,997</u>
Net assets end of year	<u>\$ 120,044</u>	<u>49,498</u>

See notes to financial statements.

Jasper County

Notes to Financial Statements

June 30, 2012

**(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:

*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 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 the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for property tax and other revenues to be used 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 and other capital assets.

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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications - committed, assigned and then unassigned fund balances.

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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2011.

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
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
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 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 the Fiduciary, 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, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the physical health and social services, roads and transportation, debt service and capital projects functions.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2012 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, 2012 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Local Option Sales and Services Tax	<u>\$ 913,458</u>
Special Revenue: Rural Services	Special Revenue: Local Option Sales and Services Tax	<u>402,764</u>
Secondary Roads	General Special Revenue: Rural Services	<u>192,714</u> <u>1,857,910</u> <u>2,050,624</u>
Debt Service	Special Revenue: Secondary Roads Tax Increment Financing Capital Projects	<u>388,708</u> <u>629,597</u> <u>2,472</u> <u>1,020,777</u>
Capital Projects	General	<u>69,920</u>
Total		<u>\$ 4,457,543</u>

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

**(4) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects	General	<u>\$ 69,920</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,002,771	-	-	1,002,771
Construction in progress	-	4,140,397	2,743,670	1,396,727
Total capital assets not being depreciated	1,002,771	4,140,397	2,743,670	2,399,498
Capital assets being depreciated:				
Buildings	10,039,935	213,940	-	10,253,875
Improvements other than buildings	620,910	415,632	-	1,036,542
Machinery, equipment and vehicles	8,277,871	756,044	299,252	8,734,663
Infrastructure	45,541,775	2,831,070	-	48,372,845
Total capital assets being depreciated	64,480,491	4,216,686	299,252	68,397,925
Less accumulated depreciation for:				
Buildings	1,617,511	209,921	-	1,827,432
Improvements other than buildings	96,591	35,306	-	131,897
Machinery, equipment and vehicles	5,906,574	845,178	287,338	6,464,414
Infrastructure	16,011,252	1,860,860	-	17,872,112
Total accumulated depreciation	23,631,928	2,951,265	287,338	26,295,855
Total capital assets being depreciated, net	40,848,563	1,265,421	11,914	42,102,070
Governmental activities capital assets, net	\$41,851,334	5,405,818	2,755,584	44,501,568

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 256,095
Physical health and social services	18,027
County environment and education	72,508
Roads and transportation	2,499,509
Governmental services to residents	26,983
Administration	78,143
Total depreciation expense - governmental activities	<u>\$ 2,951,265</u>

**(6) 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	\$ 16,365
Special Revenue:		
Mental Health	Services	582,108
Rural Services		11,916
Secondary Roads		42,073
		<u>636,097</u>
Total for governmental funds		<u>\$ 652,462</u>
Agency:		
County Assessor	Collections	\$ 865,829
Schools		21,461,746
Community Colleges		897,370
Corporations		9,151,926
Auto License and Use Tax		809,115
All other		5,345,033
Total for agency funds		<u>\$ 38,531,019</u>

**(7) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	General Obligation Capital Loan Notes	General Obligation Bonds	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 2,732,000	12,575,000	1,666,052	127,425	17,100,477
Increases	-	7,580,000	567,503	92,075	8,239,578
Decreases	2,132,000	5,255,000	571,954	29,600	7,988,554
Balance end of year	<u>\$ 600,000</u>	<u>14,900,000</u>	<u>1,661,601</u>	<u>189,900</u>	<u>17,351,501</u>
Due within one year	\$ 150,000	940,000	474,728	-	1,564,728

General Obligation Capital Loan Notes

A summary of the County's June 30, 2012 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 2011 Issued April 4, 2011			
	Interest Rates	Principal	Interest	Total
2013	2.85%	\$ 150,000	17,337	167,337
2014	2.85	150,000	13,003	163,003
2015	2.85	150,000	8,669	158,669
2016	2.85	150,000	4,346	154,346
Total		<u>\$ 600,000</u>	<u>43,355</u>	<u>643,355</u>

During the year ended June 30, 2012, principal payments of \$2,132,000 were made by the County on general obligation capital loan notes. As further discussed in the following general obligation bonds section of this note, \$1,942,000 of the \$2,132,000 of principal payments were current refundings of the then outstanding balances of certain notes.

General Obligation Bonds

A summary of the County's June 30, 2012 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2005 Issued Mar 1, 2005			Series 2007B Issued Nov 1, 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2013	3.75%	\$ 565,000	103,413	5.00%	\$ -	263,842
2014	3.75	585,000	82,225	5.00	240,000	263,842
2015	3.40	600,000	60,287	5.10	250,000	251,842
2016	3.60	115,000	39,887	5.20	265,000	239,092
2017	3.70	120,000	35,747	5.28	275,000	225,312
2018-2022	3.75-4.00	650,000	107,880	5.33-5.50	1,640,000	887,178
2023-2027	4.05	145,000	5,874	5.55-5.75	2,155,000	381,555
Total		\$ 2,780,000	435,313		\$ 4,825,000	2,512,663

Year Ending June 30,	Series 2012A Issued Jan 10, 2012			Series 2012B Issued Jan 10, 2012		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2013	0.45%	\$ 130,000	34,955	0.70%	\$ 185,000	9,720
2014	0.50	135,000	34,370	1.00	185,000	8,425
2015	0.70	135,000	33,695	1.30	65,000	6,575
2016	0.95	255,000	32,750	1.70	65,000	5,730
2017	1.15	305,000	30,327	2.00	65,000	4,625
2018-2022	1.40-2.15	1,500,000	83,840	2.25-2.50	140,000	5,075
2023-2027		-	-		-	-
Total		\$ 2,460,000	249,937		\$ 705,000	40,150

Year Ending June 30,	Series 2012C Issued Jan 10, 2012			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2013	0.50%	\$ 60,000	60,987	940,000	472,917	1,412,917
2014	0.50	370,000	60,688	1,515,000	449,550	1,964,550
2015	0.70	380,000	58,837	1,430,000	411,236	1,841,236
2016	0.95	385,000	56,178	1,085,000	373,637	1,458,637
2017	1.15	390,000	52,520	1,155,000	348,531	1,503,531
2018-2022	1.40-2.15	2,095,000	174,195	6,025,000	1,258,168	7,283,168
2023	2.25	450,000	10,125	2,750,000	397,554	3,147,554
Total		\$ 4,130,000	473,530	14,900,000	3,711,593	18,611,593

During the year ended June 30, 2012, principal payments of \$1,120,000 were made by the County on general obligation bonds. As further discussed in the following paragraph, the County also defeased \$4,135,000 of principal of the general obligation bonds issued November 2, 1003.

On January 10, 2012, the County issued \$2,580,000 of general obligation bonds with interest at rates ranging from .30% to 2.15% for a current refunding of \$1,100,000 of general obligation capital loan notes dated July 26, 2001 and February 15, 2006 and for heating and cooling system improvements. The County refunded the notes to reduce its total debt service payments by approximately \$174,000 and to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of approximately \$166,000.

On January 10, 2012, the County issued \$870,000 of general obligation refunding bonds with interest at rates ranging from .6% to 2.5% for a current refunding of \$842,000 of general obligation capital loan notes dated October 31, 2006, July 6, 2007 and November 16, 2007. The County refunded the notes to reduce its total debt service payments by approximately \$95,000 and to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of approximately \$93,000.

On January 10, 2012, the County issued \$4,130,000 of general obligation refunding bonds with interest at rates ranging from .50% to 2.25%, to advance refund \$4,135,000 of the general obligation bonds issued November 1, 2003. The net proceeds of \$4,057,725 (after payment of underwriters fees, insurance and other issuance costs) plus an additional \$4,026 from the County's Debt Service Fund were deposited in an irrevocable trust with an escrow agent and used to purchase U.S. government securities to provide for all future debt service payments on the 2003 general obligation bonds. As a result, the 2003 general obligation bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of Net Assets. The County refunded the bonds to reduce its total debt service payments by approximately \$404,000 and to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of approximately \$379,000.

**(8) Private Redevelopment Agreements**

The County entered into a private redevelopment agreement with Opus Northwest, LLC (Opus), the City of Newton and the Jasper County Economic Development Corporation (JEDCO). The agreement requires Opus to construct a building on a 33 acre site with a minimum assessed value of \$13,500,000. Under the agreement, the County will provide \$694,848 to JEDCO to purchase the site and transfer it to Opus. The County will also provide a \$3,000,000 economic development grant to Opus to assist in 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. Pursuant to an amended agreement, 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 local match requirements associated with an Iowa Economic Development Authority 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 for calendar years 2013 through 2017. TPI has met this requirement.

In consideration for the County including the City of Newton'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, 2012, the City paid the County \$132,171 for interest and other bond fees.



**(9) 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 5.83% of their annual covered salary and the County is required to contribute 8.07% 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, 2012, 2011 and 2010 were \$685,077, \$597,413 and \$552,557, respectively, equal to the required contributions for each year.

**(10) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer health benefit plan which provides medical, dental and vision benefits for employees, retirees and their spouses. There are 162 active and 6 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 which, 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, 2012, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 92,000
Interest on net OPEB obligation	5,100
Adjustment to annual required contribution	<u>(5,025)</u>
Annual OPEB cost	92,075
Contributions made	<u>(29,600)</u>
Increase in net OPEB obligation	62,475
Net OPEB obligation beginning of year	<u>127,425</u>
Net OPEB obligation end of year	<u>\$ 189,900</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, 2012.

For the year ended June 30, 2012, the County contributed \$29,600 to the health plan. Plan members eligible for benefits contributed \$63,895, or 68% 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 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 88,533	46.3%	\$ 122,892
2011	88,733	94.9%	127,425
2012	92,075	32.1%	189,900

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$777,458 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$777,458. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$7,825,000 and the ratio of the UAAL to covered payroll was 9.9%. As of June 30, 2012, 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 for the Retiree Health Plan, 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, 2011 actuarial valuation date, the projected 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 10%. 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 Combined Mortality Table Fully Generational using Scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$975 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.

**(11) Risk Management**

The County is a member of 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 663 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 150% 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, 2012 were \$189,469.

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. For members requiring specific coverage from \$3,000,000 to \$12,000,000, 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, 2012, no liability has been recorded in the County's financial statements. As of June 30, 2012, 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% 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 and employee blanket bond in the amount of \$1,000,000 and \$250,000, respectively. 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.

**(12) Voluntary Termination Benefit Program**

A voluntary termination benefit program has been established for County employees. The program allows an employee who is eligible, upon a bona fide retirement, to use the value of up to 720 hours of their unused sick leave to pay the employer's share of the monthly premium of the County group health insurance plan after their retirement.

Upon retirement, the balance of the accrued sick leave will be credited to the employee's sick leave upon retirement account. The employer will continue to pay the employer's share of the health insurance premium each month until the converted value of the employee's sick leave balance is exhausted. The converted value of the sick leave can only be applied to the employer's share of health insurance premium payments.

All program benefits are financed on a pay-as-you-go basis by the County. The County accounts for retiree activity in the Fiduciary, Other Employee Benefit Trust Fund. Amounts due for the program have been included in and reported as compensated absences on the government-wide financial statement. The liability for expected future health insurance benefits under this program at June 30, 2012 is \$1,136,946.

For the year ended June 30, 2012, fourteen employees participated and received benefits totaling \$63,894 under the program. The County contributed \$77,053 to the fund for current year retirees under the program.

**(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, 2012:

Year ending June 30,	Amount
2013	\$ 83,050
2014	<u>41,525</u>
Total	<u>\$124,575</u>

**(14) County Care Facility**

In a prior year, the County entered into a contract totaling \$550,000 for the sale of the county care facility. The County agreed to forgive \$350,000 of the purchase price upon receipt of \$200,000. As of June 30, 2012, revenues of \$8,394 from the sale have been collected. The balance of \$191,606 remaining on the contract at June 30, 2012 will be paid with monthly payments of \$556 and annual payments of \$33,328 until the buyer's payments total \$200,000.

**(15) 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.

**(16) Jasper County Community Empowerment Area Board**

The County is the fiscal agent for the Jasper County Community Empowerment Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the Area Board. The Area Board's financial data for the year ended June 30, 2012 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early childhood	\$ 65,902	-	65,902
Family support and parent education	-	129,447	129,447
Preschool support for low-income families	-	56,837	56,837
Quality improvement	-	35,626	35,626
Allocation for administration	3,469	7,278	10,747
Other grant programs	-	13,421	13,421
Total state grants	69,371	242,609	311,980
Interest on investments	114	400	514
Total revenues	69,485	243,009	312,494
Expenditures:			
Program services:			
Early childhood	64,331	-	64,331
Family support and parent education	-	122,198	122,198
Preschool support for low income families	-	48,805	48,805
Quality improvement	-	36,628	36,628
Other program services	-	10,089	10,089
Total program services	64,331	217,720	282,051
Administration	3,395	5,000	8,395
Total expenditures	67,726	222,720	290,446
Change in fund balance	1,759	20,289	22,048
Fund balance beginning of year	4,256	14,396	18,652
Fund balance end of year	\$ 6,015	34,685	40,700

Findings related to the operations of the Area Board are included as items II-A(2)-12, II-I-12, II-J-12, IV-L-12 and IV-K-12 in the Schedule of Findings and Questioned Costs.

**(17) Subsequent Event**

In January 2013, the County authorized a loan agreement and issuance, not to exceed \$1,850,000 of general obligation refunding capital loan notes which will be used to refund a portion of the County's 2005 general obligation bonds.

**Jasper County**

**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, 2012

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 15,074,680	-	15,074,680
Interest and penalty on property tax	112,902	-	112,902
Intergovernmental	7,154,715	-	7,154,715
Licenses and permits	88,423	-	88,423
Charges for service	864,320	-	864,320
Use of money and property	225,691	-	225,691
Miscellaneous	611,535	-	611,535
Total receipts	<u>24,132,266</u>	<u>-</u>	<u>24,132,266</u>
<b>Disbursements:</b>			
Public safety and legal services	4,754,835	-	4,754,835
Physical health and social services	1,845,469	-	1,845,469
Mental health	4,290,164	-	4,290,164
County environment and education	1,324,085	-	1,324,085
Roads and transportation	6,654,975	-	6,654,975
Governmental services to residents	914,826	-	914,826
Administration	2,786,096	-	2,786,096
Non-program	15,830	-	15,830
Debt service	3,960,276	-	3,960,276
Capital projects	1,929,465	-	1,929,465
Total disbursements	<u>28,476,021</u>	<u>-</u>	<u>28,476,021</u>
Excess (deficiency) of receipts over (under) disbursements	(4,343,755)	-	(4,343,755)
Other financing sources, net	<u>3,491,829</u>	<u>-</u>	<u>3,491,829</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(851,926)	-	(851,926)
Balance beginning of year	<u>13,603,652</u>	<u>60,347</u>	<u>13,543,305</u>
Balance end of year	<u>\$ 12,751,726</u>	<u>60,347</u>	<u>12,691,379</u>

See accompanying independent auditor's report.



Budgeted Amounts		Final to Net Variance
Original	Final	
14,740,773	14,667,986	406,694
100,000	100,000	12,902
7,592,780	7,064,854	89,861
61,000	62,500	25,923
859,090	796,703	67,617
260,160	218,900	6,791
480,060	611,812	(277)
<u>24,093,863</u>	<u>23,522,755</u>	<u>609,511</u>
5,197,948	5,240,269	485,434
2,114,918	1,596,308	(249,161)
5,012,240	4,999,314	709,150
1,409,255	1,435,204	111,119
6,105,532	6,638,780	(16,195)
1,019,069	1,019,057	104,231
3,120,456	3,181,703	395,607
15,500	30,500	14,670
2,003,685	1,902,280	(2,057,996)
1,838,363	500,377	(1,429,088)
<u>27,836,966</u>	<u>26,543,792</u>	<u>(1,932,229)</u>
(3,743,103)	(3,021,037)	(1,322,718)
<u>644,000</u>	<u>695,000</u>	<u>2,796,829</u>
(3,099,103)	(2,326,037)	1,474,111
<u>9,068,264</u>	<u>9,192,226</u>	<u>4,351,079</u>
<u>5,969,161</u>	<u>6,866,189</u>	<u>5,825,190</u>

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Jasper County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2012

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 24,132,266	13,515	24,145,781
Expenditures	28,476,021	128,780	28,604,801
Net	(4,343,755)	(115,265)	(4,458,300)
Other financing sources, net	3,491,829	(12,309)	3,479,520
Beginning fund balances	13,603,652	(351,461)	13,252,191
Ending fund balances	\$ 12,751,726	(479,035)	12,273,411

See accompanying independent auditor's report.

Jasper County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2012

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. 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, two budget amendments decreased budgeted disbursements by \$1,293,174. The budget amendments are 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, 2012, disbursements exceeded the amounts budgeted in the physical health and social services, roads and transportation, debt service and capital projects functions.

Jasper County

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

Required Supplementary Information

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)
2010	Jul 1, 2008	-	\$ 688	688	0.00%	\$ 7,876	8.70%
2011	Jul 1, 2008	-	688	688	0.00	7,967	8.60
2012	Jul 1, 2011	-	777	777	0.00	7,825	9.90

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

**Supplementary Information**

Jasper County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2012

	Special Revenue			
	County Recorder's Records Management	Resource Enhancement and Protection	Local Option Sales and Services Tax	Drainage Districts
<b>Assets</b>				
Cash and pooled investments	\$ 21,685	187,659	1,260,329	60,347
Receivables:				
Delinquent property tax	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Due from other governments	-	-	203,333	-
<b>Total assets</b>	<b>\$ 21,685</b>	<b>187,659</b>	<b>1,463,662</b>	<b>60,347</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Deferred revenue:				
Succeeding year tax increment financing	\$ -	-	-	-
Other	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Nonspendable - dental care	-	-	-	-
Restricted for other purposes	21,685	187,659	1,463,662	60,347
Total fund balances	21,685	187,659	1,463,662	60,347
<b>Total liabilities and fund balances</b>	<b>\$ 21,685</b>	<b>187,659</b>	<b>1,463,662</b>	<b>60,347</b>

See accompanying independent auditor's report.

Tax Increment Financing	Other	Permanent	Total
242,511	196,430	16,211	1,985,172
163	-	-	163
1,080,000	-	-	1,080,000
-	-	-	203,333
1,322,674	196,430	16,211	3,268,668

1,080,000	-	-	1,080,000
163	-	-	163
1,080,163	-	-	1,080,163

-	-	12,000	12,000
242,511	196,430	4,211	2,176,505
242,511	196,430	16,211	2,188,505
1,322,674	196,430	16,211	3,268,668

Jasper County

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

Year ended June 30, 2012

	Special Revenue			
	County Recorder's Records Management	Resource Enhance- ment	Local Option Sales and Services Tax	Drainage Districts
Revenues:				
Tax increment financing	\$ -	-	-	-
Local option sales tax	-	-	1,258,294	-
Intergovernmental	-	16,831	-	-
Charges for service	6,946	-	-	-
Use of money and property	89	965	-	-
Miscellaneous	-	-	-	-
Total revenues	7,035	17,796	1,258,294	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Administration	-	-	-	-
Capital projects	-	14,058	-	-
Total expenditures	-	14,058	-	-
Excess of revenues over expenditures	7,035	3,738	1,258,294	-
Other financing uses:				
Operating transfers out	-	-	(1,316,222)	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	7,035	3,738	(57,928)	-
Fund balances beginning of year	14,650	183,921	1,521,590	60,347
Fund balances end of year	\$ 21,685	\$ 187,659	\$ 1,463,662	60,347

See accompanying independent auditor's report.



Tax Increment Financing	Other	Permanent	Total
656,972	-	-	656,972
-	-	-	1,258,294
7,288	2,132	-	26,251
-	-	-	6,946
-	363	120	1,537
-	30,659	-	30,659
664,260	33,154	120	1,980,659
-	5,269	-	5,269
-	18,637	-	18,637
-	-	-	14,058
-	23,906	-	37,964
664,260	9,248	120	1,942,695
(629,597)	-	-	(1,945,819)
34,663	9,248	120	(3,124)
207,848	187,182	16,091	2,191,629
242,511	196,430	16,211	2,188,505

Jasper County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2012

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	3,022	454,267	300,672	11,882
Other County officials	72,512	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	422	1,057	42,074	1,488
Succeeding year	-	211,000	522,000	21,119,000	884,000
Special assessments	-	-	-	-	-
Accounts	18,155	-	-	-	-
<b>Total assets</b>	<b>\$ 90,667</b>	<b>214,444</b>	<b>977,324</b>	<b>21,461,746</b>	<b>897,370</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	517	-	-
Salaries and benefits payable	-	-	11,954	-	-
Due to other governments	22,781	214,444	865,829	21,461,746	897,370
Trusts payable	67,886	-	-	-	-
Compensated absences	-	-	99,024	-	-
<b>Total liabilities</b>	<b>\$ 90,667</b>	<b>214,444</b>	<b>977,324</b>	<b>21,461,746</b>	<b>897,370</b>

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
160,495	4,050	8,273	809,115	597,986	2,349,762
-	-	-	-	-	72,512
20,431	496	-	-	719	66,687
8,971,000	361,000	-	-	3,978,000	36,046,000
-	-	358,651	-	-	358,651
-	-	-	-	44,359	62,514
<b>9,151,926</b>	<b>365,546</b>	<b>366,924</b>	<b>809,115</b>	<b>4,621,064</b>	<b>38,956,126</b>
-	-	-	-	55,990	56,507
-	-	-	-	3,591	15,545
9,151,926	365,546	366,924	809,115	4,375,338	38,531,019
-	-	-	-	157,256	225,142
-	-	-	-	28,889	127,913
<b>9,151,926</b>	<b>365,546</b>	<b>366,924</b>	<b>809,115</b>	<b>4,621,064</b>	<b>38,956,126</b>

Jasper County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2012

	Agricultural				
	County Offices	Extension Education	County Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 67,396	215,440	830,831	21,134,041	874,883
Additions:					
Property and other county tax	-	211,439	524,787	21,201,425	886,872
E911 surcharge	-	-	-	-	-
State tax credits	-	7,668	19,195	750,087	31,468
Driver's license fees	-	-	-	-	-
Office fees and collections	820,376	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	418,950	-	-	-	-
Miscellaneous	-	-	9,777	-	-
Total additions	1,239,326	219,107	553,759	21,951,512	918,340
Deductions:					
Agency remittances:					
To other funds	561,259	-	-	-	-
To other governments	348,594	220,103	407,266	21,623,807	895,853
Trusts paid out	306,202	-	-	-	-
Total deductions	1,216,055	220,103	407,266	21,623,807	895,853
Balances end of year	\$ 90,667	214,444	977,324	21,461,746	897,370

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
8,904,375	342,406	380,169	742,576	5,383,852	38,875,969
8,881,348	365,153	-	-	3,456,059	35,527,083
-	-	-	-	217,731	217,731
287,117	13,303	-	-	50,820	1,159,658
-	-	-	116,656	-	116,656
-	-	-	-	6,949	827,325
-	-	-	9,291,496	-	9,291,496
-	-	58,236	-	-	58,236
-	-	-	-	761,005	1,179,955
-	-	-	-	604,383	614,160
9,168,465	378,456	58,236	9,408,152	5,096,947	48,992,300
-	-	-	345,396	-	906,655
8,920,914	355,316	71,481	8,996,217	5,111,085	46,950,636
-	-	-	-	748,650	1,054,852
8,920,914	355,316	71,481	9,341,613	5,859,735	48,912,143
9,151,926	365,546	366,924	809,115	4,621,064	38,956,126

Jasper County

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

For the Last Ten Years

	2012	2011	2010	Modified 2009
<b>Revenues:</b>				
Property and other county tax	\$ 13,150,092	12,361,664	12,332,220	12,148,843
Tax increment financing	656,972	676,989	592,150	419,479
Local option sales tax	1,258,294	1,322,175	1,266,740	1,241,293
Interest and penalty on property tax	112,902	126,863	117,212	124,322
Intergovernmental	7,194,041	7,237,209	7,095,801	8,715,856
Licenses and permits	87,118	66,667	74,724	72,004
Charges for service	926,143	981,953	984,163	1,057,610
Use of money and property	211,185	278,877	298,819	375,452
Miscellaneous	549,034	492,838	572,780	510,187
<b>Total</b>	<b>\$ 24,145,781</b>	<b>23,545,235</b>	<b>23,334,609</b>	<b>24,665,046</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 4,807,315	4,720,013	4,490,429	4,363,202
Physical health and social services	1,656,699	1,763,627	1,879,107	1,751,652
Mental health	4,345,312	3,626,922	3,309,741	3,614,092
County environment and education	1,325,737	1,326,599	1,234,876	3,007,680
Roads and transportation	6,544,659	5,994,849	5,791,297	5,463,308
Governmental services to residents	925,388	855,852	938,498	867,398
Administration	2,805,074	2,770,982	2,614,877	2,682,493
Non-program	15,829	8,156	7,279	5,860
Debt service	3,960,276	1,828,698	1,833,025	1,826,464
Capital projects	2,217,792	419,411	43,778	1,329,406
<b>Total</b>	<b>\$ 28,604,081</b>	<b>23,315,109</b>	<b>22,142,907</b>	<b>24,911,555</b>

See accompanying independent auditor's report.

Accrual Basis					
2008	2007	2006	2005	2004	2003
11,905,983	11,868,910	11,705,904	10,433,414	8,585,612	8,558,533
267,768	294,204	238,561	171,439	155,837	96,688
1,243,746	1,056,192	-	-	-	-
109,752	111,155	106,187	113,364	142,490	95,570
7,141,355	7,719,665	7,518,337	7,765,029	7,588,530	7,180,507
70,816	72,550	104,297	112,586	104,919	68,371
990,787	984,919	1,034,993	1,004,702	1,065,016	1,071,297
556,844	644,635	466,665	265,129	157,559	168,858
579,022	608,518	424,392	413,696	686,770	651,622
22,866,073	23,360,748	21,599,336	20,279,359	18,486,733	17,891,446
4,204,230	3,947,911	3,707,359	3,350,867	3,129,432	3,058,425
1,774,103	1,764,524	1,681,600	1,707,344	1,547,630	1,682,536
4,085,414	3,935,254	3,694,993	3,469,165	3,745,451	3,780,377
1,446,616	1,135,184	1,046,555	1,004,377	821,661	1,035,423
5,933,784	4,976,047	4,773,484	5,601,722	6,080,708	6,388,078
843,578	798,300	1,121,043	822,015	690,879	654,019
2,656,102	2,582,618	2,138,150	1,906,315	1,808,403	1,802,173
38,553	798	6,320	-	-	-
1,676,997	1,615,440	1,422,630	791,053	330,233	265,146
4,948,584	1,238,670	2,065,874	8,642,212	5,416,138	2,391,818
27,607,961	21,994,746	21,658,008	27,295,070	23,570,535	21,057,995

**Schedule 6**

Jasper County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		\$ 3,381
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		36,684
U.S. Department of Justice:			
Governor's Office of Drug Control:			
Edward Byrne Memorial State and Local			
Law Enforcement Assistance Discretionary			
Grants program	16.580	09-DEC-7475	2,539
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C050 (103) - 5F-50	89,064
Highway Planning and Construction	20.205	STP-E-C050 (091) - 8V50	69,920
			158,984
Iowa Department of Public Safety - Governor's Traffic			
Safety Bureau:			
Alcohol Impaired Driving Countermeasures			
Incentive Grants I	20.601	PAP-12-410 Task 42	15,388
Alcohol Impaired Driving Countermeasures			
Incentive Grants I	20.601	PAP-11-410 Task 41	1,181
			16,569
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency			
Management Division:			
Interagency Hazardous Materials Public			
Sector Training and Planning Grants	20.703	HM-HMP-0170-10-01-00	680
U.S. Environmental Protection Agency:			
Iowa Department of Agriculture and Land Stewardship:			
Nonpoint Source Implementation Grants	66.460		52,500
U.S. Department of Health and Human Services:			
Aging Resources of Central Iowa:			
Aging Cluster:			
Special Programs for the Aging-Title III,			
Part C-Nutrition Services	93.045	Title III/ES: Nutrition	112,000
Nutrition Services Incentive Program	93.053	Title III/ES: Nutrition	70,519
			182,519



Jasper County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2012

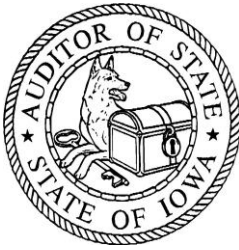
Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5882BT50	21,720
Public Health Emergency Preparedness	93.069	5881BT350	27,277
			<u>48,997</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566		64
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		8,122
Foster Care - Title IV-E	93.658		13,395
Adoption Assistance	93.659		3,913
Children's Health Insurance Program	93.767		127
Medical Assistance Program	93.778		34,484
Social Services Block Grant	93.667		11,730
Social Services Block Grant	93.667		148,947
			<u>160,677</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1930-DR-IA	136,628
Emergency Management Performance Grants	97.042	EMPG-12-PT-50	16,302
Total indirect			<u>873,184</u>
Total			<u>\$ 876,565</u>

\* - Includes \$28,760 of non-cash awards.

**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 in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**Jasper County**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

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Auditor of State

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Des Moines, Iowa 50319-0004

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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, 2012, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 15, 2013. 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

The management of Jasper County is responsible for establishing and maintaining effective 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-12 and II-B-12 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-12 through II-J-12 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 which 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, 2012 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 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.

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 15, 2013

**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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Auditor of State

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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 each of its major federal programs for the year ended June 30, 2012. Jasper County's major federal programs are 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 each of its major federal programs 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 each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

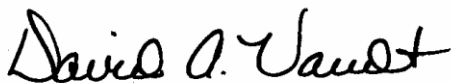
The management of Jasper County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Jasper County's internal 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 certain deficiencies in internal control over compliance we consider to be material weaknesses.

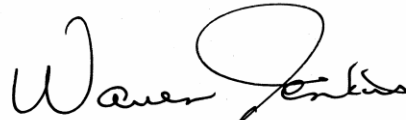
A deficiency in the County's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance 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 deficiencies in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs as items III-A-12 and III-B-12 to be material weaknesses.

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 15, 2013



Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**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) Material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each 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 programs were as follows:
  - CFDA Number 20.205 – Highway Planning and Construction
  - CFDA Number 93.667 – Social Services Block Grant
  - Aging Cluster:
    - CFDA Number 93.045 – Special Programs for the Aging – Title III, Part C – Nutrition Services
    - CFDA Number 93.053 – Nutrition Services Incentive 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, 2012

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

**INTERNAL CONTROL DEFICIENCIES:**

II-A-12 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. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<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 (Civil), Recorder, Environmental Health and Home Care Aides, Conservation, Community Services, Elderly Nutrition, Emergency Management and E-911
(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 and the County Recorder's Office, a listing of mail receipts is not prepared.	Treasurer (including Early Childhood Iowa Funds), Sheriff (Civil and Jail), Secondary Roads, Recorder, Community Services, Environmental Health and Home Care Aides, Conservation, Elderly Nutrition, Emergency Management and E-911
(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 (including Early Childhood Iowa Funds), Sheriff (Jail), Recorder 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

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- |   |                        |
|---|------------------------|
| (5) Depositing, reconciling and recording of receipts is done by the custodian of the change funds for which no compensating controls exist.  | Treasurer              |
| (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 driver's licenses are not reviewed and approved by an independent person for propriety. Daily cash reconciliations prepared in the Recorder's Office are not reviewed and approved by an independent person for propriety. | Treasurer and Recorder |
| (8) All individuals in tax, motor vehicle and driver's license have the ability to void receipts in Eden/Arts (DOT system), including individuals who perform daily balancing. No report is maintained or review performed over voided receipts.                                | 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, including elected officials and personnel from other County offices, 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 the signature or initials of the reviewer and the date of the review.

Responses –

Treasurer – Our best effort will be made to properly segregate all duties.

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. The number of staff available in the jail to handle mail and money receipting is also limited since the primary job responsibility is dealing with inmates. The office manager will reconcile jail monies received by clerks on a monthly basis.

Recorder – Some of the issues above will be resolved with the hiring of a new employee to replace previous bookkeeper. Staff size is always an issue. We will work as a team to reconcile end of the day receipts. I will prepare a sampling of listed checks.

Secondary Roads (response and corrective action planned) – We will immediately identify ways to segregate duties over receipts.

Community Services – Duties are segregated between the two staff to the extent possible. I will continue to look for ways to segregate further within staffing limits.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Environmental Health and Home Care Aides – Due to limited staff, segregation of duties is difficult to achieve. We will strive to improve ways of dealing with overall duties and funding.

Conservation (response and corrective action planned) – Due to limited staff and staff being out in the field, segregation of duties is difficult. We do make an effort to segregate duties as often as possible.

Elderly Nutrition (response and corrective action planned) – Due to staff limitations it is difficult to segregate duties. We will make the best effort possible to segregate the duties to the best of our ability. We will explore ways we can improve.

Emergency Management – Given the fact there are only two people in the office, it makes it difficult to meet the segregation of duties requirement.

E-911 – We will comply with the recommendation. We will have Sheriff's employees open mail and make a listing of checks. Then I will review the items and sign off with the date.

Conclusions – Treasurer and E911 responses accepted. Other responses acknowledged. Each office should utilize current personnel, including elected officials and personnel from other offices, to provide additional control through review of financial transactions, reconciliations and reports.

II-B-12 Financial Reporting – During the audit, we identified receivables and capital assets not recorded and prepaid expenditures incorrectly recorded in the County's financial statements. In addition, grant proceeds were incorrectly credited to the General Fund rather than the Capital Projects Fund. Adjustments were subsequently made by the County to properly record these amounts in the financial statements.

Recommendations – The County should establish procedures to ensure receivables and grants are properly identified and included in the County's financial statements.

Response – The County will establish procedures to better monitor and accurately record receivables, capital assets, prepaid expenditures and grant proceeds.

Conclusion – Response accepted.

II-C-12 Check Endorsement – Checks are not restrictively endorsed upon receipt in the Emergency Management office.

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

Responses – We will obtain a stamp to meet the restrictive endorsement issue.

Conclusion – Response accepted.

II-D-12 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. Timesheets should be reviewed and signed by the employee and the employee's supervisor.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Response – Non-salaried timesheets are currently reviewed. Salaried time is tracked.

Conclusion – Response acknowledged. Timesheets should be prepared by all personnel to support hours worked, vacation and other leave taken and should be approved by a supervisor.

- II-E-12 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 – We will make sure fuel usage reports are reviewed.

Conclusion – Response accepted.

- II-F-12 Manual Receipts – The County Treasurer’s Office issues manual receipts prior to entering the receipts into the Eden system. An independent person does not reconcile the manual receipts to ensure they were properly recorded into the Eden system.

Recommendation – The County Treasurer should utilize the Eden system for its receipting process. If the County Treasurer continues to rely on manual receipts, an independent person should reconcile all manual receipts to ensure they were properly recorded.

Response – Our office now uses the Eden system for all transactions.

Conclusion – Response accepted.

- II-G-12 Money Held for Outside Organization - The County Treasurer is holding money in trust for two outside organizations, Freedom Flights and Vietnam Wall Fund. Receipts for these accounts are not deposited timely and checks received are not restrictively endorsed. No ledgers were maintained to record money held in trust by the County Treasurer.

Recommendation – Activity for funds held in trust should be accounted for in a ledger. Receipts should be deposited timely and checks should be restrictively endorsed immediately upon receipt.

Response – The checks will be endorsed and deposited immediately in their respective accounts.

Conclusion – Response acknowledged. Activity for these accounts should also be recorded in a ledger.

- II-H-12 Conservation – During the year, the County purchased \$330 of hiking boots for Conservation employees. The boots are considered “street wear” under Internal Revenue Service (IRS) Guidelines and, accordingly, are taxable wages to the employee. The cost of the boots is not reflected in the employees’ taxable wages as required.

Recommendation – The County should comply with IRS guidelines for future purchases meeting the requirements for taxable wages.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Response – The Auditor’s office will more closely audit claims and in the future make sure employee’s W-2’s reflect purchases for items not restricted to work use and can be used in everyday activities.

Conclusion – Response accepted.

- II-I-12 Jasper County Community Empowerment Area Board – The annual report submitted to the Department of Management for fiscal year 2012 did not reconcile to the Area Board’s financial activity. Beginning and ending fund balances presented in the annual financial report did not agree to the County’s financial records. In addition, accrued expenditures per the annual financial report did not agree to the County’s financial records. The differences were reconciled by the Area Board to ensure agreement to the County’s records. This was resolved for audit purposes.

Recommendation – The Annual Financial Report should be prepared from the County’s financial records. Accrued expenditures should be reviewed by the Area Board to ensure they were coded to the proper fiscal year by the County.

Response – Beginning in fiscal year 2013, the Jasper County Community Empowerment Area Board will prepare the annual report and financials using Jasper County’s financial records. All expenses that are incurred between July 1 and June 30 will be part of the fiscal year Annual Report. The Jasper County Community Empowerment Area Board will request the financial records not be closed until two weeks after the end of the fiscal year to allow time to process request.

Conclusion – Response accepted.

- II-J-12 Supporting Documentation – During fiscal year 2012, the Jasper County Community Empowerment Area Board contracted with five providers. The provider contracts require detailed monthly invoices supporting the services rendered be submitted prior to payment. The invoices and documentation are to be submitted to the Empowerment Director, who is to verify the accuracy and adequacy of the documentation and present it to either the Area Board Chairperson or Treasurer for approval. For 10 of 20 provider claims tested, adequate supporting documentation was not available or did not agree with the amount paid.

In addition, reimbursements to the Area Board Director for cell phone and internet services were not supported by itemized statements. The Director’s contract does not address cell phone and internet services.

Recommendation - All disbursements should be supported by detailed monthly invoices as required by the provider contracts or itemized statements.

Response – All expenses the Jasper County Community Empowerment Area Board Director is reimbursed for, including internet and cell phone, will be supported by itemized statements and receipts and the Director’s contract will be amended for fiscal year 2013 to spell out the items which are reimbursable. From this point forward, supporting documentation will be required for all programs receiving funding from the Jasper County Community Empowerment Area Board.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**CFDA Number 93.045: Special Programs for the Aging – Title III, Part C – Nutrition Services**

**Pass-through Number: Title III/ES: Nutrition**

**Federal Award Year: 2012**

**U.S. Department of Health and Human Services**

**Passed through Aging Resources of Central Iowa**

- III-A-12 Segregation of Duties Over Federal Revenue – Jasper County Elderly Nutrition 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-12.

**CFDA Number 20.205: Highway Planning and Construction**

**Pass-through Number: BROS-C050(103)-5F-50, STP-E-C050(091)-8V-50**

**Federal Award Year: 2012**

**U.S. Department of Transportation**

**Passed through the Iowa Department of Transportation**

- III-B-12 Segregation of Duties Over Federal Revenue – The Jasper County Secondary Roads and Conservation Departments 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-12.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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

IV-A-12 Certified Budget – Disbursements during the year ended June 30, 2012 exceeded the amounts budgeted in the physical health and social services, roads and transportation, debt service and capital projects functions.

The County adopted a budget amendment on June 26, 2012 which was incorrectly compiled and negated the budget amendment adopted on May 15, 2012 by \$6,843,026 in multiple functions. As a result, the County exceeded the budget certified on June 26, 2012 for the functions noted. We are unable to determine the effect of the amendment on department appropriations due to the errors made in the amendment process.

Recommendation – The budget should have been correctly amended as required by Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The Auditor’s Office will take care to follow Iowa Code Chapter 331.435 for future budget amendments and correctly amend the budget.

Conclusion – Response accepted.

IV-B-12 Questionable Expenditures – No disbursements 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 were noted.

IV-C-12 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-12 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-12 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-12 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-12 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 Fund. In accordance with Chapter 12C.9 of the Code of Iowa, such interest shall be used to pay the principal or interest on the indebtedness or be credited to the Capital Projects Fund for which the indebtedness was issued.

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

Response – We will work with the Auditor’s Office to create a system to separate the TIF interest.

Conclusion – Response accepted.



Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

IV-H-12 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-12 Public Hearing – Chapter 331.443 of the Code of Iowa states, in part, “Before the Board may institute proceedings to issue debt for an essential corporate purpose, notice of the action, including a statement of the amount shall be published.” The County published a notice stating the County would issue debt not to exceed \$7,000,000. However, debt totaling \$7,580,000 was issued, exceeding the published amount by \$580,000.

Recommendation – The County should comply with Chapter 331.443 of the Code of Iowa. Actual debt issued should not exceed the amount provided in the notice of action.

Response – It is always the intention of the County to follow Iowa Code Chapter 331.443. Obviously there was a typo in the public notice leading up to the issuance of refinancing bonds. The Auditor’s Office will make a special effort to make sure future publications are correct.

Conclusion – Response accepted.

IV-I-12 Notice of Public Hearing for Public Improvements – The County did not publish a notice of public hearing on the Courthouse boiler replacement/HVAC upgrade project as required by Chapters 26.12 and 362.3 of the Code of Iowa.

Recommendation – Before entering into a contract for a public improvement with an estimated total cost in excess of \$100,000, the County should hold a public hearing and give notice at least four but not more than twenty days prior to the hearing, as required.

Response – The County will be sure to publish notice of and hold a public hearing prior to any public improvements which exceed \$100,000.

Conclusion – Response accepted.

IV-J-12 Annual Financial Report – The County did not publish the annual financial report by December 1 as required by Chapter 331.403 of the Code of Iowa.

Recommendation – The County should publish the annual financial report by December 1, as required.

Response – The County will publish future annual financial reports by December 1 as required by Iowa Code Section 331.403.

Conclusion – Response accepted.

IV-K-12 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, 2012 for the County Extension Office did not exceed the amount budgeted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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.

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, including Council members, to provide additional control through review of financial transactions, reconciliations and reports.

Response – Someone in the office will verify incoming checks to the bank deposit. Council members will review bank reconciliations.

Conclusion – Response accepted.

IV-L-12 Jasper County Community Empowerment Area Board – Jasper County is the fiscal agent for the Jasper County Community Empowerment Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization.

Expenditures totaling \$86 were noted for food and refreshments for meetings which may not meet the purpose for which the Area Board's grants were provided.

In addition, Jasper County has not separated the programs into two separate funds, School Readiness and Early Childhood, for accounting as required by the Fiscal Agent Agreement.

Recommendation – The Area Board should determine and document how these expenditures meet the intended purpose of the grants before authorizing any further payments. The Area Board should work with the County to establish separate funds as required.

Response – The Jasper County Community Empowerment Area Board will not reimburse for food expenses. The food which was reimbursed as shown above was for a community meeting where the public was invited to a focus group to comment about early childhood issues. In an effort to get more people to attend food was provided. The Jasper County Community Empowerment Area Board Director has emailed the Jasper County Auditor's office an itemized budget for both School Ready and Early Childhood funds so funds can be tracked more appropriately.

Conclusion – Response accepted.

IV-K-12 Jasper County Community Empowerment Area Board Director – The Area Board entered into a contract for a Director for the period July 1, 2011 through June 30, 2012 for a fee not to exceed \$30,246. The total amount paid to the Director for fiscal year 2012 was \$27,348.

At the end of each month, the Director provided an invoice describing the funding category to be charged. Although the monthly invoices identified Director expenses by type, such as salary, travel, rent, postage, office supplies, program support and telephone, the allocation method used to charge the Early Childhood and School Ready funding sources could not be determined. The Director's contract expenses

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

were charged to five funding categories, including Early Childhood Administration, School Ready Administration, Early Childhood Program Services, School Ready Program Services - Quality Improvement and School Ready Program Services - Other Program Services. No documentation was provided to support these charges were program related.

Recommendation – The Area Board should ensure charges made to each funding source meet the requirements of the School Ready and Early Childhood funding parameters and proper support is retained. In addition, the Area Board should contact the Early Childhood Iowa Office within the Department of Management to determine the appropriate resolution.

Response – The Jasper County Community Empowerment Area Board will ensure all allocation methods for program changes are clearly documented with invoices and descriptions of the Director’s time.

Conclusion – Response accepted.

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Jasper County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager  
Selina V. Johnson, CPA, Senior Auditor II  
Ryan T. Jelsma, Staff Auditor  
Brandon J. Vogel, Staff Auditor  
Emily K. Creighton, Assistant Auditor  
Kirstie R. Hill, Assistant Auditor  
Thomas S. Hebert, Assistant Auditor

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