



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

**NEWS RELEASE**

FOR RELEASE

March 27, 2009

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$43,647,764 for the year ended June 30, 2008, which included \$1,858,194 in tax credits from the state. The County forwarded \$31,227,224 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$12,420,540 of the local tax revenue to finance County operations, a less than 1 percent decrease from the prior year. Other revenues included charges for service of \$1,872,655, operating grants, contributions and restricted interest of \$6,698,248, capital grants, contributions and restricted interest of \$1,678,343, tax increment financing of \$267,768, local option sales tax of \$1,243,746, unrestricted investment earnings of \$458,915, gain on disposition of capital assets of \$787,439 and other general revenues of \$265,957.

Expenses for County operations totaled \$26,747,156, a 19 percent increase over the prior year. Expenses included \$7,365,512 for roads and transportation, \$4,648,707 for county environment and education and \$4,397,594 for public safety and legal services.

The significant increase in expenses is due primarily to economic development grants to private developers.

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/reports.htm>.

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**JASPER COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2008**

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**Jasper County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Max Worthington	Board of Supervisors	Jan 2009
John Parsons	Board of Supervisors	Jan 2011
Richard Tiedje	Board of Supervisors	Jan 2011
Dennis Parrott	County Auditor	Jan 2009
Doug Bishop	County Treasurer	Jan 2011
Nancy Parrott	County Recorder	Jan 2011
Mike Balmer	County Sheriff	Jan 2009
Steve Johnson	County Attorney	Deceased
John Deegan	County Assessor	Jan 2010

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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, 2008, 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.

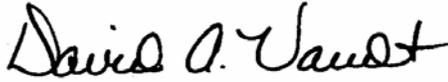
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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.

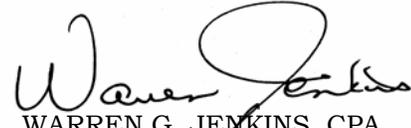
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County at June 30, 2008, and the respective changes in financial 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 February 26, 2009 on our consideration of Jasper County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 14 and 44 through 47 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jasper County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 26, 2009

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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, 2008. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2008 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 5.8%, or approximately \$1,418,000, from fiscal 2007 to fiscal 2008. Capital grants, contributions and restricted interest increased approximately \$656,000, local option sales tax increased approximately \$188,000, unrestricted investment earnings decreased approximately \$118,000 and other general revenues increased approximately \$754,000.
- Program expenses of the County's governmental activities increased 18.9%, or approximately \$4,258,000, from fiscal 2007 to fiscal 2008. Expenses increased approximately \$2,569,000 in the county environment and education function, \$568,000 in the roads and transportation function and education function and \$478,000 in the administration function.
- The County's net assets decreased 3.0%, or approximately \$1,054,000, from June 30, 2007 to June 30, 2008.
- During the year, Jasper County issued \$400,000 of general obligation capital loan notes for an economic development grant to Alpha Products for construction of warehouses and for an economic development grant for the Colfax Interchange Federal Avenue paving project. The County also issued \$4,825,000 of general obligation bonds to provide economic development grants for construction of a manufacturing facility.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

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

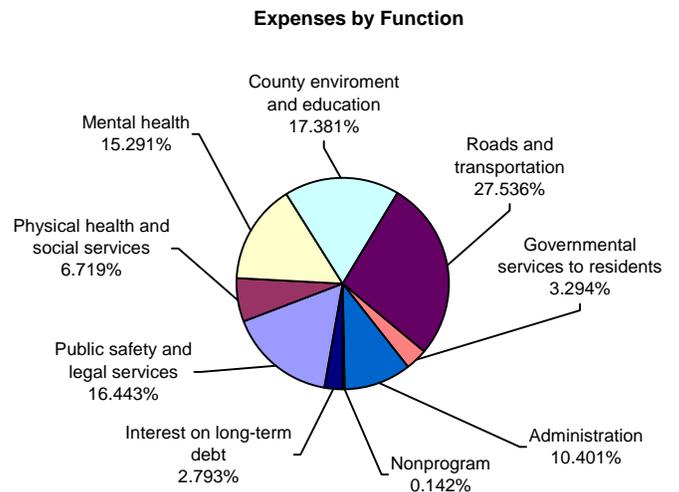
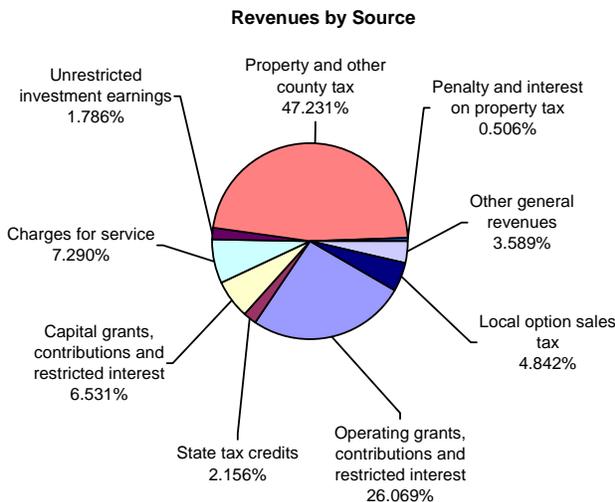
As noted earlier, net assets may serve over time as a useful indicator of financial position. Jasper County's combined net assets decreased from a year ago, from approximately \$35,408,000 to approximately \$34,354,000. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2008	2007
Current and other assets	\$ 25,657	24,236
Capital assets	41,293	38,667
Total assets	<u>66,950</u>	<u>62,903</u>
Long-term liabilities	18,723	14,039
Other liabilities	13,873	13,456
Total liabilities	<u>32,596</u>	<u>27,495</u>
Net assets:		
Invested in capital assets, net of related debt	30,031	27,014
Restricted	6,637	6,456
Unrestricted	<u>(2,314)</u>	<u>1,938</u>
Total net assets	<u>\$ 34,354</u>	<u>35,408</u>

Net assets of Jasper County's governmental activities decreased approximately \$1,054,000 (\$35,408,000 compared to \$34,354,000). 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 \$1,938,000 at June 30, 2007 to approximately (\$2,314,000) at the end of this year, a decrease of 219%. This decrease of approximately \$4,252,000 in unrestricted net assets was a result of the issuance of \$4,825,000 of general obligation bonds and \$400,000 of general obligation capital loan notes for economic development grants.

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

	Year ended June 30,	
	2008	2007
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,873	2,030
Operating grants, contributions and restricted interest	6,698	6,528
Capital grants, contributions and restricted interest	1,678	1,022
<b>General revenues:</b>		
Property and other county tax	12,135	12,181
Penalty and interest on property tax	130	143
State tax credits	554	570
Local option sales tax	1,244	1,056
Unrestricted investment earnings	459	577
Other general revenues	922	168
<b>Total revenues</b>	<b>25,693</b>	<b>24,275</b>
<b>Program expenses:</b>		
Public safety and legal services	4,398	4,200
Physical health and social services	1,797	1,776
Mental health	4,090	3,937
County environment and education	4,649	2,080
Roads and transportation	7,365	6,797
Governmental services to residents	881	832
Administration	2,782	2,304
Nonprogram	38	1
Interest on long-term debt	747	562
<b>Total expenses</b>	<b>26,747</b>	<b>22,489</b>
Increase (decrease) in net assets	(1,054)	1,786
Net assets beginning of year	35,408	33,622
Net assets end of year	<b>\$ 34,354</b>	<b>35,408</b>



Jasper County's net assets of governmental activities decreased approximately \$1,054,000 during the year. Revenues for governmental activities increased approximately \$1,418,000 over the prior year, with property and other county tax revenue down from the prior year approximately \$46,000, or .4%. Capital grants, contributions and restricted interest increased approximately \$656,000, or 64%, due to more farm-to-market projects being contributed to the County by the Iowa Department of Transportation. Local option sales tax revenue increased approximately \$188,000, or 18%, from the prior year. Other general revenues increased approximately \$754,000 due to a gain on the trade of ten motor graders during the year.

The County decreased property tax rates for 2008 an average of 0.79%. This decrease lowered the County's property tax revenue approximately \$46,000 in 2008.

The cost of all governmental activities this year was approximately \$26.7 million compared to approximately \$22.5 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was only \$16.5 million because some of the cost was paid by those directly benefited from the programs (\$1,873,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$8,376,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in 2008 from approximately \$9,580,000 to approximately \$10,249,000, principally due to more farm-to-market road projects being contributed to the County by the Iowa DOT as discussed previously. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$12,135,000 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

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

As Jasper County completed the year, its governmental funds reported a combined fund balance of approximately \$11.3 million, an increase of almost \$800,000 over last year's total of approximately \$10.5 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund expenditures increased approximately \$715,000, or 7.3%, due in part to \$200,000 reimbursement made to Jasper County Economic Development Corporation (JEDCO) for its participation in the Synergy Project. A property and other county tax decrease of approximately \$800,000, an intergovernmental revenue decrease of approximately \$239,000, a decrease of approximately \$77,000 for use of money and property and an increase of approximately \$26,000 for all other income resulted in a net decrease of approximately \$1,090,000, or 10.4%, for General Fund revenues. At year end, the fund balance decreased \$745,425 from the prior year to \$2,807,699.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$4,085,414, an increase of approximately \$150,000, or 3.8%, over the prior year. Revenues increased approximately \$932,000, or 25.0%, due to a property tax increase. The Mental Health Fund balance at year end increased approximately \$579,000 to \$1,562,828.
- The Rural Services Fund had an increase in expenditures of approximately \$55,000, mainly due to additional funding for library services and increased costs for solid waste disposal. There were no significant changes in revenues. At year end, the fund balance was \$271,174 compared to the prior year ending balance of \$213,930. The \$57,244 increase was due to transfers in of local option sales tax.
- Secondary Roads Fund revenues increased approximately \$226,000, or 5.4%, principally due to receiving a bridge replacement grant during the year. Expenditures increased approximately \$2,470,000, or 47.7%, from the prior year due to completion of two capital projects. The fund balance at June 30, 2008 was \$2,251,424 compared to the prior year ending balance of \$3,624,599, a decrease of \$1,373,175. This decrease was due to increased spending for capital projects.

- Debt Service Fund revenues decreased approximately \$625,000 while expenditures had no significant changes. During FY07, the City of Newton reimbursed the County \$547,555 for debt in the Southeast Interchange Tax Increment Financing District, which the County used to pay off the outstanding loan balance. The June 30, 2008 ending fund balance increased approximately \$116,000 to \$577,976.
- During the year ended June 30, 2008, the County issued \$4,825,000 of general obligation urban renewal bonds to provide economic development grants to Jasper County Economic Development Corporation (JEDCO), TPI Iowa, LLC (TPI) and Opus Northwest, LLC (Opus). Opus is a development company which is constructing a manufacturing facility to be leased to TPI. The County also issued \$200,000 of notes for an economic development grant to Alpha Products for construction of warehouses and \$200,000 of notes for an economic development grant for the Colfax Interchange Federal Avenue paving project. The proceeds from the notes were placed in the Capital Projects Fund. Payments on these economic development grants comprised the majority of expenditures from the Capital Projects Fund.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Jasper County amended its budget four times. The first amendment was made in October 2007 and resulted in an increase in budgeted disbursements related to a computer software upgrade, the Colfax Interchange paving project, the Alpha Products warehouses project, land acquisition for the TPI/Opus project, roof replacement at the Koppin Building and several small grant projects for the Conservation department. The October 2007 amendment also included capital loan note proceeds for funding the Colfax Interchange paving project and Alpha Products warehouse project.

The second amendment was made in November 2007. This amendment increased receipts for the issuance of general obligation bonds and increased capital projects disbursements for payments under economic development grants.

The third amendment was made in April 2008. This amendment increased disbursements for interest payments on the TPI/Opus bonds, reimbursing JEDCO for demolition costs at the former Maytag property and an economic development grant to the City of Sully for the Prism Projection project.

The fourth amendment was made in May 2008. This amendment decreased disbursements for capital projects related to a portion of the TPI/Opus project not being paid until next fiscal year and a Secondary Roads project not developing as planned. Receipts increased due to additional delinquent property tax collections, interest on late payment of taxes and local option sales tax collections, but decreased because of less interest earned on investments and a change in the financing of the purchase of motor graders.

The County's receipts were \$148,297 more than budgeted, a difference of less than 1%.

Total disbursements were \$4,157,486, or 13.2% less than budgeted. Actual disbursements for the capital projects, mental health and roads and transportation functions were \$1,539,003, \$746,566 and \$732,962, respectively, less than budgeted. These differences were due to a bridge project not completed and a portion of the TPI/Opus manufacturing facility project being moved to next fiscal year, clients needing less expensive mental health services than anticipated and less road maintenance being performed than expected.

The County did not exceed the budgeted amounts in any of the functions for the year ended June 30, 2008.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2008, Jasper County had approximately \$41,293,000 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$2,625,000, or 6.8%, from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2008	2007
Land	\$ 830	830
Construction in progress	488	612
Buildings and improvements	9,936	9,968
Equipment and vehicles	3,302	2,558
Infrastructure	26,737	24,699
Total	\$ 41,293	38,667

The County had depreciation expense of \$2,642,834 in FY08 and total accumulated depreciation of \$17,530,430 at June 30, 2008. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### Long-Term Debt

At June 30, 2008, Jasper County had approximately \$18,107,000 in general obligation bonds, capital loan notes and capital lease purchase agreement outstanding, compared to approximately \$13,470,000 at June 30, 2007, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2008	2007
General obligation bonds and capital loan notes	\$ 17,741	13,470
Capital lease purchase agreement	366	-
Total	\$ 18,107	13,470

Debt increased as a result of the issuance of \$4,825,000 of general obligation urban renewal bonds to provide economic development grants to Jasper County Economic Development Corporation (JEDCO), TPI Iowa, LLC (TPI) and Opus Northwest, LLC (Opus). Opus is a development company which is constructing a manufacturing facility to be leased to TPI. The County also issued \$200,000 of notes for an economic development grant to Alpha Products for construction of warehouses and \$200,000 of notes for an economic development grant for a road project at the Colfax I-80 Interchange.

The County carries a general obligation bond rating of A1 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 \$18.1 million is significantly below its constitutional debt limit of \$98 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

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

Jasper County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2009 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.

As of July 1, 2006, a one cent Local Option Sales and Services Tax (LOSST) was implemented. The County did not start receiving funds from this source until September 2006. The Jasper County Board of Supervisors have stated they are determined to use all of these funds for property tax relief. Therefore, in the fiscal year 2009 budget, all of the LOSST money estimated to be received in fiscal year 2008 (approximately \$1,359,000) was used to offset a property tax increase in fiscal year 2009.

Amounts available for appropriation in the operating budget are approximately \$22,052,000, a decrease of 3.9% from the final 2008 budget. Intergovernmental receipts are expected to lead the decrease due to a federal bridge project that ended in FY08. Budgeted disbursements are expected to decrease approximately \$5,130,000. Several large capital projects were completed in FY08 and represent the main reason for the decrease. The County has added no major new programs or initiatives to the 2009 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of 2009.

## **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.

## **Basic Financial Statements**

**Exhibit A**

Jasper County  
Statement of Net Assets  
June 30, 2008

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 11,430,771
Receivables:	
Property tax:	
Delinquent	14,316
Succeeding year	12,108,000
Succeeding year tax increment financing	438,000
Interest and penalty on property tax	52,239
Accounts	47,742
Accrued interest	10,221
Special assessments	54,457
Due from other governments	983,262
Inventories	401,099
Prepaid expense	116,998
Capital assets (net of accumulated depreciation)	41,292,543
<b>Total assets</b>	<u>66,949,648</u>
<b>Liabilities</b>	
Accounts payable	457,354
Accrued interest payable	69,454
Salaries and benefits payable	207,742
Due to other governments	583,015
Deferred revenue:	
Succeeding year property tax	12,108,000
Succeeding year tax increment financing	438,000
Other	9,430
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	280,000
General obligation bonds	740,000
Capital lease purchase agreement	366,301
Compensated absences	472,790
Portion due or payable after one year:	
General obligation capital loan notes	2,581,000
General obligation bonds	14,140,000
Compensated absences	142,432
<b>Total liabilities</b>	<u>32,595,518</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	30,031,442
Restricted for:	
Supplemental levy purposes	590,904
Mental health purposes	1,559,815
Secondary roads purposes	1,735,833
Debt service	509,283
Capital projects	190,082
Other purposes	2,050,944
Unrestricted	(2,314,173)
<b>Total net assets</b>	<u>\$ 34,354,130</u>

See notes to financial statements.

Jasper County  
Statement of Activities  
Year ended June 30, 2008

	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	\$ 4,397,594	496,597	43,184	-	(3,857,813)
Physical health and social services	1,796,999	279,726	495,924	-	(1,021,349)
Mental health	4,089,566	-	1,508,354	-	(2,581,212)
County environment and education	4,648,707	47,310	68,335	15,000	(4,518,062)
Roads and transportation	7,365,512	252,771	4,516,710	1,663,343	(932,688)
Governmental services to residents	881,594	640,252	525	-	(240,817)
Administration	2,781,959	99,547	28,605	-	(2,653,807)
Non-program	38,553	56,452	-	-	17,899
Interest on long-term debt	746,672	-	36,611	-	(710,061)
<b>Total</b>	<b>\$ 26,747,156</b>	<b>1,872,655</b>	<b>6,698,248</b>	<b>1,678,343</b>	<b>(16,497,910)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					11,261,225
Debt service					605,567
Tax increment financing					267,768
Penalty and interest on property tax					130,504
State tax credits					553,748
Local option sales tax					1,243,746
Unrestricted investment earnings					458,915
Gain on disposition of capital assets					787,439
Miscellaneous					135,453
<b>Total general revenues</b>					<b>15,444,365</b>
Change in net assets					(1,053,545)
Net assets beginning of year					35,407,675
Net assets end of year					<b>\$ 34,354,130</b>

See notes to financial statements.

Jasper County  
Balance Sheet  
Governmental Funds

June 30, 2008

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 2,869,027	2,205,978	292,460	1,789,410
Receivables:				
Property tax:				
Delinquent	8,542	3,869	1,129	-
Succeeding year	7,360,000	2,090,000	2,023,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	52,239	-	-	-
Accounts	29,254	-	-	18,488
Accrued interest	10,221	-	-	-
Special assessments	-	-	-	54,457
Due from other governments	104,796	-	-	718,233
Inventories	-	-	-	401,099
Prepaid expense	114,864	-	-	2,134
<b>Total assets</b>	<b>\$ 10,548,943</b>	<b>4,299,847</b>	<b>2,316,589</b>	<b>2,983,821</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 138,401	97,025	6,474	211,287
Salaries and benefits payable	149,373	3,085	2,312	52,972
Due to other governments	32,936	533,664	12,558	3,461
Deferred revenue:				
Succeeding year property tax	7,360,000	2,090,000	2,023,000	-
Succeeding year tax increment financing	-	-	-	-
Other	60,534	13,245	1,071	464,677
Total liabilities	7,741,244	2,737,019	2,045,415	732,397
Fund balances:				
Reserved for:				
Supplemental levy purposes	637,239	-	-	-
Dental care of county residents	-	-	-	-
Debt service	-	-	-	-
Cemetery levy	6,608	-	-	-
Unreserved:				
Designated for special projects	58,135	-	-	-
Undesignated, reported in:				
General fund	2,105,717	-	-	-
Special revenue funds	-	1,562,828	271,174	2,251,424
Capital projects fund	-	-	-	-
Total fund balances	2,807,699	1,562,828	271,174	2,251,424
<b>Total liabilities and fund balances</b>	<b>\$ 10,548,943</b>	<b>4,299,847</b>	<b>2,316,589</b>	<b>2,983,821</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
577,961	1,807,272	1,888,663	11,430,771
776	-	-	14,316
635,000	-	-	12,108,000
-	-	438,000	438,000
-	-	-	52,239
-	-	-	47,742
-	-	-	10,221
-	-	-	54,457
-	-	160,233	983,262
-	-	-	401,099
-	-	-	116,998
<u>1,213,737</u>	<u>1,807,272</u>	<u>2,486,896</u>	<u>25,657,105</u>
-	-	4,167	457,354
-	-	-	207,742
-	-	396	583,015
635,000	-	-	12,108,000
-	-	438,000	438,000
761	-	-	540,288
<u>635,761</u>	<u>-</u>	<u>442,563</u>	<u>14,334,399</u>
-	-	-	637,239
-	-	18,485	18,485
577,976	-	-	577,976
-	-	-	6,608
-	-	-	58,135
-	-	-	2,105,717
-	-	2,025,848	6,111,274
-	1,807,272	-	1,807,272
<u>577,976</u>	<u>1,807,272</u>	<u>2,044,333</u>	<u>11,322,706</u>
<u>1,213,737</u>	<u>1,807,272</u>	<u>2,486,896</u>	<u>25,657,105</u>

**Jasper County**

Jasper County

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

June 30, 2008

**Total governmental fund balances (page 19)** \$ 11,322,706

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

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 \$58,822,973 and the accumulated depreciation is \$17,530,430. 41,292,543

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 530,858

Long-term liabilities, including capital lease purchase agreement payable, general obligation capital loan notes payable, general obligation bonds payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (18,791,977)

**Net assets of governmental activities (page 16)** \$ 34,354,130

See notes to financial statements.

Jasper County

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

Year ended June 30, 2008

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 6,284,101	2,997,984	2,016,665	-
Interest and penalty on property tax	109,752	-	-	-
Intergovernmental	1,192,785	1,650,899	100,150	4,113,066
Licenses and permits	17,910	-	38,153	14,753
Charges for service	958,823	-	1,125	22,759
Use of money and property	523,273	-	-	-
Miscellaneous	255,634	15,909	19	230,315
<b>Total revenues</b>	<b>9,342,278</b>	<b>4,664,792</b>	<b>2,156,112</b>	<b>4,380,893</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	4,187,359	-	9,290	-
Physical health and social services	1,772,873	-	-	-
Mental health	-	4,085,414	-	-
County environment and education	1,000,046	-	445,831	-
Roads and transportation	-	-	-	5,933,784
Governmental services to residents	843,578	-	-	-
Administration	2,632,437	-	-	-
Non-program	38,553	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	1,713,301
<b>Total expenditures</b>	<b>10,474,846</b>	<b>4,085,414</b>	<b>455,121</b>	<b>7,647,085</b>
Excess (deficiency) of revenues over (under) expenditures	(1,132,568)	579,378	1,700,991	(3,266,192)
<b>Other financing sources (uses):</b>				
Operating transfers in	728,600	-	141,539	1,974,737
Operating transfers out	(341,457)	-	(1,785,286)	(448,021)
General obligation capital loan notes issued	-	-	-	-
General obligation bonds issued	-	-	-	-
Discount on general obligation bonds	-	-	-	-
Capital lease purchase agreement	-	-	-	366,301
<b>Total other financing sources (uses)</b>	<b>387,143</b>	<b>-</b>	<b>(1,643,747)</b>	<b>1,893,017</b>
Net change in fund balances	(745,425)	579,378	57,244	(1,373,175)
Fund balances beginning of year	3,553,124	983,450	213,930	3,624,599
Fund balances end of year	\$ 2,807,699	1,562,828	271,174	2,251,424

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
607,233	-	1,511,514	13,417,497
-	-	-	109,752
27,480	26,313	30,662	7,141,355
-	-	-	70,816
-	-	8,080	990,787
16,090	-	17,481	556,844
-	22,738	54,407	579,022
650,803	49,051	1,622,144	22,866,073
-	-	7,581	4,204,230
-	-	1,230	1,774,103
-	-	-	4,085,414
-	-	739	1,446,616
-	-	-	5,933,784
-	-	-	843,578
-	-	23,665	2,656,102
-	-	-	38,553
1,676,997	-	-	1,676,997
-	3,230,445	4,838	4,948,584
1,676,997	3,230,445	38,053	27,607,961
(1,026,194)	(3,181,394)	1,584,091	(4,741,888)
1,182,404	152,006	-	4,179,286
(40,000)	(417,750)	(1,146,772)	(4,179,286)
-	400,000	-	400,000
-	4,825,000	-	4,825,000
-	(50,716)	-	(50,716)
-	-	-	366,301
1,142,404	4,908,540	(1,146,772)	5,540,585
116,210	1,727,146	437,319	798,697
461,766	80,126	1,607,014	10,524,009
577,976	1,807,272	2,044,333	11,322,706

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, 2008

**Net change in fund balances - Total governmental funds (page 23)** \$ 798,697

**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	\$ 2,802,342	
Capital assets contributed by the Iowa Department of Transportation and others	1,678,343	
Depreciation expense	<u>(2,642,834)</u>	1,837,851

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. 787,439

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	(54,465)	
Other	<u>283,772</u>	229,307

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 long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	(5,591,301)	
Repaid	<u>954,000</u>	(4,637,301)

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	(45,863)	
Interest on long-term debt	<u>(23,675)</u>	<u>(69,538)</u>

**Change in net assets of governmental activities (page 17)** \$ (1,053,545)

See notes to financial statements.

Jasper County  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2008

	Other Employee Benefit Trust	Private Purpose Trust	Agency
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 45,334	52,363	1,789,717
Other County officials	-	-	41,760
Receivables:			
Property tax:			
Delinquent	-	-	44,970
Succeeding year	-	-	29,936,000
Special assessments	-	-	365,992
Accounts	-	-	64,403
Due from other governments	-	-	20,140
<b>Total assets</b>	<b>45,334</b>	<b>52,363</b>	<b>32,262,982</b>
<b>Liabilities</b>			
Accounts payable	-	-	90,304
Salaries and benefits payable	-	-	10,928
Due to other governments	-	-	31,947,857
Trusts payable	-	-	173,564
Compensated absences	-	-	40,329
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>32,262,982</b>
<b>Net assets</b>			
Held in trust for employee benefits and others	\$ 45,334	52,363	-

See notes to financial statements.

Jasper County  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2008

	<u>Other Employee Benefit Trust</u>	<u>Private Purpose Trust</u>
Additions:		
Donations and contributions	\$ 28,132	2,069
Deductions:		
Distribution to participants and others		
	<u>37,567</u>	<u>-</u>
Change in net assets held in trust	(9,435)	2,069
Net assets beginning of year	<u>54,769</u>	<u>50,294</u>
Net assets end of year	<u><u>\$ 45,334</u></u>	<u><u>52,363</u></u>

See notes to financial statements.

Jasper County

Notes to Financial Statements

June 30, 2008

**(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 that 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 three 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* 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 two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

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 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

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. 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, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements did not exceed the amounts budgeted.

**(2) Cash and Pooled Investments**

The County’s deposits in banks at June 30, 2008 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, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales/Service Tax	\$ 688,600
	Debt Service	40,000
		<u>728,600</u>
Special Revenue:	Special Revenue:	
Rural Services	Local Option Sales/Service Tax	<u>141,539</u>
Secondary Roads	General	189,451
	Special Revenue:	
	Rural Services	<u>1,785,286</u>
		<u>1,974,737</u>
Debt Service	Special Revenue:	
	Secondary Roads	448,021
	Tax Increment Financing	316,633
	Capital Projects	<u>417,750</u>
		<u>1,182,404</u>
Capital Projects	General	<u>152,006</u>
Total		<u>\$ 4,179,286</u>

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

#### (4) Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 829,656	-	-	829,656
Construction in progress	612,062	3,510,345	3,634,900	487,507
Total capital assets not being depreciated	1,441,718	3,510,345	3,634,900	1,317,163
Capital assets being depreciated:				
Buildings	11,552,391	183,820	-	11,736,211
Improvements other than buildings	387,345	29,507	-	416,852
Machinery, equipment and vehicles	7,375,570	1,939,666	1,649,335	7,665,901
Infrastructure, road network	34,200,599	3,486,247	-	37,686,846
Total capital assets being depreciated	53,515,905	5,639,240	1,649,335	57,505,810
Less accumulated depreciation for:				
Buildings	1,932,855	233,254	-	2,166,109
Improvements other than buildings	38,752	12,061	-	50,813
Machinery, equipment and vehicles	4,817,538	948,950	1,402,774	4,363,714
Infrastructure, road network	9,501,225	1,448,569	-	10,949,794
Total accumulated depreciation	16,290,370	2,642,834	1,402,774	17,530,430
Total capital assets being depreciated, net	37,225,535	2,996,406	246,561	39,975,380
Governmental activities capital assets, net	\$ 38,667,253	6,506,751	3,881,461	41,292,543

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 233,870
Physical health and social services	16,722
County environment and education	70,555
Roads and transportation	2,207,322
Governmental services to residents	34,407
Administration	79,958
Total depreciation expense - governmental activities	<u>\$ 2,642,834</u>

**(5) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 32,936
Special Revenue:		
Mental Health	Services	533,664
Rural Services		12,558
Secondary Roads		3,461
Other		396
		<u>550,079</u>
Total for governmental funds		<u>\$ 583,015</u>
Agency:		
County Assessor	Collections	\$ 570,350
Schools		18,337,496
Community Colleges		741,865
Corporations		7,608,402
Auto License and Use Tax		573,661
All other		4,116,083
		<u>31,947,857</u>
Total for agency funds		<u>\$ 31,947,857</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	General Obligation Capital Loan Notes	General Obligation Bonds	Capital Lease Purchase Agreement	Compen- sated Absences	Total
Balance beginning of year	\$ 2,705,000	10,765,000	-	569,359	14,039,359
Increases	400,000	4,825,000	366,301	505,443	6,096,744
Decreases	244,000	710,000	-	459,580	1,413,580
Balance end of year	<u>\$ 2,861,000</u>	<u>14,880,000</u>	<u>366,301</u>	<u>615,222</u>	<u>18,722,523</u>
Due within one year	<u>\$ 280,000</u>	<u>740,000</u>	<u>366,301</u>	<u>472,790</u>	<u>1,859,091</u>

General Obligation Capital Loan Notes

A summary of the County's June 30, 2008 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 2001			Series 2003		
	Issued Jul 26, 2001			Issued May 16, 2003		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	5.00%	\$ 60,000	54,995	4.750%	\$ 45,000	8,738
2010	5.00	65,000	51,995	4.875	45,000	6,600
2011	5.00	65,000	48,745	5.125	45,000	4,406
2012	5.00	70,000	45,495	5.250	40,000	2,100
2013	5.10	70,000	41,995	-	-	-
2014-2018	5.15-5.35	420,000	150,501	-	-	-
2019-2022	5.40-5.50	300,000	33,355	-	-	-
Total		\$ 1,050,000	427,081		\$ 175,000	21,844

Year Ending June 30,	Series 2006			Series 2006A		
	Issued Feb 15, 2006			Issued Oct 31, 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	4.00%	\$ 40,000	14,600	6.15%	\$ 14,000	13,284
2010	4.00	40,000	13,000	6.15	16,000	12,423
2011	4.00	45,000	11,400	6.15	16,000	11,439
2012	4.00	45,000	9,600	6.15	17,000	10,455
2013	4.00	45,000	7,800	6.15	18,000	9,410
2014-2018	4.00	150,000	12,000	6.15	109,000	28,843
2019-2022		-	-	6.15	26,000	1,599
Total		\$ 365,000	68,400		\$ 216,000	87,453

Year Ending June 30,	Series 2006B			Series 2007A		
	Issued Oct 31, 2006			Issued Jul 6, 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	6.00%	\$ 95,000	39,300	7.00%	\$ 13,000	14,000
2010	6.00	100,000	33,600	7.00	14,000	13,090
2011	6.00	105,000	27,600	7.00	14,000	12,110
2012	6.00	110,000	21,300	7.00	15,000	11,130
2013	6.00	120,000	14,700	7.00	17,000	10,080
2014-2018	6.00	125,000	7,500	7.00	102,000	31,080
2019-2022		-	-	7.00	25,000	1,750
Total		\$ 655,000	144,000		\$ 200,000	93,240

Year Ending June 30,	Series 2007A			Total		
	Issued Nov 16, 2007					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2009	6.10%	\$ 13,000	12,200	\$ 280,000	157,117	437,117
2010	6.10	14,000	11,407	294,000	142,115	436,115
2011	6.10	15,000	10,553	305,000	126,253	431,253
2012	6.10	16,000	9,638	313,000	109,718	422,718
2013	6.10	17,000	8,662	287,000	92,647	379,647
2014-2018	6.10	101,500	26,443	1,007,500	256,367	1,263,867
2019-2022	6.10	23,500	1,433	374,500	38,137	412,637
Total		\$ 200,000	80,336	\$ 2,861,000	922,354	3,783,354

During the year ended June 30, 2008, the County issued \$400,000 and retired \$244,000 of general obligation capital loan notes.

General Obligation Bonds

A summary of the County's June 30, 2008 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2003			Series 2005		
	Issued Nov 1, 2003			Issued Mar 1, 2005		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	2.50%	\$ 250,000	211,285	3.30%	\$ 490,000	173,003
2010	3.00	265,000	205,035	3.30	505,000	156,832
2011	4.00	275,000	197,085	3.40	520,000	140,168
2012	4.50	290,000	186,085	3.50	545,000	122,487
2013	3.65	305,000	173,035	3.75	565,000	103,413
2014-2018	3.65-4.10	1,715,000	672,670	3.40-3.75	1,545,000	249,455
2019-2023	4.20-4.50	2,115,000	289,800	3.85-4.05	670,000	82,445
2024-2028		-	-		-	-
Total		\$ 5,215,000	1,934,995		\$ 4,840,000	1,027,803

Year Ending June 30,	Series 2007B			Total		
	Issued Nov 1, 2007					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2009		\$ -	263,842	\$ 740,000	648,130	1,388,130
2010		-	263,842	770,000	625,709	1,395,709
2011		-	263,842	795,000	601,095	1,396,095
2012		-	263,842	835,000	572,414	1,407,414
2013		-	263,842	870,000	540,290	1,410,290
2014-2018	5.000-5.330%	1,325,000	1,190,881	4,585,000	2,113,006	6,698,006
2019-2023	5.375-5.550	1,730,000	798,364	4,515,000	1,170,609	5,685,609
2024-2028	5.625-5.750	1,770,000	259,576	1,770,000	259,576	2,029,576
Total		\$ 4,825,000	3,568,031	\$ 14,880,000	6,530,829	21,410,829

During the year ended June 30, 2008, the County issued \$4,825,000 and retired \$710,000 of general obligation bonds.

Capital Lease Purchase Agreement

The County has entered into a capital lease purchase agreement to lease ten motor graders with historical costs of \$1,739,550 under a two-year capital lease. The following is a schedule of the future minimum lease payments and the present value of net minimum lease payments under the agreement in effect at June 30, 2008:

Year Ending June 30,	Motorgraders
2009	\$ 380,634
Less amount representing interest	(14,333)
Present value of net minimum lease payments	\$ 366,301

**(7) Private Redevelopment Agreements**

On July 16, 2007, the County entered into a private redevelopment agreement with G & L Properties, LLC (G & L) and Alpha Products International. G & L is a development company which is to construct two 25,000 square foot warehouses to be leased to Alpha Products. The County agreed to make two economic development grants available to Alpha Products totaling \$200,000. The County is required to make the economic development grants in three installments at various stages of construction of the warehouses. The first installment was required at the start of construction of the first building or second building, as applicable. The second installment was paid upon receipt by the County of a certification from Alpha Products the construction of the first building or second building, as applicable, is at least 50% completed. The third installment shall be paid upon issuance of an occupancy permit for the completed first or second building, as applicable. The parties also entered into a minimum assessment agreement, whereby the minimum assessed value shall not be less than \$1,000,000 upon completion of the two warehouses. Alpha Products agreed to create and retain 10 full time employment units paying an average wage of not less than \$8 per hour until at least January 31, 2019. During the year ended June 30, 2008, Alpha Products completed the first two stages of construction and the County remitted \$133,333 to Alpha Products in accordance with the agreement.

In November 2007, the County approved the sale of \$4,825,000 of general obligation urban renewal bonds. The proceeds of this issuance were used to provide grants to Jasper County Economic Development Corporation (JEDCO), TPI Iowa, LLC (TPI) and Opus Northwest, LLC (Opus). Opus is a development company which is constructing a manufacturing facility to be leased to TPI. TPI agrees to employ at least 500 full-time employees (FTE) until at least December 31, 2012. The project consists of two distinct agreements.

The County entered into a private redevelopment agreement with Opus, the City of Newton and JEDCO. The agreement calls for Opus to construct a building on a 33 acre site with a minimum assessed value of \$13,500,000. Under the agreement, the County provided \$694,848 to JEDCO to purchase the site and transfer it to Opus. The County is required to make a \$3,000,000 economic development grant to Opus in three installments at various stages of construction of the facility. The first installment was required at the start of construction (upon receipt of a grading permit and commencement of grading activities on the development property). The second installment was paid upon receipt by the County of a certification from Opus the construction is at least 50% completed on a cost basis. The third installment shall be paid upon issuance of a certificate of occupancy or other occupancy permit. During the year ended June 30, 2008, Opus completed the first two stages of construction and the County remitted \$2,000,000 to Opus in accordance with the agreement.

Jasper County also entered into an employer incentive agreement with TPI and the City of Newton. The agreement provides \$600,000 of the bond proceeds to satisfy the County and City share of local match requirements associated with an Iowa Department of Economic Development grant of \$2,000,000 awarded to TPI. At June 30, 2008, the County had not expended any of the bond proceeds for the local match requirements. Also, if TPI maintains the FTE units required during calendar year 2011, TPI will receive tax rebate payments funded from the tax increment revenues generated from the improvements. If TPI fails to maintain the required FTE units, the tax rebate payments will be reduced proportionally to the percentage of FTE units achieved. For calendar years 2012 through 2017, TPI is entitled to receive additional economic development grant payments subject to TPI maintaining the FTE units.

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

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

Most regular plan members are required to contribute 3.90% of their annual covered salary and the County is required to contribute 6.05% 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, 2008, 2007 and 2006 were \$484,233, \$443,939 and \$429,180, respectively, equal to the required contributions for each year.

## **(9) Risk Management**

Jasper County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2008 were \$105,246.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

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, 2008, no liability has been recorded in the County's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

**(10) Designated Fund Equity**

The County has designated \$58,135 from the General Fund for special projects. At June 30, 2008, the amounts designated are as follows:

Description	Amount
Courthouse roof, chiller and dome windows	\$ 17,282
Chichaqua bike trail maintenance	40,853
Total	<u>\$ 58,135</u>

**(11) Other Employee Benefits**

During the year ended June 30, 2005, the Board of Supervisors approved a plan whereby an employee who is eligible to remain on the Employer's Group Health Plan (EGHP) at retirement may convert accrued sick leave hours, up to 720 hours, and use them to pay for continued health care coverage through the EGHP. The County accounts for the activity in a Fiduciary, Other Employee Benefit Trust Fund. Three more employees began participating in this program during the year ended June 30, 2008 and the County contributed \$28,132 to the fund for continued health care coverage.

**(12) 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, 2008:

<u>Year ending June 30,</u>	<u>Amount</u>
2009	\$ 60,113
2010	<u>30,057</u>
Total	<u>\$ 90,170</u>

**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, 2008

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 13,487,945	-	13,487,945
Interest and penalty on property tax	109,828	-	109,828
Intergovernmental	7,261,706	-	7,261,706
Licenses and permits	78,368	-	78,368
Charges for service	1,007,567	-	1,007,567
Use of money and property	570,371	-	570,371
Miscellaneous	588,672	-	588,672
Total receipts	<u>23,104,457</u>	-	<u>23,104,457</u>
<b>Disbursements:</b>			
Public safety and legal services	4,221,033	-	4,221,033
Physical health and social services	1,723,401	-	1,723,401
Mental health	4,175,653	-	4,175,653
County environment and education	1,430,924	-	1,430,924
Roads and transportation	5,582,511	-	5,582,511
Governmental services to residents	835,648	-	835,648
Administration	2,587,000	-	2,587,000
Non-program	38,553	-	38,553
Debt service	1,676,998	-	1,676,998
Capital projects	4,983,575	-	4,983,575
Total disbursements	<u>27,255,296</u>	-	<u>27,255,296</u>
Deficiency of receipts under disbursements	(4,150,839)	-	(4,150,839)
Other financing sources, net	<u>5,174,284</u>	-	<u>5,174,284</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,023,445	-	1,023,445
Balance beginning of year	<u>10,407,326</u>	60,347	<u>10,346,979</u>
Balance end of year	<u>\$ 11,430,771</u>	60,347	<u>11,370,424</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
13,073,993	13,486,893	1,052
90,000	100,000	9,828
7,262,376	7,293,171	(31,465)
65,250	62,500	15,868
931,601	1,010,301	(2,734)
446,935	528,685	41,686
344,820	474,610	114,062
<u>22,214,975</u>	<u>22,956,160</u>	<u>148,297</u>
4,267,460	4,491,860	270,827
1,926,178	1,927,503	204,102
5,443,341	4,922,219	746,566
1,270,508	1,528,746	97,822
6,849,225	6,315,473	732,962
885,154	909,864	74,216
2,639,414	3,052,384	465,384
5,100	44,000	5,447
1,504,180	1,698,155	21,157
2,224,921	6,522,578	1,539,003
<u>27,015,481</u>	<u>31,412,782</u>	<u>4,157,486</u>
(4,800,506)	(8,456,622)	4,305,783
995,000	5,225,000	(50,716)
(3,805,506)	(3,231,622)	4,255,067
7,628,093	10,182,557	164,422
<u>3,822,587</u>	<u>6,950,935</u>	<u>4,419,489</u>

Jasper County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2008

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 23,104,457	(238,384)	22,866,073
Expenditures	27,255,296	352,665	27,607,961
Net	(4,150,839)	(591,049)	(4,741,888)
Other financing sources, net	5,174,284	366,301	5,540,585
Beginning fund balances	10,407,326	116,683	10,524,009
Ending fund balances	\$ 11,430,771	(108,065)	11,322,706

See accompanying independent auditor's report.

Jasper County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, four budget amendments increased budgeted disbursements by \$4,397,301. 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, 2008, disbursements did not exceed the amounts budgeted.

**Jasper County**

**Other Supplementary Information**

Jasper County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2008

	Special Revenue			
	County Recorder's Records Management	Resource Enhance- ment	Conservation Land Acquisition	Local Option Sales/Service Tax
<b>Assets</b>				
Cash and pooled investments	\$ 31,998	124,048	64,095	1,313,836
Receivables:				
Succeeding year tax increment financing	-	-	-	-
Due from other governments	-	-	-	155,963
<b>Total assets</b>	<b>\$ 31,998</b>	<b>124,048</b>	<b>64,095</b>	<b>1,469,799</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ -	4,000	-	-
Due to other governments	-	-	-	-
Deferred revenue:				
Succeeding year tax increment financing	-	-	-	-
Total liabilities	-	4,000	-	-
Fund equity:				
Fund balances:				
Reserved for dental care of county residents	-	-	-	
Unreserved	31,998	120,048	64,095	1,469,799
Total fund equity	31,998	120,048	64,095	1,469,799
<b>Total liabilities and fund equity</b>	<b>\$ 31,998</b>	<b>124,048</b>	<b>64,095</b>	<b>1,469,799</b>

See accompanying independent auditor's report.

Drainage Districts	Tax Increment Financing	Other	Permanent	Total
60,347	29,543	246,311	18,485	1,888,663
-	438,000	-	-	438,000
-	-	4,270	-	160,233
60,347	467,543	250,581	18,485	2,486,896
-	-	167	-	4,167
-	-	396	-	396
-	438,000	-	-	438,000
-	438,000	563	-	442,563
-	-	-	18,485	18,485
60,347	29,543	250,018	-	2,025,848
60,347	29,543	250,018	18,485	2,044,333
60,347	467,543	250,581	18,485	2,486,896

Jasper County

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

Year ended June 30, 2008

	Special Revenue			
	County Recorder's Records Management	Resource Enhance- ment	Conservation Land Acquisition	Local Option Sales/Service Tax
Revenues:				
Property and other county tax	\$ -	-	-	1,243,746
Intergovernmental	-	26,392	-	-
Charges for service	8,080	-	-	-
Use of money and property	525	2,164	12,177	-
Miscellaneous	-	-	-	-
Total revenues	8,605	28,556	12,177	1,243,746
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	-	-	-
County environment and education	-	-	-	-
Administration	-	-	-	-
Capital projects	-	4,000	-	-
Total expenditures	-	4,000	-	-
Excess of revenues over expenditures	8,605	24,556	12,177	1,243,746
Other financing uses:				
Operating transfers out	-	-	-	(830,139)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	8,605	24,556	12,177	413,607
Fund balances beginning of year	23,393	95,492	51,918	1,056,192
Fund balances end of year	\$ 31,998	120,048	64,095	1,469,799

See accompanying independent auditor's report.

Drainage Districts	Tax Increment Financing	Other	Permanent	Total
-	267,768	-	-	1,511,514
-	-	4,270	-	30,662
-	-	-	-	8,080
-	-	1,744	871	17,481
-	-	54,407	-	54,407
-	267,768	60,421	871	1,622,144
-	-	7,581	-	7,581
-	-	545	685	1,230
-	-	739	-	739
-	-	23,665	-	23,665
-	-	838	-	4,838
-	-	33,368	685	38,053
-	267,768	27,053	186	1,584,091
-	(316,633)	-	-	(1,146,772)
-	(48,865)	27,053	186	437,319
60,347	78,408	222,965	18,299	1,607,014
60,347	29,543	250,018	18,485	2,044,333

Jasper County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	2,508	167,362	275,388	11,004
Other County officials	41,750	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	221	551	24,108	861
Succeeding year	-	186,000	440,000	18,038,000	730,000
Special assessments	-	-	-	-	-
Accounts	15,018	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 56,768</b>	<b>188,729</b>	<b>607,913</b>	<b>18,337,496</b>	<b>741,865</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	2,962	-	-
Salaries and benefits payable	-	-	7,561	-	-
Due to other governments	18,626	188,729	570,350	18,337,496	741,865
Trusts payable	38,142	-	-	-	-
Compensated absences	-	-	27,040	-	-
<b>Total liabilities</b>	<b>\$ 56,768</b>	<b>188,729</b>	<b>607,913</b>	<b>18,337,496</b>	<b>741,865</b>

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
156,526	3,396	48,781	573,661	551,091	1,789,717
-	-	-	-	10	41,760
16,876	121	-	-	2,232	44,970
7,435,000	305,000	-	-	2,802,000	29,936,000
-	-	365,992	-	-	365,992
-	-	-	-	49,385	64,403
-	-	-	-	20,140	20,140
<b>7,608,402</b>	<b>308,517</b>	<b>414,773</b>	<b>573,661</b>	<b>3,424,858</b>	<b>32,262,982</b>
-	-	-	-	87,342	90,304
-	-	-	-	3,367	10,928
7,608,402	308,517	414,773	573,661	3,185,438	31,947,857
-	-	-	-	135,422	173,564
-	-	-	-	13,289	40,329
<b>7,608,402</b>	<b>308,517</b>	<b>414,773</b>	<b>573,661</b>	<b>3,424,858</b>	<b>32,262,982</b>

Jasper County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 88,730	165,385	576,693	17,769,982	741,250
Additions:					
Property and other county tax	-	186,822	442,100	18,151,704	733,401
E911 surcharge	-	-	-	-	-
State tax credits	-	7,580	18,999	816,117	33,862
Drivers license fees	-	-	-	-	-
Office fees and collections	1,060,191	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	632,322	-	-	-	-
Miscellaneous	-	-	324	-	-
Total additions	1,692,513	194,402	461,423	18,967,821	767,263
Deductions:					
Agency remittances:					
To other funds	806,720	-	-	-	-
To other governments	278,627	171,058	430,203	18,400,307	766,648
Trusts paid out	639,128	-	-	-	-
Total deductions	1,724,475	171,058	430,203	18,400,307	766,648
Balances end of year	\$ 56,768	188,729	607,913	18,337,496	741,865

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
7,856,110	287,346	412,052	636,668	4,425,342	32,959,558
7,376,782	308,226	-	-	2,723,743	29,922,778
-	-	-	-	284,062	284,062
335,641	13,831	-	-	78,416	1,304,446
-	-	-	166,796	-	166,796
-	-	-	-	8,080	1,068,271
-	-	-	7,732,965	-	7,732,965
-	-	89,509	-	-	89,509
-	-	-	-	748,006	1,380,328
-	-	-	-	1,060,236	1,060,560
7,712,423	322,057	89,509	7,899,761	4,902,543	43,009,715
-	-	-	319,933	-	1,126,653
7,960,131	300,886	86,788	7,642,835	5,211,739	41,249,222
-	-	-	-	691,288	1,330,416
7,960,131	300,886	86,788	7,962,768	5,903,027	43,706,291
7,608,402	308,517	414,773	573,661	3,424,858	32,262,982

Jasper County

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

For the Last Seven Years

	Modified Accrual			
	2008	2007	2006	2005
<b>Revenues:</b>				
Property and other county tax	\$ 13,417,497	13,219,306	11,944,465	10,604,853
Interest and penalty on property tax	109,752	111,155	106,187	113,364
Intergovernmental	7,141,355	7,719,665	7,518,337	7,765,029
Licenses and permits	70,816	72,550	104,297	112,586
Charges for service	990,787	984,919	1,034,993	1,004,702
Use of money and property	556,844	644,635	466,665	265,129
Miscellaneous	579,022	608,518	424,392	413,696
<b>Total</b>	<b>\$ 22,866,073</b>	<b>23,360,748</b>	<b>21,599,336</b>	<b>20,279,359</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 4,204,230	3,947,911	3,707,359	3,350,867
Physical health and social services	1,774,103	1,764,524	1,681,600	1,707,344
Mental health	4,085,414	3,935,254	3,694,993	3,469,165
County environment and education	1,446,616	1,135,184	1,046,555	1,004,377
Roads and transportation	5,933,784	4,976,047	4,773,484	5,601,722
Governmental services to residents	843,578	798,300	1,121,043	822,015
Administration	2,656,102	2,582,618	2,138,150	1,906,315
Non-program	38,553	798	6,320	-
Debt service	1,676,997	1,615,440	1,422,630	791,053
Capital projects	4,948,584	1,238,670	2,065,874	8,642,212
<b>Total</b>	<b>\$ 27,607,961</b>	<b>21,994,746</b>	<b>21,658,008</b>	<b>27,295,070</b>

See accompanying independent auditor's report.

Basis		
2004	2003	2002
8,741,449	8,655,221	9,522,849
142,490	95,570	100,809
7,588,530	7,180,507	7,734,924
104,919	68,371	72,772
1,065,016	1,071,297	953,013
157,559	168,858	284,837
686,770	651,622	399,740
<b>18,486,733</b>	<b>17,891,446</b>	<b>19,068,944</b>
3,129,432	3,058,425	2,919,333
1,547,630	1,682,536	1,752,734
3,745,451	3,780,377	3,858,862
821,661	1,035,423	1,008,646
6,080,708	6,388,078	4,736,532
690,879	654,019	669,898
1,808,403	1,802,173	1,784,915
-	-	-
330,233	265,146	209,588
5,416,138	2,391,818	2,237,536
<b>23,570,535</b>	<b>21,057,995</b>	<b>19,178,044</b>

**Schedule 6**

Jasper County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Agriculture:			
Emergency Watershed Protection Program	10.923	75-6114-7-7003	\$ 11,992
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		20,492
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C050(75)--8J-50	603,831
Iowa Department of Public Safety - Governor's Traffic			
Safety Bureau:			
State and Community Highway Safety	20.600	PAP-07-04 Task 23	4,166
State and Community Highway Safety	20.600	PAP-08-04 Task 23	2,348
			6,514
Safety Incentives to Prevent Operation of			
Motor Vehicles by Intoxicated Persons	20.605	PAP-07-163 Task 41	803
Iowa Department of Public Defense:			
Interagency Hazardous Materials Public Sector			
Training and Planning Grants	20.703		3,285
U.S. Department of Health and Human Services:			
Iowa Department of Elder Affairs:			
Aging Resources of Central Iowa:			
Special Programs for the Aging Cluster:			
Special Programs for the Aging-Title III,			
Part C-Nutrition Services	93.045		102,945
Nutrition Services Incentive Program	93.053		74,795 *
			177,740

Jasper County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		22,223
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		5,395
Foster Care - Title IV-E	93.658		12,988
Adoption Assistance	93.659		3,092
State Children's Insurance Program	93.767		185
Medical Assistance Program	93.778		28,280
Social Services Block Grant	93.667		14,578
Social Services Block Grant	93.667		120,745
			<u>135,323</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 1763 DR IA	19,782
Emergency Management Performance Grants	97.042		27,375
Homeland Security Region I:			
Homeland Security Grant Program	97.067		58,859
Total indirect			<u>1,126,167</u>
Total			<u>\$ 1,138,159</u>

\* - Includes \$37,823 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 on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**Jasper County**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

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, 2008, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 26, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jasper County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including a deficiency we consider to be a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Jasper County's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Jasper County's financial statements that is more than inconsequential will not be prevented or detected by Jasper County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Jasper County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-08 is a material weakness.

#### Compliance and Other Matters

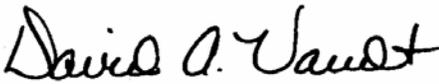
As part of obtaining reasonable assurance about whether Jasper County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Jasper County and other parties to whom Jasper County may report, including federal awarding agencies and pass-through entities. This report 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

February 26, 2009

**Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133**

**Jasper County**



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

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Independent Auditor's Report on Compliance with Requirements  
Applicable to 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 the compliance of Jasper County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2008. Jasper County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Jasper County's management. Our responsibility is to express an opinion on Jasper County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jasper County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jasper County's compliance with those requirements.

In our opinion, Jasper County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

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, 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.

A control deficiency in the County's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, 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. This report 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

February 26, 2009

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 - Highway Planning and Construction.
- (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, 2008

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

**SIGNIFICANT DEFICIENCIES:**

II-A-08 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

	<u>Applicable Offices</u>
(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Treasurer, Sheriff, Recorder, Engineer, Community Services and Congregate Meals
(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 and is not initialed to evidence this review. In the County Treasurer's office, a listing of mail receipts is not prepared.	Treasurer, Engineer, Community Services, Environmental Health and Home Care Aides, Conservation and Congregate Meals
(3) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Treasurer, Sheriff, Community Services - Protective Payee and Congregate Meals
(4) The person responsible for the detailed record keeping of investments is also the custodian of the investments. Investments are not periodically inspected by an independent person and an independent reconciliation of interest earnings is not performed.	Treasurer

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

- |  |                                       |
|--|---------------------------------------|
| (5) Checks are not restrictively endorsed upon receipt.      | Conservation and Community Services   |
| (6) Checks are written, signed and mailed by one individual. | Community Services - Protective Payee |

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

Responses –

County Treasurer – With a limited number of employees, total segregation of duties is not possible. We will work on rearranging duties to better segregate reconciliation functions. We will have a motor vehicle employee verify the monthly balancing. Investment records will be verified by the Tax Department Deputy. The Drivers License Deputy will verify the special assessment rates. We will develop a system that creates an initial listing procedure.

County Sheriff – A small staff limits segregation of duties, as all four clerks are cross trained to handle each other's duties so operations can continue when one is absent. We will begin initialing the bank reconciliations as evidence of review.

County Recorder – Beginning in March 2008 we set up a system in which an employee who is not authorized to make entries to accounting records periodically picks days and accounts for all checks. Another employee makes sure those checks are deposited.

County Engineer – We will change our procedures and try to segregate duties.

Community Services – Our procedures were updated during fiscal year 2009. Incoming mail is opened and logged by the assistant. The log is verified and initialed by the director. The assistant copies checks, send checks to the County Treasurer, and matches receipt information from the County Treasurer to the entry log and check copies. The assistant then enters information in the database. The director reconciles the database report with the revenue reports monthly. A “For Deposit Only” endorsement will be placed on each check in the future. This will be added to our procedure manual.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Community Services – Protective Payee – A review is completed monthly and balanced with the bank statement by the Director. This spreadsheet will be printed, initialed by the Director and verified against the bank statement by the assistant, who will then initial as evidence of review. The assistant will write the checks, the Director will sign checks and the consumer will be responsible for mailing the checks.

Environmental Health and Home Care Aides – We will review our policies and procedures to develop a better review system setup.

Conservation – With limited staff, segregation of duties is difficult. The Director will complete an independent reconciliation of recorded receipts. A restrictive endorsement stamp will be purchased and utilized as checks are received.

Congregate Meals – Our office will start verification of County Treasurer receipts by reviewing and initialing the mail listing. We will start evidencing the review of the bank reconciliations. Our office will review our procedures for internal controls.

Conclusions – Responses accepted.

II-B-08 Vehicle Titles – Titles to County owned vehicles are kept at individual departments and offices rather than at a centralized location.

Recommendation – To properly safeguard County owned vehicles from unauthorized disposal, the County should establish a centralized location for all titles to be maintained.

Response – The Board of Supervisors will establish a policy to centralize all County owned vehicle titles.

Conclusion – Response accepted.

II-C-08 Credit Cards – The County has credit cards for use by various employees while on County business. The County has not adopted a policy to regulate the use of the credit cards.

Recommendation – The County should adopt a written policy regulating the use of County credit cards. The policy, at a minimum, should address who controls credit cards, who is authorized to use credit cards and for what purpose, as well as the types of supporting documentation required to substantiate charges.

Response – The Board of Supervisors will establish a policy to regulate the use of County owned credit cards.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

II-D-08 Capital Assets – A physical observation of capital assets was not performed during the year ended June 30, 2008 in accordance with the County’s policy.

Recommendation – Capital assets should be tested periodically by an employee having no responsibility for assets.

Response – The Board of Supervisors will instruct all elected officials and department heads to tag all of the capital assets in their possession according to the County capital assets policy. The County Auditor will establish a listing of capital assets and annually test the capital assets listings by comparing the listings to assets observations.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

No matters were noted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

IV-A-08 Certified Budget – Disbursements during the year ended June 30, 2008 did not exceed the amounts budgeted.

IV-B-08 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-08 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-08 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-08 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-08 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not, except as follows:

The publication of claims did not include the reason for the claim as required by Chapter 349.18 of the Code of Iowa.

Recommendation – The County should publish the reason for the claims as required.

Response – The Jasper County Auditor’s Office began the procedure of publishing the “reason for claims” in July 2008 after the installation of the new computer programming.

Conclusion – Response accepted.

IV-G-08 Deposits and Investments – Except as noted, deposits and investments were in compliance with provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy.

Interest income from investments for the Capital Projects Fund have not been credited to the proper fund. In accordance with Chapter 12C.9 of the Code of Iowa, interest earned on bond proceeds should be credited to the project fund for which the indebtedness was issued.

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

Response – We will credit interest earned on bond proceeds to the correct fund for fiscal 2008 and future bond issuances.

Conclusion – Response accepted.

IV-H-08 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).

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

IV-I-08 Capital Lease Purchase Agreement – During the year ended June 30, 2008, the County entered into a capital lease purchase agreement for the purchase of ten motor graders for the Secondary Roads Department. However, a public hearing was not held prior to the authorization of this lease purchase agreement as required by Chapter 331.301(10)(e) or Chapters 331.478 and 331.479 of the Code of Iowa.

Recommendation – The County should consult legal counsel for the disposition of this matter. In the future, the County should hold a public hearing prior to the authorization of a lease purchase agreement in accordance with Chapter 331.301(10)(e) or Chapters 331.478 and 331.479 of the Code of Iowa.

Response – The County will apply Code Sections 331.301(10)(e), 331.478 and 331,479 in any future decisions to enter into lease purchases when the dollar amount meets or exceeds \$25,000.

Conclusion – Response accepted.

IV-J-08 Conservation Shelterhouse Project – During the year ended June 30, 2008, a community foundation contributed \$15,000 to the Jasper County Conservation Board by paying a contractor for construction on the County's project. This transaction was not recorded in the County's financial records or budget. An adjustment was made by the County to properly include the transaction in the government-wide financial statements.

Recommendation – The County should include all transactions in the County's financial records. Expenditures incurred on the project should be charged against the budget and contributions received should be recorded as revenues.

Response – The Jasper County Conservation Board will run all future contributions through the county budget as a donation/revenue. Expenditures will be deducted from the budget and the donation will be listed as revenue, matching the amount expended for the project.

Conclusion – Response accepted.

IV-K-08 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, 2008 for the County Extension Office did not exceed the amount budgeted.

An initial listing of receipts is not prepared by the person opening the mail, at least on a test basis. Bank reconciliations contained no evidence of review by an independent person for propriety.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

Response – We will keep a yellow tablet to record incoming checks and cash. The Director will initial bank reconciliations during review.

Conclusion – Response accepted.

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Jasper County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager  
Selina V. Johnson, CPA, Senior Auditor II  
Lori M. Dinville, Staff Auditor  
Daniel L. Durbin, CPA, Staff Auditor  
Brian P. Schenkelberg, CPA, Staff Auditor  
Michael F. Conroy, Assistant Auditor  
Daniel W. Henaman, 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 a distinct dot over the 'i' in 'Nielsen'.

Andrew E. Nielsen, CPA  
Deputy Auditor of State