



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

Mary Mosiman, 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 24, 2015

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Jasper County, Iowa.

The County had local tax revenue of \$49,025,594 for the year ended June 30, 2014, which included \$2,180,372 in tax credits from the state. The County forwarded \$35,939,776 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$13,085,818 of the local tax revenue to finance County operations, a less than one percent decrease from the prior year. Other revenues included charges for service of \$1,708,812, operating grants, contributions and restricted interest of \$5,352,495, capital grants, contributions and restricted interest of \$1,956,624, tax increment financing of \$1,046,732, local option sales tax of \$1,291,837, unrestricted investment earnings of \$63,873 and other general revenues of \$327,125.

Expenses for County operations for the year ended June 30, 2014 totaled \$22,603,663, a 2.5% decrease from the prior year. Expenses included \$8,054,098 for roads and transportation, \$5,447,393 for public safety and legal services and \$3,316,593 for administration.

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/1410-0050-B00F.pdf>.

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**JASPER COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2014**

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**Jasper County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Joe Brock	Board of Supervisors	Jan 2015
Dennis Carpenter	Board of Supervisors	Jan 2015
Dennis Stevenson	Board of Supervisors	Jan 2017
Dennis Parrott	County Auditor	Jan 2017
Doug Bishop	County Treasurer	Jan 2015
Nancy Parrott	County Recorder	Jan 2015
John Halferty	County Sheriff	Jan 2017
Mike Jacobsen	County Attorney	Jan 2015
John Deegan	County Assessor	Jan 2016

**Jasper County**



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Independent Auditor's Report

To the Officials of Jasper County:

Report on the Financial Statements

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, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

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

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

## 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 as of June 30, 2014, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

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 third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2015 on our consideration of Jasper County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 in considering Jasper County's internal control over financial reporting and compliance.



MARY MOSIMAN, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 5, 2015

**Jasper County**

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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, 2014. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2014 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities decreased 1.1%, or approximately \$268,000, from fiscal year 2013 to fiscal year 2014. Operating grants, contributions and restricted interest increased approximately \$217,000, capital grants, contributions and restricted interest increased approximately \$983,000 and charges for service decreased approximately \$261,000.
- Program expenses of the County's governmental activities decreased 2.5%, or approximately \$579,000, from fiscal year 2013 to fiscal year 2014. Expenses increased approximately \$324,000 in the public safety and legal services function and approximately \$199,000 in the administration function. Expenses decreased approximately \$896,000 in the county environment and education function and approximately \$344,000 in the interest on long-term debt function.
- The County's net position increased 5.3%, or approximately \$2,229,000, from June 30, 2013 to June 30, 2014.

### **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 Position and a Statement of Activities. These provide information about the activities of Jasper County as a whole and present an overall view of the County's finances.

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

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

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

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

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

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position 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 Position presents financial information on all of the County's assets, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position 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 position changed during the most recent fiscal year. All changes in net position 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 years.

The County's governmental activities are presented in the Statement of Net Position 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 Position and a Statement of Changes in Fiduciary Net Position.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Jasper County's combined net position increased from a year ago, from approximately \$42,269,000 to approximately \$44,498,000. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2014	2013
Current and other assets	\$ 29,696	30,039
Capital assets	45,448	45,317
Total assets	<u>75,144</u>	<u>75,356</u>
Long-term liabilities	14,897	18,038
Other liabilities	1,253	1,334
Total liabilities	<u>16,150</u>	<u>19,372</u>
Deferred inflows of resources	14,496	13,705
Net position:		
Net investment in capital assets	39,283	36,530
Restricted	11,823	9,618
Unrestricted	(6,608)	(3,879)
Total net position	<u>\$ 44,498</u>	<u>42,269</u>

Net position of Jasper County's governmental activities increased 5.3% (approximately \$42,269,000 to approximately \$44,498,000). The largest portion of the County's net position 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.

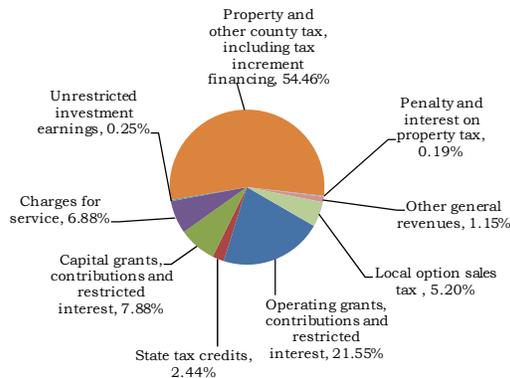
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$2,205,000, or 22.9%, over the prior year. The increase is primarily due to an increase in supplemental levy and secondary roads funds held at year end.

Unrestricted net position – the part of net position 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 (\$3,879,000) at June 30, 2013 to approximately (\$6,608,000) at the end of this year, a decrease of 70.4%. The unrestricted net position deficit balance is a result of the County issuing general obligation bonds and notes for capital assets not owned by the County.

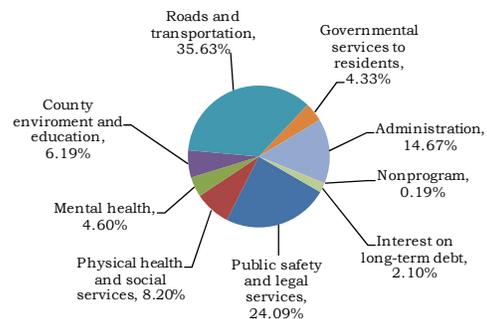
**Changes in Net Position of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2014	2013
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,709	1,970
Operating grants, contributions and restricted interest	5,352	5,135
Capital grants, contributions and restricted interest	1,957	974
<b>General revenues:</b>		
Property and other county tax, including tax increment financing	13,527	13,606
Penalty and interest on property tax	44	126
State tax credits	605	547
Local option sales tax	1,292	1,257
Unrestricted investment earnings	63	101
Other general revenues	284	1,385
<b>Total revenues</b>	<b>24,833</b>	<b>25,101</b>
<b>Program expenses:</b>		
Public safety and legal services	5,447	5,123
Physical health and social services	1,853	1,912
Mental health	1,039	947
County environment and education	1,399	2,295
Roads and transportation	8,054	8,061
Governmental services to residents	978	899
Administration	3,317	3,118
Nonprogram	43	10
Interest on long-term debt	474	818
<b>Total expenses</b>	<b>22,604</b>	<b>23,183</b>
<b>Change in net position</b>	<b>2,229</b>	<b>1,918</b>
<b>Net position beginning of year</b>	<b>42,269</b>	<b>40,351</b>
<b>Net position end of year</b>	<b>\$ 44,498</b>	<b>42,269</b>

**Revenues by Source**



**Expenses by Function**



Jasper County's net position of governmental activities increased approximately \$2,229,000 during the year. Revenues for governmental activities decreased approximately \$268,000 from the prior year. Capital grants, contributions and restricted interest increased approximately \$983,000, or 100.9%, due to increased farm-to-market projects contributed to the County by the Iowa Department of Transportation (DOT) in the current fiscal year. Other general revenues decreased approximately \$1,101,000 from the prior year, primarily the result of a \$1,230,901 gain on the disposition of capital assets reported in the prior year.

The County decreased the countywide property tax rate for fiscal year 2014 by 1.6%. This decrease, combined with increases in taxable valuations, decreased the County's property tax revenue approximately \$79,000 in fiscal year 2014. The general basic levy increased 14.2%, from \$3.50 per \$1,000 of taxable valuation to \$3.99 per \$1,000 of taxable valuation. The County services (mental health) levy decreased 75.7%, from \$1.46 per \$1,000 of taxable valuation to \$.35 per \$1,000 of taxable valuation.

The cost of all governmental activities this year was approximately \$22.6 million compared to approximately \$23.2 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$13.6 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,709,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$7,309,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2014 from approximately \$8,079,000 to approximately \$9,018,000, primarily due to increased farm-to-market road projects contributed to the County by the Iowa DOT.

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

As Jasper County completed the year, its governmental funds reported a combined fund balance of approximately \$13.7 million, a decrease of approximately \$1,000,000 from last year's total of approximately \$14.7 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$1,079,000, or 10.5%, primarily due to an increase in property tax. Expenditures remained consistent when compared to the prior year, increasing approximately \$345,000, or 3%. The ending fund balance decreased approximately \$481,000, or 10.8%, from the prior year to \$3,972,652.
- The County has continued to look for ways to effectively manage the cost of mental health services. Expenditures increased approximately \$99,000, or 10.5%, over the prior year. Revenues decreased approximately \$1,497,000, or 72%, primarily due to a decrease in property tax. The Special Revenue, Mental Health Fund balance decreased approximately \$458,000 during the year to \$1,702,714.
- Special Revenue, Rural Services Fund revenues increased approximately \$295,000, or 11.5%, over the prior year, primarily due to an increase in property tax. Expenditures remained consistent when compared to the prior year. The ending fund balance increased approximately \$339,000 over the prior year to \$1,494,818.
- Special Revenue, Secondary Roads Fund revenues decreased approximately \$383,000, or 7.3%, from the prior year and expenditures decreased approximately \$760,000, or 10.9%, from the prior year. The fund balance at June 30, 2014 was \$3,774,141 compared to the prior year ending fund balance of \$3,002,926, an increase of \$771,215.
- Debt Service Fund revenues decreased approximately \$106,000 when compared to the prior year. Expenditures increased \$1,857,319 due to the advance refunding of the County's 2005 general obligation bonds on the June 1, 2014 crossover date. At year end, the fund balance was \$220,505 compared to the prior year ending fund balance of \$1,938,685.

- Capital Projects Fund revenues decreased approximately \$153,000, or 60%, from the prior year due to completion of several FEMA projects. Expenditures increased approximately \$67,000, or 11.2%, over the prior year. At June 30, 2014, the balance of the Capital Projects Fund was \$17,922.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, Jasper County amended its budget once in June 2014. The amendment resulted in an increase in budgeted disbursements for the physical health and social services and capital projects functions.

The County’s receipts were \$280,804 less than budgeted, a variance of 1.2%.

Total disbursements were \$335,278 less than the amended budget. Actual disbursements for the capital projects function were \$1,434,728 less than budgeted, primarily due to costs being less than anticipated.

The County exceeded the amounts budgeted in the mental health and debt service functions for the year ended June 30, 2014. The amended amount adopted for the mental health function was \$1,344,000. However, the amount included in the published budget amendment was a negative \$138,285.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2014, Jasper County had approximately \$45.4 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$131,000 over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2014	2013
Land	\$ 1,206	1,193
Construction in progress	1,878	-
Buildings and improvements	10,739	10,935
Equipment and vehicles	3,670	3,843
Intangibles	138	-
Infrastructure	27,817	29,346
Total	\$ 45,448	45,317

The County had depreciation expense of \$3,003,347 in fiscal year 2014 and total accumulated depreciation of \$30,242,414 at June 30, 2014. More detailed information about the County’s capital assets is presented in Note 5 to the financial statements.

## Long-Term Debt

Jasper County had general obligation bonds and capital loan notes outstanding at June 30, 2014 and June 30, 2013, as shown below.

	Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)	
	June 30,	
	2014	2013
General obligation bonds and capital loan notes	\$ 12,805	16,100

The County carries a general obligation bond rating of Aa2 assigned by national rating agencies to the County's debt. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Jasper County's outstanding general obligation debt of approximately \$12.8 million is significantly below its constitutional debt limit of approximately \$128 million.

Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

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

Jasper County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2015 budget, tax rates and fees charged for various County activities. In an ongoing effort to maintain County services, the Jasper County Board of Supervisors is committed to limiting expenditure increases, using excess fund balances and reducing funding to non-mandated programs to provide essential services for the citizens of Jasper County.

The Jasper County Board of Supervisors has stated it is determined to use all of the one cent Local Option Sales and Services Tax (LOSST) funds for property tax relief. Therefore, in the fiscal year 2015 budget, all of the LOSST money estimated to be received in fiscal year 2015 (approximately \$900,000) was used to offset a property tax increase in fiscal year 2015.

Amounts available for appropriation in the operating budget are approximately \$23,503,000, a less than 1% increase from the final fiscal year 2014 budget. Budgeted disbursements increased approximately \$2,696,024 from the final fiscal year 2014 budget, primarily in the roads and transportation function. The County has added no major new programs or initiatives to the fiscal year 2015 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease 29.5% by the close of fiscal year 2015.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

**Jasper County**

## **Basic Financial Statements**

**Exhibit A**

Jasper County  
Statement of Net Position  
June 30, 2014

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 13,791,091
Receivables:	
Property tax:	
Delinquent	26,919
Succeeding year	13,407,000
Succeeding year tax increment financing	1,089,000
Interest and penalty on property tax	23,659
Accounts	18,942
Special assessments	10,922
Due from other governments	889,820
Inventories	371,762
Prepaid expense	66,977
Capital assets, net of accumulated depreciation/amortization	45,448,272
<b>Total assets</b>	<u>75,144,364</u>
<b>Liabilities</b>	
Accounts payable	779,151
Accrued interest payable	35,999
Salaries and benefits payable	420,733
Due to other governments	17,527
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	755,000
General obligation bonds	830,000
Compensated absences	561,840
Portion due or payable after one year:	
General obligation capital loan notes	1,235,000
General obligation bonds	9,985,000
Compensated absences	1,238,483
Net OPEB liability	291,100
<b>Total liabilities</b>	<u>16,149,833</u>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	13,407,000
Unavailable tax increment financing revenue	1,089,000
<b>Net Position</b>	
Net investment in capital assets	39,283,272
Restricted for:	
Nonexpendable:	
Permanent Fund	11,950
Expendable:	
Supplemental levy purposes	2,499,581
Mental health purposes	1,667,842
Rural services purposes	1,468,216
Secondary roads purposes	3,289,633
Local option sales tax purposes	1,492,928
Conservation land acquisition	152,068
Debt service	656,537
Other purposes	584,536
Unrestricted	(6,608,032)
<b>Total net position</b>	<u>\$ 44,498,531</u>

See notes to financial statements.

Jasper County

Statement of Activities

Year ended June 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 5,447,393	389,766	67,032	-	(4,990,595)
Physical health and social services	1,852,561	348,034	383,715	-	(1,120,812)
Mental health	1,038,915	622	80,096	-	(958,197)
County environment and education	1,398,876	76,953	109,449	13,300	(1,199,174)
Roads and transportation	8,054,098	161,423	4,638,497	1,943,324	(1,310,854)
Governmental services to residents	978,213	663,921	-	-	(314,292)
Administration	3,316,593	68,093	26,471	-	(3,222,029)
Non-program	43,009	-	45,179	-	2,170
Interest on long-term debt	474,005	-	2,056	-	(471,949)
<b>Total</b>	<b>\$ 22,603,663</b>	<b>1,708,812</b>	<b>5,352,495</b>	<b>1,956,624</b>	<b>(13,585,732)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					11,688,426
Debt service					791,874
Tax increment financing					1,046,732
Penalty and interest on property tax					43,575
State tax credits					605,518
Local option sales and services tax					1,291,837
Unrestricted investment earnings					63,873
Gain on disposition of capital assets					12,300
Miscellaneous					271,250
<b>Total general revenues</b>					<b>15,815,385</b>
Change in net position					2,229,653
Net position beginning of year					42,268,878
Net position end of year					<b>\$ 44,498,531</b>

See notes to financial statements.

Jasper County  
Balance Sheet  
Governmental Funds

June 30, 2014

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 4,125,662	1,761,297	1,515,059	3,790,097
Receivables:				
Property tax:				
Delinquent	18,471	1,032	5,096	-
Succeeding year	8,281,000	1,729,000	2,726,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	23,659	-	-	-
Accounts	14,639	-	-	4,303
Special assessments	-	-	-	10,922
Due from other funds	69,919	-	-	-
Due from other governments	107,775	-	-	578,077
Inventories	-	-	-	371,762
Prepaid expenditures	66,977	-	-	-
<b>Total assets</b>	<b>\$ 12,708,102</b>	<b>3,491,329</b>	<b>4,246,155</b>	<b>4,755,161</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 112,974	54,969	2,640	594,842
Salaries and benefits payable	296,459	3,289	4,384	116,601
Due to other funds	-	-	-	-
Due to other governments	2,887	325	13,217	1,098
Total liabilities	412,320	58,583	20,241	712,541
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	8,281,000	1,729,000	2,726,000	-
Succeeding year tax increment financing	-	-	-	-
Other	42,130	1,032	5,096	268,479
Total deferred inflows of resources	8,323,130	1,730,032	2,731,096	268,479
Fund balances:				
Nonspendable:				
Inventories	-	-	-	371,762
Prepaid expenditures	66,977	-	-	-
Permanent fund	-	-	-	-
Restricted for:				
Supplemental levy purposes	2,571,778	-	-	-
Mental health purposes	-	1,702,714	-	-
Rural services purposes	-	-	1,494,818	-
Secondary roads purposes	-	-	-	3,402,379
Local option sales and services tax purposes	-	-	-	-
Conservation land acquisition	152,068	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	60,331	-	-	-
Unassigned	1,121,498	-	-	-
Total fund balances	3,972,652	1,702,714	1,494,818	3,774,141
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 12,708,102</b>	<b>3,491,329</b>	<b>4,246,155</b>	<b>4,755,161</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
220,505	88,614	2,289,857	13,791,091
1,567	-	753	26,919
671,000	-	-	13,407,000
-	-	1,089,000	1,089,000
-	-	-	23,659
-	-	-	18,942
-	-	-	10,922
-	-	-	69,919
-	-	203,968	889,820
-	-	-	371,762
-	-	-	66,977
893,072	88,614	3,583,578	29,766,011
-	773	12,953	779,151
-	-	-	420,733
-	69,919	-	69,919
-	-	-	17,527
-	70,692	12,953	1,287,330
671,000	-	-	13,407,000
-	-	1,089,000	1,089,000
1,567	-	753	319,057
672,567	-	1,089,753	14,815,057
-	-	-	371,762
-	-	-	66,977
-	-	11,950	11,950
-	-	-	2,571,778
-	-	-	1,702,714
-	-	-	1,494,818
-	-	-	3,402,379
-	-	1,492,928	1,492,928
-	-	-	152,068
220,505	-	470,464	690,969
-	17,922	-	17,922
-	-	505,530	565,861
-	-	-	1,121,498
220,505	17,922	2,480,872	13,663,624
893,072	88,614	3,583,578	29,766,011

**Jasper County**

Jasper County

Reconciliation of the Balance Sheet –  
Governmental Funds to the Statement of Net Position

June 30, 2014

<b>Total governmental fund balances (page 21)</b>	\$ 13,663,624
<b><i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i></b>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$75,690,686 and the accumulated depreciation is \$30,242,414.	45,448,272
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	319,057
Long-term liabilities, including general obligation capital loan notes payable, general obligation bonds payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(14,932,422)
<b>Net position of governmental activities (page 18)</b>	<b>\$ 44,498,531</b>

See notes to financial statements.

Jasper County

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

Year ended June 30, 2014

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 8,557,179	477,867	2,649,930	-
Tax increment financing	-	-	-	-
Local option sales and services tax	-	-	-	-
Interest and penalty on property tax	103,701	-	-	-
Intergovernmental	1,220,020	103,439	133,419	4,648,810
Licenses and permits	23,464	-	63,945	27,630
Charges for service	963,747	-	200	8,487
Use of money and property	223,952	-	-	-
Miscellaneous	254,071	622	1,053	163,840
Total revenues	11,346,134	581,928	2,848,547	4,848,767
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	5,154,206	-	-	-
Physical health and social services	1,817,615	-	-	-
Mental health	-	1,040,216	-	-
County environment and education	906,584	-	456,211	-
Roads and transportation	-	-	-	5,713,570
Governmental services to residents	962,079	-	-	-
Administration	2,917,232	-	-	-
Non-program	42,394	-	-	-
Debt service	-	-	-	-
Capital projects	23,878	-	-	516,767
Total expenditures	11,823,988	1,040,216	456,211	6,230,337
Excess (deficiency) of revenues over (under) expenditures	(477,854)	(458,288)	2,392,336	(1,381,570)
<b>Other financing sources (uses):</b>				
Transfers in	1,074,152	-	185,112	2,578,206
Transfers out	(1,076,979)	-	(2,238,562)	(425,421)
Total other financing sources (uses)	(2,827)	-	(2,053,450)	2,152,785
Change in fund balances	(480,681)	(458,288)	338,886	771,215
Fund balances beginning of year	4,453,333	2,161,002	1,155,932	3,002,926
Fund balances end of year	\$ 3,972,652	1,702,714	1,494,818	3,774,141

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
791,623	-	-	12,476,599
-	-	1,046,732	1,046,732
-	-	1,291,837	1,291,837
-	-	-	103,701
36,060	101,740	29,834	6,273,322
-	-	-	115,039
-	-	6,310	978,744
2,056	-	-	226,008
-	-	101,471	521,057
829,739	101,740	2,476,184	23,033,039
-	-	69,719	5,223,925
-	-	50	1,817,665
-	-	-	1,040,216
-	-	12,707	1,375,502
-	-	-	5,713,570
-	-	-	962,079
-	-	10,000	2,927,232
-	-	-	42,394
3,772,649	-	-	3,772,649
-	661,979	-	1,202,624
3,772,649	661,979	92,476	24,077,856
(2,942,910)	(560,239)	2,383,708	(1,044,817)
1,224,730	737,335	-	5,799,535
-	-	(2,058,573)	(5,799,535)
1,224,730	737,335	(2,058,573)	-
(1,718,180)	177,096	325,135	(1,044,817)
1,938,685	(159,174)	2,155,737	14,708,441
220,505	17,922	2,480,872	13,663,624

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, 2014

**Change in fund balances - Total governmental funds (page 25)** \$(1,044,817)

***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	\$ 1,332,312	
Capital assets contributed by the Iowa Department of Transportation and others	1,790,087	
Depreciation expense	<u>(3,003,347)</u>	119,052

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. 12,300

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

Property tax	3,701	
Other	<u>(5,811)</u>	(2,110)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position. 3,295,000

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

Compensated absences	(111,916)	
Other postemployment benefits	(41,500)	
Interest on long-term debt	<u>3,644</u>	<u>(149,772)</u>

**Change in net position of governmental activities (page 19)** \$ 2,229,653

See notes to financial statements.

Jasper County  
Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2014

	Other Employee Benefit Trust	Private Purpose Trust	Agency
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 109,022	49,092	2,430,482
Other County officials	-	-	49,207
Receivables:			
Property tax:			
Delinquent	-	-	70,349
Succeeding year	-	-	33,427,000
Accounts	16,567	-	56,990
Special assessments	-	-	78,146
Due from other governments	-	-	39,387
<b>Total assets</b>	<b>125,589</b>	<b>49,092</b>	<b>36,151,561</b>
<b>Liabilities</b>			
Accounts payable	-	-	77,066
Salaries and benefits payable	-	-	17,556
Due to other governments	-	-	35,731,841
Trusts payable	-	-	188,136
Compensated absences	-	-	136,962
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>36,151,561</b>
<b>Net position</b>			
Held in trust for employee benefits and others	\$ 125,589	49,092	-

See notes to financial statements.

Jasper County  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds

Year ended June 30, 2014

	Other Employee Benefit Trust	Private Purpose Trust
Additions:		
Donations and contributions	\$ 70,377	-
Interest on investments	-	139
Total additions	<u>70,377</u>	<u>139</u>
Deductions:		
Distributions to participants	57,847	-
Change in net position held in trust	12,530	139
Net position beginning of year	113,059	48,953
Net position end of year	<u>\$ 125,589</u>	<u>49,092</u>

See notes to financial statements.

Jasper County

Notes to Financial Statements

June 30, 2014

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

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position 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 Position presents the County’s nonfiduciary assets, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

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

*Restricted net position:*

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

*Expendable* – Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

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

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

Additionally, the County reports the following fiduciary funds:

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

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

D. Assets, Liabilities, Deferred Inflows of Resources 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 1 1/2% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2013.

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 and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds have not been paid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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

Capital assets of the County are depreciated/amortized 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.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave in excess of 1,440 hours will be paid at the last rate of pay to an employee upon retirement. Upon retirement, employees may elect to convert up to 720 hours of accumulated sick leave to cash to be accounted for in the Fiduciary, Employee Benefit Trust Fund and used for continued health care coverage. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property and tax increment financing tax receivables that will not be recognized until the year for which it is levied.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, disbursements exceeded the amounts budgeted in the mental health and debt service functions. Also, disbursements in one department exceeded the amount appropriated.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2014 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.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Local Option Sales and Services Tax	<u>\$1,074,152</u>
Special Revenue: Rural Services	Special Revenue: Local Option Sales and Services Tax	<u>185,112</u>
Secondary Roads	General Special Revenue: Rural Services	<u>339,644</u> <u>2,238,562</u> <u>2,578,206</u>
Debt Service	Special Revenue: Secondary Roads Tax Increment Financing	<u>425,421</u> <u>799,309</u> <u>1,224,730</u>
Capital Projects	General	<u>737,335</u>
Total		<u><u>\$5,799,535</u></u>

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

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

The detail of interfund receivables and payables at June 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Projects	<u>\$ 69,919</u>

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

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 1,192,771	13,362	-	1,206,133
Construction in progress	-	2,308,502	430,967	1,877,535
Total capital assets not being depreciated/amortized	1,192,771	2,321,864	430,967	3,083,668
Capital assets being depreciated/amortized:				
Buildings	10,728,875	5,000	-	10,733,875
Improvements other than buildings	2,493,096	140,990	-	2,634,086
Machinery, equipment and vehicles	8,990,672	521,593	60,549	9,451,716
Intangibles	-	145,252	-	145,252
Infrastructure	49,211,122	430,967	-	49,642,089
Total capital assets being depreciated/amortized	71,423,765	1,243,802	60,549	72,607,018
Less accumulated depreciation/amortization for:				
Buildings	2,046,853	220,254	-	2,267,107
Improvements other than buildings	239,816	122,018	-	361,834
Machinery, equipment and vehicles	5,147,622	694,093	60,549	5,781,166
Intangibles	-	7,263	-	7,263
Infrastructure	19,865,325	1,959,719	-	21,825,044
Total accumulated depreciation	27,299,616	3,003,347	60,549	30,242,414
Total capital assets being depreciated/amortized, net	44,124,149	(1,759,545)	-	42,364,604
Governmental activities capital assets, net	\$45,316,920	562,319	430,967	45,448,272

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 289,136
Physical health and social services	15,525
County environment and education	67,542
Roads and transportation	2,440,576
Governmental services to residents	5,549
Administration	185,019
Total depreciation/amortization expense - governmental activities	<u>\$ 3,003,347</u>

**(6) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2014 is as follows:

Fund	Description	Amount
General	Services	\$ 2,887
Special Revenue:		
Mental Health	Services	325
Rural Services		13,217
Secondary Roads		1,098
		<u>14,640</u>
Total for governmental funds		<u>\$ 17,527</u>
Agency:		
County Assessor	Collections	\$ 869,615
Schools		19,245,148
Community Colleges		949,282
Corporations		9,272,733
Auto License and Use Tax		825,087
All other		4,569,976
Total for agency funds		<u>\$ 35,731,841</u>

**(7) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	General Obligation Capital Loan Notes	General Obligation Bonds	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 2,140,000	13,960,000	1,688,407	249,600	18,038,007
Increases	-	-	693,140	41,500	734,640
Decreases	150,000	3,145,000	581,224	-	3,876,224
Balance end of year	<u>\$ 1,990,000</u>	<u>10,815,000</u>	<u>1,800,323</u>	<u>291,100</u>	<u>14,896,423</u>
Due within one year	\$ 755,000	830,000	561,840	-	2,146,840

General Obligation Capital Loan Notes

A summary of the County's June 30, 2014 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Public Building Improvements			Refunding		
	Issued April 4, 2011			Issued May 15, 2013		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	2.85%	\$ 150,000	8,669	0.40%	\$ 605,000	12,060
2016	2.85	150,000	4,346	0.40	130,000	10,245
2017			-	0.50	135,000	9,725
2018			-	0.70	135,000	9,050
2019			-	0.90	135,000	8,105
2020-2024			-	1.00-1.45	550,000	18,380
Total		<u>\$ 300,000</u>	<u>13,015</u>		<u>\$ 1,690,000</u>	<u>67,565</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2015	\$ 755,000	20,729	775,729
2016	280,000	14,591	294,591
2017	135,000	9,725	144,725
2018	135,000	9,050	144,050
2019	135,000	8,105	143,105
2020-2024	550,000	18,380	568,380
Total	<u>\$1,990,000</u>	<u>80,580</u>	<u>2,070,580</u>

During the year ended June 30, 2014, principal payments of \$150,000 were made by the County on the general obligation capital loan notes.

General Obligation Bonds

A summary of the County's June 30, 2014 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Urban Renewal			Courthouse Improvement and Refunding		
	Issued Nov 1, 2007			Issued Jan 10, 2012		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	5.10%	\$ 250,000	251,842	0.70%	\$ 135,000	33,695
2016	5.20	265,000	239,092	0.95	255,000	32,750
2017	5.28	275,000	225,312	1.15	305,000	30,327
2018	5.33	295,000	210,793	1.40	300,000	26,820
2019	5.38	310,000	195,069	1.60	315,000	22,620
2020-2024	5.40-5.63	1,825,000	703,906	1.85-2.15	885,000	34,400
2025-2027	5.65-5.75	1,365,000	158,965		-	-
Total		<u>\$4,585,000</u>	<u>1,984,979</u>		<u>\$2,195,000</u>	<u>180,612</u>

Year Ending June 30,	Refunding			Refunding		
	Issued Jan 10, 2012			Issued Jan 10, 2012		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	1.30%	\$ 65,000	6,575	0.70%	\$ 380,000	58,837
2016	1.70	65,000	5,730	0.95	385,000	56,178
2017	2.00	65,000	4,625	1.15	390,000	52,520
2018	2.25	70,000	3,325	1.40	400,000	48,035
2019	2.50	70,000	1,750	1.60	405,000	42,435
2020-2024		-	-	1.85-2.25	1,740,000	93,850
2025-2027		-	-		-	-
Total		\$ 335,000	22,005		\$ 3,700,000	351,855

Year Ending June 30,	Total		
	Principal	Interest	Total
2015	\$ 830,000	350,949	1,180,949
2016	970,000	333,750	1,303,750
2017	1,035,000	312,784	1,347,784
2018	1,065,000	288,973	1,353,973
2019	1,100,000	261,874	1,361,874
2020-2024	4,450,000	832,156	5,282,156
2025-2027	1,365,000	158,965	1,523,965
Total	\$ 10,815,000	2,539,451	13,354,451

During the year ended June 30, 2014, principal payments of \$3,145,000 were made by the County on the general obligation bonds.

**(8) Private Redevelopment Agreements**

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

The County also entered into an employer incentive agreement with TPI and the City of Newton. Pursuant to an amended agreement, TPI agreed to employ at least 500 full-time employees (FTEs) until at least December 31, 2012. The County provided \$600,000 of bond proceeds to satisfy the local match requirements associated with an Iowa Economic Development Authority grant of \$2,000,000 awarded to TPI. Also, if TPI maintained the FTEs required during calendar year 2011, TPI would receive tax rebate payments funded from the tax increment revenues generated from the improvements for calendar years 2013 through 2017. TPI has met this requirement. During the year ended June 30, 2014, the County paid \$12,707 under this agreement, for a cumulative total of \$525,527.

**(9) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% 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, 2014, 2013 and 2012 were \$776,311, \$732,488 and \$685,077, respectively, equal to the required contributions for each year.

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

Plan Description – The County operates a single-employer health benefit plan which provides medical, dental and vision benefits for employees, retirees and their spouses. There are 162 active and 6 retired members in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service.

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

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

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

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 92,000
Interest on net OPEB obligation	10,000
Adjustment to annual required contribution	<u>(9,500)</u>
Annual OPEB cost	92,500
Contributions made	<u>(51,000)</u>
Increase in net OPEB obligation	41,500
Net OPEB obligation beginning of year	<u>249,600</u>
Net OPEB obligation end of year	<u>\$ 291,100</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the County contributed \$51,000 to the health plan. Plan members eligible for benefits contributed \$51,000, or 50% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 92,075	32.1%	\$ 189,900
2013	92,300	35.3	249,600
2014	92,500	55.1	291,100

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was approximately \$777,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$777,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$7,825,000 and the ratio of the UAAL to covered payroll was 9.9%. As of June 30, 2014, there were no trust fund assets.

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

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

As of the July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced .5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Mortality Table Fully Generational using Scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$975 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

## **(11) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 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 casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expense estimated for the fiscal 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 at a level determined by the Board not to exceed 300% of basis rate 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 property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal 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, 2014 were \$198,794.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

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, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, 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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$250,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(12) Voluntary Termination Benefit Program**

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

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

All program benefits are financed on a pay-as-you-go basis by the County. The County accounts for retiree activity in the Fiduciary, Other Employee Benefit Trust Fund. Amounts due for the program have been included in and reported as compensated absences on the government-wide financial statements. The liability for expected future health insurance benefits under this program at June 30, 2014 is \$1,150,170.

For the year ended June 30, 2014, twelve employees participated and received benefits totaling \$57,847 under the program. The County contributed \$70,377 to the fund for current year retirees under the program.

**(13) Lessor Operating Leases**

The County leases two parcels of land, a piece of farm ground and a pasture. The following is a schedule by year of minimum future rentals on these operating leases as of June 30, 2014:

Year ending June 30,	Amount
2015	\$ 91,146
2016	<u>45,573</u>
Total	<u>\$136,719</u>

**(14) Pending Litigation**

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

**(15) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's proportionate share of the employee pension plan.

**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, 2014

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 14,812,296	-	14,812,296
Interest and penalty on property tax	103,701	-	103,701
Intergovernmental	6,393,168	-	6,393,168
Licenses and permits	119,216	-	119,216
Charges for service	975,840	-	975,840
Use of money and property	140,509	-	140,509
Miscellaneous	623,925	-	623,925
Total receipts	<u>23,168,655</u>	-	<u>23,168,655</u>
<b>Disbursements:</b>			
Public safety and legal services	5,204,064	-	5,204,064
Physical health and social services	1,827,066	-	1,827,066
Mental health	1,047,698	-	1,047,698
County environment and education	1,351,463	-	1,351,463
Roads and transportation	5,945,041	-	5,945,041
Governmental services to residents	957,908	-	957,908
Administration	2,923,547	-	2,923,547
Non-program	42,394	-	42,394
Debt service	3,772,649	-	3,772,649
Capital projects	1,080,414	-	1,080,414
Total disbursements	<u>24,152,244</u>	-	<u>24,152,244</u>
Excess (deficiency) of receipts over (under) disbursements	(983,589)	-	(983,589)
Other financing sources, net	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(983,589)	-	(983,589)
Balance beginning of year	14,774,680	57,884	14,716,796
Balance end of year	<u>\$ 13,791,091</u>	<u>57,884</u>	<u>13,733,207</u>

\*Although the amount adopted by the Board of Supervisors was \$1,344,000, the published budget amendment displayed a negative \$138,285 in error.

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
14,486,508	14,699,085	113,211
100,000	33,600	70,101
6,530,903	7,226,865	(833,697)
67,200	71,235	47,981
825,248	806,686	169,154
173,090	186,719	(46,210)
441,900	425,269	198,656
22,624,849	23,449,459	(280,804)
5,434,460	5,475,316	271,252
1,884,702	2,024,920	197,854
1,724,660	(138,285) *	(1,185,983)
1,425,415	1,488,805	137,342
6,775,522	6,731,381	786,340
1,115,547	1,111,079	153,171
3,133,273	3,105,713	182,166
30,500	43,394	1,000
2,173,675	2,130,057	(1,642,592)
2,374,047	2,515,142	1,434,728
26,071,801	24,487,522	335,278
(3,446,952)	(1,038,063)	54,474
20,000	17,800	(17,800)
(3,426,952)	(1,020,263)	36,674
9,288,039	13,070,860	1,645,936
5,861,087	12,050,597	1,682,610

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Jasper County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 23,168,655	(135,616)	23,033,039
Expenditures	24,152,244	(74,388)	24,077,856
Net	(983,589)	(61,228)	(1,044,817)
Beginning fund balances	14,774,680	(66,239)	14,708,441
Ending fund balances	\$ 13,791,091	(127,467)	13,663,624

See accompanying independent auditor's report.

Jasper County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment decreased budgeted disbursements by \$1,584,279. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2014, disbursements exceeded the amounts budgeted in the mental health and debt service functions. Also, disbursements in one department exceeded the amount appropriated.

Jasper County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 688	688	0.0%	\$ 8,083	8.5%
2010	Jul 1, 2008	-	688	688	0.0	7,876	8.7
2011	Jul 1, 2008	-	688	688	0.0	7,967	8.6
2012	Jul 1, 2011	-	777	777	0.0	7,825	9.9
2013	Jul 1, 2011	-	777	777	0.0	7,825	9.9
2014	Jul 1, 2011	-	777	777	0.0	7,825	9.9

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

See accompanying independent auditor's report.

## **Supplementary Information**

Jasper County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2014

	County Recorder's Records Management	Resource Enhancement and Protection	Special Local Option Sales and Services Tax
<b>Assets</b>			
Cash and pooled investments	\$ 35,693	200,780	1,288,960
Receivables:			
Delinquent property tax	-	-	-
Succeeding year tax increment financing	-	-	-
Due from other governments	-	-	203,968
<b>Total assets</b>	<b>\$ 35,693</b>	<b>200,780</b>	<b>1,492,928</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year tax increment financing	-	-	-
Other	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances:			
Nonspendable - Permanent Fund	-	-	-
Restricted for:			
Local option sales and services tax purposes	-	-	1,492,928
Debt service	-	-	-
Other purposes	35,693	200,780	-
Total fund balances	35,693	200,780	1,492,928
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 35,693</b>	<b>200,780</b>	<b>1,492,928</b>

See accompanying independent auditor's report.

Revenue				
Drainage Districts	Tax Increment Financing	Other	Permanent Loskot Trust	Total
57,884	483,171	207,208	16,161	2,289,857
-	753	-	-	753
-	1,089,000	-	-	1,089,000
-	-	-	-	203,968
57,884	1,572,924	207,208	16,161	3,583,578
-	12,707	246	-	12,953
-	1,089,000	-	-	1,089,000
-	753	-	-	753
-	1,089,753	246	-	1,089,753
-	-	-	11,950	11,950
-	-	-	-	1,492,928
-	470,464	-	-	470,464
57,884	-	206,962	4,211	505,530
57,884	470,464	206,962	16,161	2,480,872
57,884	1,572,924	207,208	16,161	3,583,578

Jasper County

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

Year ended June 30, 2014

	Special		
	County		
	Recorder's Records Management	Resource Enhance- ment	Local Option Sales and Services Tax
Revenues:			
Tax increment financing	\$ -	-	-
Local option sales and services tax	-	-	1,291,837
Intergovernmental	-	21,528	-
Charges for service	6,310	-	-
Miscellaneous	-	-	-
Total revenues	<u>6,310</u>	<u>21,528</u>	<u>1,291,837</u>
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
Physical health and social services	-	-	-
County environment and education	-	-	-
Administration	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	6,310	21,528	1,291,837
Other financing uses:			
Transfers out	-	-	(1,259,264)
Change in fund balances	6,310	21,528	32,573
Fund balances beginning of year	29,383	179,252	1,460,355
Fund balances end of year	<u>\$ 35,693</u>	<u>200,780</u>	<u>1,492,928</u>

See accompanying independent auditor's report.

Revenue				
Drainage Districts	Tax Increment Financing	Other	Permanent Loskot Trust	Total
-	1,046,732	-	-	1,046,732
-	-	-	-	1,291,837
-	8,306	-	-	29,834
-	-	-	-	6,310
-	-	101,471	-	101,471
-	1,055,038	101,471	-	2,476,184
-	-	69,719	-	69,719
-	-	-	50	50
-	12,707	-	-	12,707
-	-	10,000	-	10,000
-	12,707	79,719	50	92,476
-	1,042,331	21,752	(50)	2,383,708
-	(799,309)	-	-	(2,058,573)
-	243,022	21,752	(50)	325,135
57,884	227,442	185,210	16,211	2,155,737
57,884	470,464	206,962	16,161	2,480,872

Jasper County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	2,633	681,797	249,630	12,267
Other County officials	49,207	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	463	1,131	44,518	2,015
Succeeding year	-	237,000	357,000	18,951,000	935,000
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 49,207</b>	<b>240,096</b>	<b>1,039,928</b>	<b>19,245,148</b>	<b>949,282</b>
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ -	-	52,786	-	-
Salaries and benefits payable	-	-	13,342	-	-
Due to other governments	23,163	240,096	869,615	19,245,148	949,282
Trusts payable	26,044	-	-	-	-
Compensated absences	-	-	104,185	-	-
<b>Total liabilities</b>	<b>\$ 49,207</b>	<b>240,096</b>	<b>1,039,928</b>	<b>19,245,148</b>	<b>949,282</b>

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
134,824	3,646	17,442	825,087	503,156	2,430,482
-	-	-	-	-	49,207
20,909	838	-	-	475	70,349
9,117,000	348,000	-	-	3,482,000	33,427,000
-	-	-	-	56,990	56,990
-	-	78,146	-	-	78,146
-	-	-	-	39,387	39,387
<b>9,272,733</b>	<b>352,484</b>	<b>95,588</b>	<b>825,087</b>	<b>4,082,008</b>	<b>36,151,561</b>
-	-	-	-	24,280	77,066
-	-	-	-	4,214	17,556
9,272,733	352,484	95,588	825,087	3,858,645	35,731,841
-	-	-	-	162,092	188,136
-	-	-	-	32,777	136,962
<b>9,272,733</b>	<b>352,484</b>	<b>95,588</b>	<b>825,087</b>	<b>4,082,008</b>	<b>36,151,561</b>

Jasper County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 73,483	209,287	1,070,691	20,024,745
Additions:				
Property and other county tax	-	245,779	378,066	19,777,158
E911 surcharge	-	-	-	-
State tax credits	-	10,456	26,589	993,448
Driver's license fees	-	-	-	-
Office fees and collections	863,704	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	404,576	-	-	-
Miscellaneous	-	-	-	-
Total additions	1,268,280	256,235	404,655	20,770,606
Deductions:				
Agency remittances:				
To other funds	576,569	-	-	-
To other governments	399,230	225,426	435,418	21,550,203
Trusts paid out	316,757	-	-	-
Total deductions	1,292,556	225,426	435,418	21,550,203
Balances end of year	\$ 49,207	240,096	1,039,928	19,245,148

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
1,003,400	9,096,397	358,389	100,662	743,497	4,479,588	37,160,139
978,392	9,216,236	370,305	-	-	3,398,986	34,364,922
-	-	-	-	-	414,805	414,805
49,705	416,977	18,596	-	-	59,083	1,574,854
-	-	-	-	273,196	-	273,196
-	-	-	-	-	6,995	870,699
-	-	-	-	9,952,094	-	9,952,094
-	-	-	66,236	-	-	66,236
-	-	-	-	-	632,293	1,036,869
-	-	-	-	-	319,051	319,051
1,028,097	9,633,213	388,901	66,236	10,225,290	4,831,213	48,872,726
-	-	-	-	390,087	-	966,656
1,082,215	9,456,877	394,806	71,310	9,753,613	4,588,871	47,957,969
-	-	-	-	-	639,922	956,679
1,082,215	9,456,877	394,806	71,310	10,143,700	5,228,793	49,881,304
949,282	9,272,733	352,484	95,588	825,087	4,082,008	36,151,561

Jasper County

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

For the Last Ten Years

	2014	2013	2012	2011
<b>Revenues:</b>				
Property and other county tax	\$ 12,476,599	12,562,086	13,150,092	12,361,664
Tax increment financing	1,046,732	1,045,731	656,972	676,989
Local option sales and services tax	1,291,837	1,257,023	1,258,294	1,322,175
Interest and penalty on property tax	103,701	118,511	112,902	126,863
Intergovernmental	6,273,322	6,756,315	7,194,041	7,237,209
Licenses and permits	115,039	96,379	87,118	66,667
Charges for service	978,744	1,028,561	926,143	981,953
Use of money and property	226,008	181,483	211,185	278,877
Miscellaneous	521,057	644,364	549,034	492,838
<b>Total</b>	<b>\$ 23,033,039</b>	<b>23,690,453</b>	<b>24,145,781</b>	<b>23,545,235</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 5,223,925	4,898,752	4,807,315	4,720,013
Physical health and social services	1,817,665	1,871,986	1,656,699	1,763,627
Mental health	1,040,216	941,390	4,345,312	3,626,922
County environment and education	1,375,502	1,830,482	1,325,737	1,326,599
Roads and transportation	5,713,570	6,602,333	6,544,659	5,994,849
Governmental services to residents	962,079	915,088	925,388	855,852
Administration	2,927,232	2,950,132	2,805,074	2,770,982
Non-program	42,394	9,346	15,829	8,156
Debt service	3,772,649	1,915,330	3,960,276	1,828,698
Capital projects	1,202,624	1,015,233	2,217,792	419,411
<b>Total</b>	<b>\$ 24,077,856</b>	<b>22,950,072</b>	<b>28,604,081</b>	<b>23,315,109</b>

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
12,332,220	12,148,843	11,905,983	11,868,910	11,705,904	10,433,414
592,150	419,479	267,768	294,204	238,561	171,439
1,266,740	1,241,293	1,243,746	1,056,192	-	-
117,212	124,322	109,752	111,155	106,187	113,364
7,095,801	8,715,856	7,141,355	7,719,665	7,518,337	7,765,029
74,724	72,004	70,816	72,550	104,297	112,586
984,163	1,057,610	990,787	984,919	1,034,993	1,004,702
298,819	375,452	556,844	644,635	466,665	265,129
572,780	510,187	579,022	608,518	424,392	413,696
<b>23,334,609</b>	<b>24,665,046</b>	<b>22,866,073</b>	<b>23,360,748</b>	<b>21,599,336</b>	<b>20,279,359</b>
4,490,429	4,363,202	4,204,230	3,947,911	3,707,359	3,350,867
1,879,107	1,751,652	1,774,103	1,764,524	1,681,600	1,707,344
3,309,741	3,614,092	4,085,414	3,935,254	3,694,993	3,469,165
1,234,876	3,007,680	1,446,616	1,135,184	1,046,555	1,004,377
5,791,297	5,463,308	5,933,784	4,976,047	4,773,484	5,601,722
938,498	867,398	843,578	798,300	1,121,043	822,015
2,614,877	2,682,493	2,656,102	2,582,618	2,138,150	1,906,315
7,279	5,860	38,553	798	6,320	-
1,833,025	1,826,464	1,676,997	1,615,440	1,422,630	791,053
43,778	1,329,406	4,948,584	1,238,670	2,065,874	8,642,212
<b>22,142,907</b>	<b>24,911,555</b>	<b>27,607,961</b>	<b>21,994,746</b>	<b>21,658,008</b>	<b>27,295,070</b>

**Schedule 6**

Jasper County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program			
	10.561		\$ 34,245
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction			
	20.205	BROS-C050 (104) - 8J-50	208,186
Highway Planning and Construction			
	20.205	BROS-C050 (93) - 8J-50	73,842
			282,028
Iowa Department of Public Safety - Governor's			
Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures			
Incentive Grants			
	20.601	PAP-13-03 Task 178	219
National Priority Safety Programs			
	20.616	PAP-14-405d-M6OT Task 30	8,453
Iowa Department of Homeland Security and			
Emergency Management:			
Interagency Hazardous Materials Public Sector			
Training and Planning Grants			
	20.703		1,403
U.S. Department of Health and Human Services:			
Aging Resources of Central Iowa:			
Aging Cluster:			
Special Programs for the Aging Title III,			
Part C Nutrition Services			
	93.045	Title III/ES: Nutrition	111,860
Nutrition Services Incentive Program			
	93.053	Title III/ES: Nutrition	50,436 *
			162,296
Iowa Department of Public Health:			
Public Health Emergency Preparedness			
	93.069	5882BT50	7,618
Hospital Preparedness Program (HPP) and			
Public Health Emergency Preparedness			
Aligned Cooperative Agreements			
	93.074	5884BT30	46,108

Jasper County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2014

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:			
Refugee and Entrant Assistance - State Administered Programs	93.566		79
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		9,982
Foster Care Title IV-E	93.658		13,153
Adoption Assistance	93.659		4,466
Children's Health Insurance Program	93.767		146
Medical Assistance Program	93.778		57,560
Social Services Block Grant	93.667		10,609
Social Services Block Grant	93.667		75,164
			<u>85,773</u>
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4126-DR-IA	157,045
Emergency Management Performance Grants	97.042	EMPG-14-PT-50	29,521
Northwest Iowa Planning and Development Commission:			
Homeland Security Grant Program	97.067		154
Total			<u>\$ 900,249</u>

\* Includes \$4,231 of non-cash awards.

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

See accompanying independent auditor's report.

**Jasper County**



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

Mary Mosiman, 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 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, the 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, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 5, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-14 and II-B-14 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-14 through II-E-14 to be significant deficiencies.

### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Jasper County's Responses to the Findings

Jasper County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Jasper County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

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

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.



MARY MOSIMAN, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 5, 2015

**Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133**

**Jasper County**



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

Mary Mosiman, CPA  
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Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133

To the Officials of Jasper County:

Report on Compliance for Each Major Federal Program

We have audited Jasper County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. Jasper County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Jasper County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Jasper County's compliance.

Opinion on Each Major Federal Program

In our opinion, Jasper County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

The management of Jasper County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jasper County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jasper County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified deficiencies in internal control over compliance we consider to be material weaknesses and another deficiency we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-A-14 through III-C-14 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-D-14 to be a significant deficiency.

Jasper County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Jasper County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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



MARY MOSIMAN, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 5, 2015

Jasper County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2014

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency and material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 20.205 – Highway Planning and Construction.
  - Aging Cluster:
    - CFDA Number 93.045 – Special Programs for the Aging Title III, Part C Nutrition Services.
    - CFDA Number 93.053 – Nutrition Services Incentive Program.
  - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters).
- (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, 2014

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

**INTERNAL CONTROL DEFICIENCIES:**

II-A-14 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Treasurer, Sheriff (Civil), Recorder, Environmental Health and Home Care Aides, Conservation, Community Services, Elderly Nutrition, Emergency Management and E-911
(2) Generally, one individual may have control over listing mail receipts, collecting, depositing, posting, maintaining receivable records and daily reconciling of receipts for which no compensating controls exist. The initial listing is not compared to receipt records by an independent person.  In the County Treasurer's Office and the County Recorder's Office, a listing of mail receipts is not prepared.	Treasurer, Sheriff (Civil and Jail), Secondary Roads, Recorder, Community Services, Environmental Health and Home Care Aides, Conservation, Elderly Nutrition, Emergency Management, E-911 and County Extension Office
(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 (Civil and Jail), Recorder, Elderly Nutrition and County Extension Office
(4) Investments are not periodically inspected or reconciled to investment records by an independent person and an independent verification of interest earnings is not performed.	Treasurer

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

- |   |                        |
|---|------------------------|
| (5) Depositing, reconciling and recording of receipts is done by the custodian of the change funds for which no compensating controls exist.  | Treasurer              |
| (6) Daily cash reconciliations for motor vehicle and driver's licenses are not reviewed and approved by an independent person for propriety. Daily cash reconciliations prepared in the Recorder's Office are not reviewed and approved by an independent person for propriety. | Treasurer and Recorder |
| (7) All individuals in tax, motor vehicle and driver's license have the ability to void receipts in Eden/Arts (DOT system), including individuals who perform daily balancing. No report is maintained or review performed over voided receipts.                                | Treasurer              |
| All individuals in the County Recorder's and County Sheriff's Offices have the ability to void receipts, including individuals who perform daily balancing. No report is maintained or review performed over voided receipts.   | Recorder and Sheriff   |
| (8) Journal entries are not reviewed and approved.  | Auditor                |

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

Responses –

Auditor – The Deputy Auditor and payroll Clerk are preparing the journal entries. The County Auditor will approve future journal entries.

Treasurer – Our best effort will be made to properly segregate all duties. Bank reconciliations will be approved by an independent person. We will approve daily cash reconciliations and document this approval with signatures/dates. We will generate and review voided receipt reports.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Sheriff – We have limited staff on hand and have separated duties to the extent possible. We have a system in place where voided receipts are reviewed and initialed by the office supervisor. If the office supervisor voids a receipt, then it is reviewed and initialed by another staff member. We will continue to review our procedures and practices to ensure proper documentation and recording. We will also review items under consideration and make changes as well.

Recorder – Bookkeeping procedures will change during fiscal year 2015. I will take all other recommendations into consideration and make changes where possible.

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

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

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

Conservation (response and corrective action planned) – We will immediately make an effort to segregate duties as much as possible with limited staff.

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

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

E-911 – We will try to segregate duties but we have no additional personnel.

County Extension Office – We will ask a Council member to trace initial listings to deposit. We will ask a Council member who is independent to review the bank reconciliations.

Conclusions – Treasurer, Sheriff, Recorder, Engineer, Community Services, Environmental Health and Home Care Aides, Conservation and Elderly Nutrition responses accepted. Other responses acknowledged. Each office should utilize current personnel, including elected officials and personnel from other offices, to provide additional control through review of financial transactions, reconciliations and reports.

II-B-14 Financial Reporting – During the audit, we identified material receivables, payables and capital assets not recorded and cash adjustments incorrectly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly record these amounts in the financial statements.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Recommendations – The County should establish procedures to ensure receivables, payables, capital assets and cash adjustments are properly identified and included in the County’s financial statements.

Responses –

Treasurer – The County will establish procedures to ensure receivables are properly identified and included in the County’s financial statements.

Auditor – The County Auditor’s Office will do a better job monitoring payables and cash adjustments to make sure that they are properly identified and included in the County’s financial statements. Capital asset procedures have been established to ensure that any asset with a value of \$5,000 or more is reported to the County Auditor’s Office by each department. The County Auditor’s Office checks all claims over \$5,000 to make sure that the department acquiring the asset submits a report identifying the asset.

Conclusion – Responses accepted.

II-C-14 Timesheets – Salaried personnel do not prepare and file timesheets.

Recommendation – Timesheets should be prepared by all personnel, including salaried employees. Timesheets should be reviewed and signed by the employee and the employee’s supervisor. The timesheets should support all hours worked and all hours taken as vacation, sick leave or compensatory time.

Response – Salaried personnel began submitting timesheets as of January 11, 2014.

Conclusion – Response accepted.

II-D-14 County Engineer – Fuel usage reports are not generated and reviewed by an independent person.

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

Response – We will ensure fuel usage reports for the Engineer’s office are generated and reviewed.

Conclusion – Response accepted.

II-E-14 Sheriff Change Fund – The Sheriff does not maintain a change fund. Change, when needed for cash payments, is made from daily receipts.

Recommendation – The Sheriff should establish a change fund through a request to the Board of Supervisors. Change should be made from the change fund and all receipts should be deposited intact.

Response – Each authorized individual has a separate cash bag. In the event we are unable to reconcile, this allows us to review each separate cash bag and locate the error, if any. We want to limit cash on hand and having another cash drawer on hand.

Conclusion – Response acknowledged. A change fund should be established to make change, as needed. All receipts should be deposited intact.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**CFDA Number 20.205: Highway Planning and Construction**  
**Pass-through Number: BROS-C050(93)-8J-50, BROS-C050(104)-8J-50**  
**Federal Award Year: 2014**  
**U.S. Department of Transportation**  
**Passed through the Iowa Department of Transportation**

III-A-14 (2014-001) Segregation of Duties Over Federal Revenue – The Secondary Roads Department did not properly segregate opening the mail, collecting, depositing, posting and reconciling functions for revenues, including those related to federal programs. See item II-A-14.

**CFDA Number 93.045: Special Programs for the Aging Title III, Part C Nutrition Services**  
**CFDA Number 93.053: Nutrition Services Incentive Program**  
**Pass-through Number: Title III/ES: Nutrition**  
**Federal Award Year: 2014**  
**U.S. Department of Health and Human Services**  
**Passed through Aging Resources of Central Iowa**

III-B-14 (2014-002) Segregation of Duties Over Federal Revenue – The Elderly Nutrition Department did not properly segregate opening the mail, collecting, depositing, posting and reconciling functions for revenues, including those related to federal programs. See item II-A-14.

**CFDA Number 97.036: Disaster Grants – Public Assistance (Presidentially Declared Disasters)**  
**Pass-through Number: FEMA-4126-DR-IA**  
**Federal Award Year: 2014**  
**U.S. Department of Homeland Security**  
**Passed through the Iowa Department of Homeland Security and Emergency Management**

III-C-14 (2014-003) Segregation of Duties Over Federal Revenue – The Conservation Department and Secondary Roads Department did not properly segregate opening the mail, collecting, depositing, posting and reconciling functions for revenues, including those related to federal programs. See item II-A-14.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

**CFDA Number 97.036: Disaster Grants – Public Assistance (Presidentially Declared Disasters)**

**Pass-through Number: FEMA-4126-DR-IA**

**Federal Award Year: 2014**

**U.S. Department of Homeland Security**

**Passed through the Iowa Department of Public Defense- Iowa Homeland Security and Emergency Management Division (HSEMD)**

III-D-14  
(2014-004)

Equipment Rates – The equipment rates used by the Secondary Roads Department to calculate and report actual project costs were higher than the equipment rates documented in FEMA's Schedule of Equipment Rates.

Recommendation – The Schedule of Equipment Rates provided by FEMA should be used when calculating actual project costs.

Response – We have discussed rates with FEMA. We use Iowa Department of Transportation values for estimates that we provide to FEMA and HSEMD. Once the event occurs and projects are approved, FEMA uses their current rates to develop their allowed project cost. Those are the rates that are used for reimbursement. FEMA equipment rates will be used on future projects.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

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

IV-A-14 Certified Budget – Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted for the mental health and debt service functions. Also, disbursements in one department exceeded the amount appropriated.

In June 2014, the County held a public hearing to amend the fiscal year 2014 budget. The published amendment included errors which resulted in a negative budget for the mental health function and an unintended overall decrease of \$1,584,279 in budgeted expenditures.

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

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – The County Auditor's Office will advise the Board of Supervisors in properly following the Iowa Code for the budget amendment process before disbursements are allowed to exceed the budget and appropriations.

Conclusion – Response accepted.

IV-B-14 Questionable Expenditures – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.

IV-C-14 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-14 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-14 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-14 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-14 Deposits and Investments – Deposits and investments were in compliance with the provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy, except for the following:

Interest earned on the Special Revenue, Tax Increment Financing Fund balance is not credited to the fund. In accordance with Chapter 12C.9 of the Code of Iowa, such interest shall be used to pay the principal or interest of the indebtedness.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Also, interest earned on the Special Revenue, Resource Enhancement and County Recorder's Records Management Funds is not credited to those funds as required by Chapters 455A.19(1) and 331.604(2) of the Code of Iowa, respectively.

Recommendation – The County should allocate interest to various funds as required.

Response – We are now receiving interest on all accounts. We will work with the County Auditor to create a system to allocate interest to the required funds for fiscal year 2015.

Conclusion – Response accepted.

IV-H-14 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-14 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, 2014 for the County Extension Office did not exceed the amount budgeted.

IV-J-14 Annual Urban Renewal Report (AURR) – The AURR was not approved and certified to the Iowa Department of Management on or before December 1. In addition, the amount reported by the County as TIF debt outstanding was not supported by County records. We were unable to determine the correct amount for reporting. The Levy Authority Summary also included revenues, expenditures and ending cash balances which did not reconcile to the County's Special Revenue, Tax Increment Financing Fund

Recommendation – The County should ensure the AURR is approved and filed by December 1, as required. The County should ensure the amounts reported on the Levy Authority Summary, including TIF debt outstanding, agree with the County's records.

Response – The County will ensure the AURR is approved and filed by December 1, as required. In addition, the County will ensure the amount reported as outstanding TIF debt includes all debt certified and certifiable. The County will ensure the amounts reported on the Levy Authority Summary agree with the County's records.

Conclusion – Response accepted.

IV-K-14 Tax Increment Financing (TIF) – Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. Such certification makes it a duty of the County Auditor to provide for the division of property tax to repay the certified indebtedness. Chapter 403.19 of the Code of Iowa does not allow a municipality to set aside property tax divided for tax increment purposes for current or future urban renewal projects. Indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

principal of and interest on the certified indebtedness. In addition, Chapter 403.19(6)(b) of the Code of Iowa requires the County to certify the amount of reductions resulting from the reduction of debt or any other reason to the County Auditor.

During the current and prior years, the County paid principal and interest on its 2012A and 2012B general obligation bonds from the Special Revenue, Tax Increment Financing Fund through transfers to the Debt Service Fund. However, the 2012A and 2012B general obligation bond principal of \$883,665 and \$870,000 respectively, and interest of \$90,345 and \$44,344, respectively, were not certified as TIF obligations. In addition, the County has made payments totaling \$525,527 from the Special Revenue, Tax Increment Financing Fund to TPI pursuant to a development agreement. However, these payments have not been certified as a TIF obligation.

Also, the County refunded general obligation bond/note Series 2001, 2006A, 2006B, 2007 and 2007A, but did not decertify the refunded amounts to reduce the TIF obligation outstanding.

Recommendation – The County should certify the 2012A and 2012B general obligation bond principal and interest expected to be repaid with TIF collections and the County’s obligation under the TPI development agreement as TIF obligations, including past principal and interest amounts paid. Also, the County should decertify the Series 2001, 2006A, 2006B, 2007 and 2007A general obligation bonds which were refunded by the 2012A and 2012B issuances.

Response – The County will certify the 2012A and 2012B general obligation bond principle and interest expected to be repaid with TIF collections as a TIF obligation, including past principal and interest amounts paid. The County will decertify the Series 2001, 2006A, 2006B, 2007 and 2007A general obligation bonds which were refunded by the 2012A and 2012B issuances.

Conclusion – Response accepted.

IV-L-14 Outstanding Checks – Chapter 331.554(6) of the Code of Iowa requires checks outstanding for more than one year be canceled, removed from the list of outstanding checks and deposited to the account on which the check was written. At June 30, 2014, the County Treasurer outstanding check list included nineteen checks which have been outstanding for over two years.

Recommendation – The outstanding checks listing should be reviewed annually and checks over one year old should be canceled as required.

Response – We will review the outstanding checks, cancel and credit them to the proper fund.

Conclusion – Response accepted.

Jasper County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager  
Selina V. Johnson, CPA, Senior Auditor II  
Anthony M. Heibult, Staff Auditor  
Trisha S. Kunze, Staff Auditor  
Janell R. Wieland, CPA, Staff Auditor  
Nicole L. Roethlisberger, Assistant Auditor  
Gabriela Davila, Auditor Intern



Andrew E. Nielsen, CPA  
Deputy Auditor of State