



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE June 2, 2004

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

The County has implemented new reporting standards for the year ended June 30, 2003, with significant changes in content and structure of the financial statements. The new financial statements include a Statement of Net Assets and a Statement of Activities which provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Also included is Management's Discussion and Analysis of the County's financial statements.

The County had local tax revenue of \$40,455,357 for the year ended June 30, 2003, which included \$3,149,715 in tax credits from the state. The County forwarded \$31,236,265 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$9,219,092 of the local tax revenue to finance County operations. Other revenues included charges for service of \$2,136,594, operating grants and contributions of \$5,292,636, capital grants and contributions of \$6,052,921, tax increment financing revenues of \$96,688, unrestricted investment earnings of \$165,349 and other general revenues of \$1,376,289.

Expenses for County operations totaled \$17,986,186, and included \$5,273,545 for roads and transportation, \$3,777,471 for mental health and \$3,050,631 for public safety and legal services.

The report contains recommendations to the Board of Supervisors and other County officials. For example, the County Auditor, Treasurer, Recorder and Sheriff should review the operating procedures of their offices to obtain the maximum internal control possible under the circumstances. The County's responses are included in the report.

A copy of the audit report is available for review in the Office of Auditor of State and the County Auditor's office.

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JASPER COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

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Jasper County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2003)		
Loren Milligan	Board of Supervisors	Jan 2003
Leo Van Elswyk	Board of Supervisors	Jan 2003
Max Worthington	Board of Supervisors	Jan 2005
Kenneth Slothouber	County Auditor	Jan 2005
Jana Lust	County Treasurer	Jan 2003
Nancy Parrot	County Recorder	Jan 2003
Mike Balmer	County Sheriff	Jan 2005
Steve Johnson	County Attorney	Jan 2003
John Deegan	County Assessor	Jan 2004
(After January 2003)		
Max Worthington	Board of Supervisors	Jan 2005
Dennis Carpenter	Board of Supervisors	Jan 2007
W. E. Ward	Board of Supervisors	Jan 2007
Kenneth Slothouber	County Auditor	Jan 2005
Jana Lust	County Treasurer	Jan 2007
Nancy Parrot	County Recorder	Jan 2007
Mike Balmer	County Sheriff	Jan 2005
Steve Johnson	County Attorney	Jan 2007
John Deegan	County Assessor	Jan 2004

Jasper County



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Independent Auditor's Report

To the Officials of Jasper County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County, Iowa, as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements listed in the table of contents. These basic financial statements are the responsibility of Jasper County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County at June 30, 2003, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 12 to the financial statements, during the year ended June 30, 2003, Jasper County adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated February 5, 2004 on our consideration of Jasper's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 40 through 43, respectively, are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Jasper County's basic financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 5, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2003. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

Because Jasper County is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining Jasper County's financial position and results of operations.

2003 FINANCIAL HIGHLIGHTS

- Revenues of Jasper County's governmental funds decreased 6.2%, or approximately \$1,177,000, from fiscal 2002 to fiscal 2003. This included a property tax decrease of approximately \$868,000.
- Jasper County's net assets increased approximately \$6.4 million from FY 2002.
- Jasper County held an election in July 2003 for the issuance of \$7,990,000 in general obligation bonds. The bonds will be used for construction of a law enforcement center, which is expected to be completed in FY 2005.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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 and 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads. 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 government 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.

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 employee flex benefits, emergency management services and the county assessor, to name a few.

The required financial statements for fiduciary funds include a statement of fiduciary assets and liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net assets for governmental activities.

<u>Net Assets of Governmental Activities</u>	
	<u>June 30, 2003</u>
Current and other assets	\$ 17,795,719
Capital assets	13,033,222
Total assets	<u>30,828,941</u>
Long-term debt outstanding	3,685,165
Other liabilities	10,013,909
Total liabilities	<u>13,699,074</u>
Net assets:	
Invested in capital assets, net of debt	9,773,542
Restricted	5,418,692
Unrestricted	1,937,633
Total net assets	<u>\$ 17,129,867</u>

Net assets of Jasper County's governmental activities increased by approximately \$6.4 million from FY 2002 to FY 2003. The largest portion of the County's net assets is the 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 sources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – is \$1,937,633.

Changes in Net Assets of Governmental Activities

	Year ended June 30, 2003
Revenues:	
Program revenues:	
Charges for service	\$ 2,136,594
Operating grants and contributions	5,292,636
Capital grants and contributions	6,052,921
General revenues:	
Property tax	8,701,444
Penalty and interest on property tax	131,339
State tax credits	614,336
Grants and contributions not restricted to specific purposes	300,230
Unrestricted investment earnings	165,349
Gain on sale of capital assets	868,166
Other general revenues	76,554
Total revenues	24,339,569
Program expenses:	
Public safety and legal services	3,050,631
Physical health and social services	1,626,851
Mental health	3,777,471
County environment and education	1,535,548
Roads and transportation	5,273,545
Governmental services to residents	658,942
Administration	1,953,563
Interest on long-term debt	109,635
Total expenses	17,986,186
Increase in net assets	6,353,383
Net assets July 1, as restated	10,776,484
Net assets June 30	\$ 17,129,867

Jasper County decreased property taxes by approximately \$868,000 in FY 2003. This was done mainly to reduce a high fund balance in the Mental Health Fund due to the closing of the County Care Facility in FY 2002.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jasper County completed the year, its governmental funds reported a combined fund balance of \$7,448,158, a decrease of more than \$440,000 below last year's combined fund balance of \$7,888,940. The decrease is due in part to the County's decision to lower property taxes by approximately \$868,000 for FY 2003.

The General Fund ended FY 2003 with a fund balance of \$2,302,838, a decrease of \$779,061 from the FY 2002 balance of \$3,081,899. The decrease is primarily attributed to a decline in general supplemental levy property tax collections and a decrease in interest on investments due to lower interest rates.

The Mental Health Fund ended FY 2003 with a \$2,012,686 balance compared to the prior year ending balance of \$2,391,351. The \$378,665 decrease was due primarily to a decrease in property tax revenue of approximately \$1,000,000.

The Rural Services Fund ended FY 2003 with a \$156,286 balance compared to the prior year ending balance of \$199,774. The \$43,488 decrease was due to an increase in the amount transferred to the Secondary Roads Fund. In FY 2003, the County decided to transfer funds to the Secondary Roads Fund based on 100% of property tax valuations rather than 75%, as in past years.

The Secondary Roads Fund ended FY 2003 with a \$2,533,160 balance compared to the prior year ending balance of \$1,870,028. The increase of \$663,132 was due to an increase in the amounts transferred from the General and Rural Services Funds and the sale of several motor graders. These increases were offset by an increase in construction projects.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jasper County amended the operating budget two times. The first amendment was made in December 2002 due to increased revenues from Rock Creek Bike Trail funding, the sale of bonds for the Colfax interchange hotel capital project and the sale of capital assets by the Secondary Roads Department and to provide for additional expenditures in the Secondary Roads Department and for various capital projects. The second amendment was made in May 2003 due to a decrease in revenues caused by a reduction of state funds for mental health, lower earnings on investments, the anticipated delay of receipt of proceeds from the sale of Secondary Road's equipment into the next fiscal year and to provide for the additional expenditures of prosecuting and housing prisoners, courtroom capital projects and hiring an architect for the jail project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2003, Jasper County had \$13,033,222 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This amount is an increase of approximately \$7.8 million from FY 2002. Depreciation expense was \$920,197 for FY 2003 and total accumulated depreciation was \$4,476,460 at June 30, 2003. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2003, Jasper County had \$2,325,000 in general obligation capital loan notes and \$934,680 in capital lease purchase agreements outstanding compared to \$2,085,000 and \$95,629, respectively, at the end of FY 2002.

Jasper County's outstanding debt increased as a result of the issuance of general obligation capital loan notes totaling \$400,000 and entering into new capital lease purchase agreements totaling \$924,187. Jasper County's general obligation bond rating continues to carry the A1 rating assigned by Moody's Investors Service, a national rating agency. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Jasper County's outstanding general obligation debt is significantly below its current constitutional debt limit of approximately \$90 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Jasper County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2004 budget, tax rates and fees that will be charged for various County activities. In an ongoing effort to maintain County services without raising tax levies, 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.

Budgeted disbursements in the FY 2004 operating budget are approximately \$25.7 million, an increase of 4.4% over the final FY 2003 budget. Jasper County will spend down fund balances to finance programs currently offered due to the effect inflation has on program costs. Increased wage adjustments for union and pay-plan employees represent the largest portion of the increased expenses. Jasper County has added no major programs to the FY 2004 budget, but will complete construction of a new law enforcement facility at a cost in excess of \$6,000,000 by the close of FY 2005.

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 the report or need additional financial information, contact the Jasper County Auditor's Office, 101 - 1st Street North, Newton, Iowa, 50208.

Basic Financial Statements

Exhibit A

Jasper County
Statement of Net Assets
June 30, 2003

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 6,858,170
Receivables:	
Property tax:	
Delinquent	86,221
Succeeding year	8,689,000
Interest and penalty on property tax	66,738
Accounts	1,075,405
Accrued interest	9,165
Special assessments	196,582
Due from other governments	394,632
Inventories	342,264
Prepaid insurance	77,542
Capital assets (net of accumulated depreciation)	13,033,222
Total assets	<u>30,828,941</u>
Liabilities	
Accounts payable	595,215
Accrued interest payable	14,038
Salaries and benefits payable	327,261
Due to other governments	388,395
Deferred revenue:	
Succeeding year property tax	8,689,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreements	896,250
General obligation capital loan notes	215,000
Compensated absences	334,721
Portion due or payable after one year:	
Capital lease purchase agreements	38,430
General obligation capital loan notes	2,110,000
Compensated absences	90,764
Total liabilities	<u>13,699,074</u>
Net Assets	
Invested in capital assets, net of related debt	9,773,542
Restricted for:	
Supplemental levy purposes	413,396
Mental health purposes	2,022,731
Secondary roads purposes	2,551,256
Other purposes	431,309
Unrestricted	1,937,633
Total net assets	<u>\$ 17,129,867</u>

See notes to financial statements.

Jasper County
Statement of Activities
Year ended June 30, 2003

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Functions / Programs:					
Governmental activities:					
Public safety and legal services	\$ 3,050,631	338,244	17,895	-	(2,694,492)
Physical health and social services	1,626,851	624,158	127,321	-	(875,372)
Mental health	3,777,471	5,732	1,452,348	-	(2,319,391)
County environment and education	1,535,548	32,693	322	157,284	(1,345,249)
Roads and transportation	5,273,545	295,743	3,694,750	5,895,637	4,612,585
Governmental services to residents	658,942	693,393	-	-	34,451
Administration	1,953,563	146,631	-	-	(1,806,932)
Interest on long-term debt	109,635	-	-	-	(109,635)
Total	\$ 17,986,186	2,136,594	5,292,636	6,052,921	(4,504,035)
General Revenues:					
Property and other county tax levied for:					
General purposes					8,430,970
Debt service					173,786
Tax increment financing					96,688
Penalty and interest on property tax					131,339
State tax credits					614,336
Grants and contributions not restricted to specific purpose					300,230
Unrestricted investment earnings					165,349
Gain on disposal of capital assets					868,166
Miscellaneous					76,554
Total general revenues					10,857,418
Change in net assets					6,353,383
Net assets beginning of year, as restated (note 12)					10,776,484
Net assets end of year					\$ 17,129,867

See notes to financial statements.

Jasper County
Balance Sheet
Governmental Funds

June 30, 2003

Assets	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Cash and pooled investments	\$ 2,316,850	2,508,397	168,460	1,287,902
Receivables:				
Property tax:				
Delinquent	41,281	16,105	27,369	-
Succeeding year	5,574,000	860,000	1,947,000	-
Interest and penalty on property tax	66,738	-	-	-
Accounts	53,010	175	-	1,022,021
Accrued interest	9,165	-	-	-
Special assessments	-	-	-	196,582
Due from other governments	103,436	2,360	-	284,052
Inventories	110,190	-	-	232,074
Prepaid insurance	77,542	-	-	-
Total assets	\$ 8,352,212	3,387,037	2,142,829	3,022,631
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 126,335	134,101	2,799	193,594
Salaries and benefits payable	222,105	7,442	-	97,714
Due to other governments	20,293	356,870	9,651	1,581
Deferred revenue:				
Succeeding year property tax	5,574,000	860,000	1,947,000	-
Other	106,641	15,938	27,093	196,582
Total liabilities	6,049,374	1,374,351	1,986,543	489,471
Fund balances:				
Reserved for:				
Inventories	110,190	-	-	232,074
Prepaid insurance	77,542	-	-	-
Supplemental levy purposes	419,357	-	-	-
Permanent fund for dental care of county residents	-	-	-	-
Debt service	-	-	-	-
Cemetery levy	723	-	-	-
Unreserved:				
Designated for special projects	196,584	-	-	-
Undesignated, reported in:				
General fund	1,498,442	-	-	-
Special revenue funds	-	2,012,686	156,286	2,301,086
Capital projects fund	-	-	-	-
Total fund balances	2,302,838	2,012,686	156,286	2,533,160
Total liabilities and fund balances	\$ 8,352,212	3,387,037	2,142,829	3,022,631

See notes to financial statements.

Nonmajor	Total
576,561	6,858,170
1,466	86,221
308,000	8,689,000
-	66,738
199	1,075,405
-	9,165
-	196,582
4,784	394,632
-	342,264
-	77,542
891,010	17,795,719

138,386	595,215
-	327,261
-	388,395
308,000	8,689,000
1,436	347,690
447,822	10,347,561

-	342,264
-	77,542
-	419,357
17,317	17,317
41,905	41,905
-	723
-	196,584
-	1,498,442
322,846	4,792,904
61,120	61,120
443,188	7,448,158
891,010	17,795,719

Exhibit D

Jasper County

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

June 30, 2003

Total governmental fund balances (page 17)	\$ 7,448,158
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$17,509,682 and the accumulated depreciation is \$4,476,460.	13,033,222
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	347,690
Long-term liabilities, including capital lease purchase agreements payable, general obligation capital loan notes payable, accrued interest payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,699,203)</u>
Net assets of governmental activities (page 14)	<u><u>\$ 17,129,867</u></u>

See notes to financial statements.

Jasper County

Jasper County

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

Year ended June 30, 2003

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,622,951	1,802,799	1,959,931	-
Interest and penalty on property tax	95,570	-	-	-
Intergovernmental	1,301,549	1,592,884	109,901	4,112,621
Licenses and permits	61,901	-	-	6,470
Charges for service	1,043,626	5,702	-	8,300
Use of money and property	163,454	30	-	-
Miscellaneous	239,134	297	-	266,613
Total revenues	7,528,185	3,401,712	2,069,832	4,394,004
Expenditures:				
Operating:				
Public safety and legal services	3,057,082	-	608	-
Physical health and social services	1,681,526	-	-	-
Mental health	-	3,780,377	-	-
County environment and education	761,596	-	259,494	-
Roads and transportation	-	-	-	6,388,078
Governmental services to residents	653,020	-	-	-
Administration	1,787,914	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	1,674,541
Total expenditures	7,941,138	3,780,377	260,102	8,062,619
Excess (deficiency) of revenues over (under) expenditures	(412,953)	(378,665)	1,809,730	(3,668,615)
Other financing sources (uses):				
Sale of capital assets	3,825	-	-	1,355,460
Operating transfers in	-	-	-	2,055,168
Operating transfers out	(416,931)	-	(1,853,218)	-
Capital lease purchase agreement	-	-	-	924,187
General obligation capital loan notes issued	-	-	-	-
Total other financing sources (uses)	(413,106)	-	(1,853,218)	4,334,815
Net change in fund balances	(826,059)	(378,665)	(43,488)	666,200
Fund balances beginning of year, as restated (note 12)	3,081,899	2,391,351	199,774	1,870,028
Increase (decrease) in reserve for:				
Inventories	37,722	-	-	(3,068)
Prepaid expenditures	9,276	-	-	-
Fund balances end of year	\$ 2,302,838	2,012,686	156,286	2,533,160

See notes to financial statements.

Nonmajor	Total
269,540	8,655,221
-	95,570
63,552	7,180,507
-	68,371
13,669	1,071,297
5,374	168,858
145,578	651,622
<u>497,713</u>	<u>17,891,446</u>
735	3,058,425
1,010	1,682,536
-	3,780,377
14,333	1,035,423
-	6,388,078
999	654,019
14,259	1,802,173
265,146	265,146
717,277	2,391,818
<u>1,013,759</u>	<u>21,057,995</u>
<u>(516,046)</u>	<u>(3,166,549)</u>
-	1,359,285
346,392	2,401,560
(131,411)	(2,401,560)
-	924,187
400,000	400,000
<u>614,981</u>	<u>2,683,472</u>
98,935	(483,077)
345,888	7,888,940
-	34,654
(1,635)	7,641
<u>443,188</u>	<u>7,448,158</u>

Jasper County

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

Year ended June 30, 2003

Net change in fund balances - Total governmental funds (page 21) \$ (483,077)

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:

Capital assets contributed by the Iowa Department of Transportation	\$ 5,503,991	
Expenditures for capital assets	3,700,607	
Depreciation expense	(920,197)	8,284,401

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources. (491,119)

Because some property tax revenue will not be collected for several months after the County's year end, it is not considered available revenue and is deferred in the governmental funds. 75,966

Capital lease purchase agreements provide current financial resources to governmental funds, but they increase long-term liabilities in the Statement of Net Assets. Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year capital lease purchase agreements exceeded repayments, as follows:

Issued	(924,187)	
Repaid	85,136	(839,051)

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

Issued	(400,000)	
Repaid	160,000	(240,000)

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 governmental funds, as follows:

Compensated absences	8,457	
Interest on long-term debt	(4,489)	3,968

Prepaid expenses and inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities reports these items as expenses in the period the corresponding asset is exhausted. 42,295

Change in net assets of governmental activities (page 15) \$ 6,353,383

See notes to financial statements.

Jasper County
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2003

	Other Employee Benefit Trust	Agency
Assets		
Cash and pooled investments:		
County Treasurer	\$ 71,237	1,663,127
Other County officials	-	14,956
Receivables:		
Property tax:		
Delinquent	-	190,537
Succeeding year	-	28,764,000
Special assessments	-	302,395
Accounts	-	78,791
Due from other governments	-	11,152
Total assets	71,237	31,024,958
Liabilities		
Accounts payable	-	25,108
Salaries and benefits payable	-	17,532
Due to other governments	-	30,949,116
Trusts payable	-	5,800
Compensated absences	-	27,402
Total liabilities	-	31,024,958
Net assets		
Held in trust for employee benefits	\$ 71,237	-

See notes to financial statements.

Jasper County
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund

Year ended June 30, 2003

	<u>Other Employee Benefit Trust</u>
Additions:	
Employer contributions	\$ 93,032
Deductions:	
Distribution to participants	<u>21,795</u>
Change in net assets held in trust for employee benefits	71,237
Net assets beginning of year	<u>-</u>
Net assets end of year	<u>\$ 71,237</u>

See notes to financial statements.

Jasper County

Notes to Financial Statements

June 30, 2003

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

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

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

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but 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 and contributions 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 funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

In addition, the County reports the following funds:

The Other Employee Benefit Trust Fund is used to account for resources held for employees who participated in the County's early retirement incentive program.

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and

judgements and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

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 the investment in the Iowa Public Agency Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit which are stated at cost.

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2001 assessed property valuations; is for the tax accrual period July 1, 2002 through June 30, 2003 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2002.

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

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

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates they are not available to liquidate current obligations.

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

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave in excess of 1,440 hours will be paid at the last rate of pay to an employee upon retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2003. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2003 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$193,942 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2003 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 201,950
	Special Revenue:	
	Rural Services	1,853,218
		<u>2,055,168</u>
Debt Service	Special Revenue:	
	Tax Increment Financing	83,164
	Capital Projects	20,747
		<u>103,911</u>
Capital Projects	General	214,981
	Special Revenue:	
	Rural Services	10,000
	Rock Creek Bike Trail	17,500
		<u>242,481</u>
Total		<u>\$ 2,401,560</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2003 was as follows:

	Balance Beginning of Year (as restated, note 12)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 567,781	6,879	-	574,660
Construction in progress, primarily infrastructure	16,800	7,216,498	-	7,233,298
Total capital assets not being depreciated	584,581	7,223,377	-	7,807,958
Capital assets being depreciated:				
Buildings	3,480,399	-	-	3,480,399
Improvements other than buildings	19,470	78,547	-	98,017
Machinery, equipment and vehicles	6,354,721	1,908,516	(2,139,929)	6,123,308
Total capital assets being depreciated	9,854,590	1,987,063	(2,139,929)	9,701,724
Less accumulated depreciation for:				
Buildings	1,332,210	70,034	-	1,402,244
Improvements other than buildings	11,682	2,544	-	14,226
Machinery, equipment and vehicles	3,855,339	847,619	(1,642,968)	3,059,990
Total accumulated depreciation	5,199,231	920,197	(1,642,968)	4,476,460
Total capital assets being depreciated, net	4,655,359	1,066,866	(496,961)	5,225,264
Governmental activities capital assets, net	\$ 5,239,940	8,290,243	(496,961)	13,033,222

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 51,838
Physical health and social services	5,447
Mental health	1,380
County environment and education	38,536
Roads and transportation	753,717
Governmental services to residents	1,350
Administration	67,929
Total depreciation expense - governmental activities	\$ 920,197

As permitted by U.S. generally accepted accounting principles, the County will add prior year road infrastructure during the next four years.

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 20,293
Special Revenue:		
Rural Services	Services	9,651
Mental Health		356,870
Secondary Roads		1,581
		<u>368,102</u>
Total for governmental funds		<u>\$ 388,395</u>
Agency:		
County Assessor	Collections	\$ 553,922
City/County Special Assessments		309,871
Schools		18,081,791
Community Colleges		692,022
Corporations		7,500,897
Townships		260,826
Agricultural Extension Education		161,820
Auto License and Use Tax		739,572
Urban Renewal Tax Increment		2,284,588
All other		363,807
Total for agency funds		<u>\$ 30,949,116</u>

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2003 is as follows:

	Capital Lease Purchase Agreements	General Obligation Capital Loan Notes	Compensated Absences	Total
Balance beginning of year, as restated (note 12)	\$ 95,629	2,085,000	433,942	2,614,571
Increases	924,187	400,000	361,480	1,685,667
Decreases	85,136	160,000	369,937	615,073
Balance end of year	<u>\$ 934,680</u>	<u>2,325,000</u>	<u>425,485</u>	<u>3,685,165</u>
Due within one year	<u>\$ 896,250</u>	<u>215,000</u>	<u>334,721</u>	<u>1,445,971</u>

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease a wheel loader, dozer and trailer and motor graders. The following is a schedule of the future minimum lease payments, including interest at rates ranging from 3.90% to 4.75% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2003:

Year Ending June 30,	Wheel Loader	Dozer and Trailer	Motor Graders	Total
2004	\$ 48,896	77,779	790,317	916,992
2005	-	38,890	-	38,890
Total minimum lease payments	48,896	116,669	790,317	955,882
Less amount representing interest	(2,263)	(3,702)	(15,237)	(21,202)
Present value of net minimum lease payments	\$ 46,633	112,967	775,080	934,680

Payments under capital lease purchase agreements for the year ended June 30, 2003 totaled \$85,136.

General Obligation Capital Loan Notes Payable

A summary of the County's June 30, 2003 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 1995			Series 1999			Series 2001		
	Issued March 28, 1995			Issued April 1, 1999			Issued July 26, 2001		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2004	5.90%	\$ 45,000	11,908	4.10%	\$ 80,000	17,865	5.00%	\$ 45,000	67,739
2005	5.95	45,000	9,253	4.15	80,000	14,585	5.00	50,000	65,495
2006	6.00	50,000	6,575	4.20	85,000	11,265	5.00	50,000	62,995
2007	6.50	55,000	3,575	4.25	90,000	7,695	5.00	55,000	60,495
2008	-	-	-	4.30	90,000	3,870	5.00	55,000	57,745
2009	-	-	-	-	-	-	5.00	60,000	54,995
2010	-	-	-	-	-	-	5.00	65,000	51,995
2011	-	-	-	-	-	-	5.00	65,000	48,745
2012	-	-	-	-	-	-	5.00	70,000	45,495
2013	-	-	-	-	-	-	5.10	70,000	41,995
2014	-	-	-	-	-	-	5.15	75,000	38,425
2015	-	-	-	-	-	-	5.20	80,000	34,563
2016	-	-	-	-	-	-	5.25	85,000	30,403
2017	-	-	-	-	-	-	5.30	90,000	25,940
2018	-	-	-	-	-	-	5.35	90,000	21,170
2019	-	-	-	-	-	-	5.40	95,000	16,355
2020	-	-	-	-	-	-	5.45	100,000	11,225
2021	-	-	-	-	-	-	5.50	105,000	5,775
Total		\$ 195,000	31,311		\$ 425,000	55,280		\$ 1,305,000	741,550

Year Ending June 30,	Series 2003					
	Issued May 16, 2003			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2004	2.875%	\$ 45,000	17,715	\$ 215,000	115,227	330,227
2005	3.125	45,000	15,713	220,000	105,046	325,046
2006	3.625	45,000	14,306	230,000	95,141	325,141
2007	4.250	45,000	12,675	245,000	84,440	329,440
2008	4.500	45,000	10,763	190,000	72,378	262,378
2009	4.750	45,000	8,738	105,000	63,733	168,733
2010	4.875	45,000	6,600	110,000	58,595	168,595
2011	5.125	45,000	4,406	110,000	53,151	163,151
2012	5.250	40,000	2,100	110,000	47,595	157,595
2013	-	-	-	70,000	41,995	111,995
2014	-	-	-	75,000	38,425	113,425
2015	-	-	-	80,000	34,563	114,563
2016	-	-	-	85,000	30,403	115,403
2017	-	-	-	90,000	25,940	115,940
2018	-	-	-	90,000	21,170	111,170
2019	-	-	-	95,000	16,355	111,355
2020	-	-	-	100,000	11,225	111,225
2021	-	-	-	105,000	5,775	110,775
Total		\$ 400,000	93,016	\$ 2,325,000	921,157	3,246,157

During the year ended June 30, 2003, the County issued \$400,000 and retired \$160,000 of general obligation capital loan notes.

(7) 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.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages are 5.37% and 8.05%, respectively and protection occupation employees, in which case the percentages are 6.04% and 9.07% respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$384,475, \$372,577 and \$429,784, respectively, equal to the required contributions for each year.

(8) Risk Management

Jasper County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2003 were \$159,651.

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 \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2003, no liability has been recorded in the County's financial statements. As of June 30, 2003, 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 claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contribution. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

(9) Designated Fund Equity

The County has designated \$196,584 from the General Fund for special projects. At June 30, 2003, the amounts designated are as follows:

Description	Amount
Courthouse roof, chiller and dome windows	\$ 17,282
Annex building cold air returns	15,000
Chichaqua bike trail maintenance	58,000
GIS project	33,434
Jail project	32,317
Computer system upgrades	40,551
Total	<u>\$ 196,584</u>

(10) Pending Litigation

The County is involved in several lawsuits as of June 30, 2003. The probability and amount of loss, if any, is undeterminable.

(11) Other Employee Benefit

During the year ended June 30, 2003, the Board of Supervisors approved an Early Retirement Incentive Program. Employees meeting certain eligibility requirements could select from two options offered under the program, as follows:

Option 1: An incentive payment in an amount equal to payment for all unused days of sick leave times the employee's current per diem rate or \$17,500, whichever is greater. Payment of the incentive amount without interest is to be made in equal annual installments over a three year period. In the event of the death of the participant prior to all payments being received, the balance will be paid to the former employee's estate.

Option 2: An incentive in the form of a "bank" to pay for the participant's health insurance premiums until the converted dollar amount is depleted or the participant dies or reaches age 65. The "bank" shall include: conversion of all unused sick leave days at the employee's current per diem rate plus one week of pay at the employee's current per diem rate for every year of service with Jasper County. In the event of the death of the participant, the remaining balance in the "bank" will be paid in a lump sum payment to the former employee's estate.

Four county employees participated in this program during the year ended June 30, 2003. The County established a Fiduciary, Other Employee Benefit Trust Fund, to account for this activity. The County contributed \$93,032 to the fund, the amount required to fully fund the incentive program.

(12) Accounting Change and Restatements

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented for the year ended June 30, 2003. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences, were implemented for the year ended June 30, 2003. The statements create new basic financial statements for reporting the County’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor governmental funds are presented in one column.

The government-wide financial statements report the County’s governmental activities. Beginning net assets for governmental activities has been restated to include capital assets and the changes in assets and liabilities at July 1, 2002 resulting from the conversion to the accrual basis of accounting.

Beginning capital assets for governmental activities of \$10,553,894 were restated to \$10,439,171. The restatement primarily added current year infrastructure assets and removed assets below the County’s capitalization thresholds. In addition, the Loskot Trust Fund was reclassified from an Agency Fund to a Permanent Fund.

	<u>Total</u>
Net assets June 30, 2002, as previously reported	\$ 7,776,316
GASB Interpretation 6 adjustments	95,299
Reclassification to Permanent Fund	17,325
Net assets July 1, 2002, as restated for governmental funds	<u>7,888,940</u>
GASB 34 adjustments:	
Capital assets, net of accumulated depreciation of \$5,199,231	5,239,940
Change in long-term liabilities	(2,624,120)
Change in deferral of long-term assets	271,724
Net assets July 1, 2002, as restated	<u>\$ 10,776,484</u>

(13) Subsequent Event

On November 1, 2003, the County issued \$6,000,000 of general obligation bonds, Series 2003 for the purpose of providing funds for the costs related to the construction of a County jail. These notes are payable from a continuing annual levy of taxes against all taxable property of the 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, 2003

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 8,653,739	-
Interest and penalty on property tax	95,274	-
Intergovernmental	7,295,963	-
Licenses and permits	70,816	-
Charges for service	1,164,333	-
Use of money and property	167,836	-
Miscellaneous	659,559	2,386
Total receipts	<u>18,107,520</u>	<u>2,386</u>
Disbursements:		
Public safety and legal services	3,028,186	-
Physical health and social services	1,631,510	-
Mental health	3,759,856	-
County environment and education	1,032,283	-
Roads and transportation	5,496,907	-
Governmental services to residents	663,690	-
Administration	1,813,560	-
Non-program	-	-
Debt service	265,145	-
Capital projects	2,682,992	-
Total disbursements	<u>20,374,129</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	(2,266,609)	2,386
Other financing sources, net	758,845	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,507,764)	2,386
Balance beginning of year	<u>8,365,934</u>	<u>57,961</u>
Balance end of year	<u>\$ 6,858,170</u>	<u>60,347</u>

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
8,653,739	8,710,885	8,693,975	(40,236)
95,274	75,600	70,000	25,274
7,295,963	7,854,874	7,890,667	(594,704)
70,816	63,340	66,400	4,416
1,164,333	835,006	969,706	194,627
167,836	383,440	171,240	(3,404)
657,173	241,065	702,759	(45,586)
<u>18,105,134</u>	<u>18,164,210</u>	<u>18,564,747</u>	<u>(459,613)</u>
3,028,186	3,093,729	3,151,724	123,538
1,631,510	1,759,245	1,813,155	181,645
3,759,856	4,179,257	4,179,257	419,401
1,032,283	1,041,091	1,068,591	36,308
5,496,907	5,549,053	6,700,156	1,203,249
663,690	707,800	693,900	30,210
1,813,560	1,830,223	2,080,313	266,753
-	1,000	1,000	1,000
265,145	265,080	265,680	535
<u>2,682,992</u>	<u>2,580,760</u>	<u>4,684,140</u>	<u>2,001,148</u>
<u>20,374,129</u>	<u>21,007,238</u>	<u>24,637,916</u>	<u>4,263,787</u>
(2,268,995)	(2,843,028)	(6,073,169)	3,804,174
<u>758,845</u>	<u>860,000</u>	<u>1,312,250</u>	<u>(553,405)</u>
(1,510,150)	(1,983,028)	(4,760,919)	3,250,769
<u>8,307,973</u>	<u>6,600,603</u>	<u>8,298,507</u>	<u>9,466</u>
<u>6,797,823</u>	<u>4,617,575</u>	<u>3,537,588</u>	<u>3,260,235</u>

Jasper County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2003

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 18,107,520	(216,074)	17,891,446
Expenditures	20,374,129	683,866	21,057,995
Net	(2,266,609)	(899,940)	(3,166,549)
Other financing sources	758,845	1,924,627	2,683,472
Beginning fund balances	8,365,934	(476,994)	7,888,940
Increase in reserve for:			
Inventories	-	34,654	34,654
Prepaid insurance	-	7,641	7,641
Ending fund balances	\$ 6,858,170	589,988	7,448,158

See accompanying independent auditor's report.

Jasper County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2003

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 Agency 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 10 major classes of expenditures known as functions, not by fund or fund type. These 10 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, Special Revenue Funds, Debt Service Fund and Capital Project Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$3,630,378. This 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.

Jasper County

Other Supplementary Information

Jasper County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2003

	Special Revenue	Debt Service
Assets		
Cash and pooled investments	\$ 322,666	41,875
Receivables:		
Property tax:		
Delinquent	-	1,466
Succeeding year	154,000	154,000
Accounts	180	-
Due from other governments	-	-
	\$ 476,846	197,341
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	\$ -	-
Deferred revenue:		
Succeeding year property tax	154,000	154,000
Other	-	1,436
Total liabilities	154,000	155,436
Fund equity:		
Fund balances:		
Reserved for:		
Permanent fund	-	-
Debt service	-	41,905
Unreserved, reported in:		
Special revenue funds	322,846	-
Capital projects fund	-	-
Total fund equity	322,846	41,905
Total liabilities and fund equity	\$ 476,846	197,341

See accompanying independent auditor's report.

Capital Projects	Permanent	Total
194,703	17,317	576,561
-	-	1,466
-	-	308,000
19	-	199
4,784	-	4,784
<u>199,506</u>	<u>17,317</u>	<u>891,010</u>
138,386	-	138,386
-	-	308,000
-	-	1,436
<u>138,386</u>	<u>-</u>	<u>447,822</u>
-	17,317	17,317
-	-	41,905
-	-	322,846
61,120	-	61,120
<u>61,120</u>	<u>17,317</u>	<u>443,188</u>
<u>199,506</u>	<u>17,317</u>	<u>891,010</u>

Jasper County

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

Year ended June 30, 2003

	Special Revenue	Debt Service
Revenues:		
Property and other county tax	\$ 96,688	172,852
Intergovernmental	12,822	13,946
Charges for service	13,669	-
Use of money and property	4,203	669
Miscellaneous	131,409	2
Total revenues	<u>258,791</u>	<u>187,469</u>
Expenditures:		
Operating:		
Public safety and legal services	735	-
Physical health and social services	500	-
County environment and education	14,333	-
Governmental services to residents	999	-
Administration	14,259	-
Debt service	-	265,146
Capital projects	19,415	-
Total expenditures	<u>50,241</u>	<u>265,146</u>
Excess (deficiency) of revenues over (under) expenditures	<u>208,550</u>	<u>(77,677)</u>
Other financing sources (uses):		
Operating transfers in	-	103,911
Operating transfers out	(110,664)	-
General obligation capital loan notes issued	-	-
Total other financing sources (uses)	<u>(110,664)</u>	<u>103,911</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	97,886	26,234
Fund balances beginning of year	224,960	15,671
Decrease in reserve for prepaid insurance	-	-
Fund balances end of year	<u>\$ 322,846</u>	<u>41,905</u>

See accompanying independent auditor's report.

Capital Projects	Permanent	Total
-	-	269,540
36,784	-	63,552
-	-	13,669
-	502	5,374
14,167	-	145,578
50,951	502	497,713
-	-	735
-	510	1,010
-	-	14,333
-	-	999
-	-	14,259
-	-	265,146
697,862	-	717,277
697,862	510	1,013,759
(646,911)	(8)	(516,046)
242,481	-	346,392
(20,747)	-	(131,411)
400,000	-	400,000
621,734	-	614,981
(25,177)	(8)	98,935
87,932	17,325	345,888
(1,635)	-	(1,635)
61,120	17,317	443,188

Jasper County
 Combining Balance Sheet
 Nonmajor Special Revenue Funds

June 30, 2003

	County Recorder's Records Management	Resource Enhance- ment	Conservation Land Acquisition Trust
Assets			
Cash and pooled investments	\$ 42,050	30,817	50,528
Receivables:			
Property tax:			
Succeeding year	-	-	-
Accounts	-	-	180
Total assets	\$ 42,050	30,817	50,708
Liabilities and Fund Equity			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	-	-
Fund equity:			
Fund balances:			
Unreserved	42,050	30,817	50,708
Total liabilities and fund equity	\$ 42,050	30,817	50,708

See accompanying independent auditor's report.

Rock Creek Bike Trail	Drainage Districts	Tax Increment Financing	Other	Total
103,000	60,347	629	35,295	322,666
-	-	154,000	-	154,000
-	-	-	-	180
103,000	60,347	154,629	35,295	476,846
-	-	154,000	-	154,000
103,000	60,347	629	35,295	322,846
103,000	60,347	154,629	35,295	476,846

Jasper County

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

Year ended June 30, 2003

	County Recorder's Records Management	Resource Enhance- ment	Conservation Land Acquisition Trust
Revenues:			
Property and other county tax	\$ -	-	-
Intergovernmental	-	322	-
Charges for service	13,669	-	-
Use of money and property	233	251	3,503
Miscellaneous	-	-	3,950
Total revenues	<u>13,902</u>	<u>573</u>	<u>7,453</u>
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
Physical health and social services	-	-	-
County environment and education	-	-	-
Governmental services to residents	999	-	-
Administration	-	-	-
Capital projects	-	16,515	2,900
Total expenditures	<u>999</u>	<u>16,515</u>	<u>2,900</u>
Excess (deficiency) of revenues over (under) expenditures	12,903	(15,942)	4,553
Other financing uses:			
Operating transfers out	-	(10,000)	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	12,903	(25,942)	4,553
Fund balances beginning of year	<u>29,147</u>	<u>56,759</u>	<u>46,155</u>
Fund balances end of year	<u>\$ 42,050</u>	<u>30,817</u>	<u>50,708</u>

See accompanying independent auditor's report.

Rock Creek Bike Trail	Drainage Districts	Tax Increment Financing	Other	Total
-	-	96,688	-	96,688
12,500	-	-	-	12,822
-	-	-	-	13,669
-	-	-	216	4,203
108,000	2,386	-	17,073	131,409
120,500	2,386	96,688	17,289	258,791
-	-	-	735	735
-	-	-	500	500
-	-	14,333	-	14,333
-	-	-	-	999
-	-	-	14,259	14,259
-	-	-	-	19,415
-	-	14,333	15,494	50,241
120,500	2,386	82,355	1,795	208,550
(17,500)	-	(83,164)	-	(110,664)
103,000	2,386	(809)	1,795	97,886
-	57,961	1,438	33,500	224,960
103,000	60,347	629	35,295	322,846

Jasper County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2003

	County Offices		Agricultural Extension Education	County Assessor
	County Recorder	County Sheriff		
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	-	2,454	233,490
Other County officials	14,943	13	-	-
Receivables:				
Property tax:				
Delinquent	-	-	1,366	3,308
Succeeding year	-	-	158,000	348,000
Special assessments	-	-	-	-
Accounts	841	18,103	-	26
Due from other governments	-	-	-	-
Total assets	\$ 15,784	18,116	161,820	584,824
Liabilities				
Accounts payable	\$ -	-	-	257
Salaries and benefits payable	-	-	-	12,930
Due to other governments	15,784	18,116	161,820	553,922
Trusts payable	-	-	-	-
Compensated absences	-	-	-	17,715
Total liabilities	\$ 15,784	18,116	161,820	584,824

Schools	Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City/County Special Assessments	Auto License and Use Tax
282,445	10,217	136,568	3,831	72	7,476	739,572
-	-	-	-	-	-	-
152,346	5,805	22,329	2,995	40	-	-
17,647,000	676,000	7,342,000	254,000	4,000	-	-
-	-	-	-	-	302,395	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
18,081,791	692,022	7,500,897	260,826	4,112	309,871	739,572
-	-	-	-	-	-	-
-	-	-	-	-	-	-
18,081,791	692,022	7,500,897	260,826	4,112	309,871	739,572
-	-	-	-	-	-	-
-	-	-	-	-	-	-
18,081,791	692,022	7,500,897	260,826	4,112	309,871	739,572

Jasper County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2003

	Local Emergency Management Services	Anticipated Property Tax Collections	Jasper County Flex Benefits	Hazmat Reserve
Assets				
Cash and pooled investments:				
County Treasurer	35,069	17,007	5,592	35,000
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Special assessments	-	-	-	-
Accounts	189	-	-	-
Due from other governments	11,152	-	-	-
Total assets	46,410	17,007	5,592	35,000
Liabilities				
Accounts payable	2,486	-	-	-
Salaries and benefits payable	1,591	-	-	-
Due to other governments	42,333	17,007	-	35,000
Trusts payable	-	-	5,592	-
Compensated absences	-	-	-	-
Total liabilities	46,410	17,007	5,592	35,000

See accompanying independent auditor's report.

General Relief	Fire Districts	Sanitary Sewer Special Assessments	E911	Urban Renewal Tax Increment	Wellness	Empowerment Areas	Total
208	1,061	30	55,969	58,003	944	38,119	1,663,127
-	-	-	-	-	-	-	14,956
-	1,757	6	-	585	-	-	190,537
-	108,000	1,000	-	2,226,000	-	-	28,764,000
-	-	-	-	-	-	-	302,395
-	-	-	59,609	-	-	23	78,791
-	-	-	-	-	-	-	11,152
208	110,818	1,036	115,578	2,284,588	944	38,142	31,024,958
-	-	-	7,453	-	-	14,912	25,108
-	-	-	3,011	-	-	-	17,532
-	110,818	1,036	95,427	2,284,588	944	23,230	30,949,116
208	-	-	-	-	-	-	5,800
-	-	-	9,687	-	-	-	27,402
208	110,818	1,036	115,578	2,284,588	944	38,142	31,024,958

Jasper County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2003

	County Offices		Agricultural	County
	County Recorder	County Sheriff	Extension Education	Assessor
Assets and Liabilities				
Balances beginning of year, as restated (note 12)	\$ 43,791	76,424	155,551	556,515
Additions:				
Property and other County tax	-	-	158,775	349,080
E911 surcharge	-	-	-	-
State tax credits	-	-	11,795	33,538
Drivers license fees	-	-	-	-
Office fees and collections	635,325	661,420	-	-
Auto licenses, use tax and postage	-	-	-	-
Trusts	-	-	-	-
Miscellaneous	-	-	-	2,433
Total additions	635,325	661,420	170,570	385,051
Deductions:				
Agency remittances:				
To other funds	411,730	354,445	-	-
To other governments	251,602	233	164,301	356,742
Trusts paid out	-	365,050	-	-
Total deductions	663,332	719,728	164,301	356,742
Balances end of year	\$ 15,784	18,116	161,820	584,824

Schools	Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City/County Special Assessments	Auto License and Use Tax
17,569,008	653,006	7,782,954	255,766	5,114	577,383	627,190
17,685,104	677,160	7,285,790	256,200	3,523	-	-
-	-	-	-	-	-	-
1,358,140	48,829	807,041	13,935	348	-	-
-	-	-	-	-	-	42,304
-	-	-	-	-	-	-
-	-	-	-	-	-	8,007,736
-	-	-	-	-	-	-
-	-	-	-	-	-	-
19,043,244	725,989	8,092,831	270,135	3,871	-	8,050,040
-	-	-	-	-	-	235,658
18,530,461	686,973	8,374,888	265,075	4,873	267,512	7,702,000
-	-	-	-	-	-	-
18,530,461	686,973	8,374,888	265,075	4,873	267,512	7,937,658
18,081,791	692,022	7,500,897	260,826	4,112	309,871	739,572

Jasper County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2003

	Local Emergency Management Services	Anticipated Property Tax Collections	Jasper County Flex Benefits	Hazmat Reserve
Assets and Liabilities				
Balances beginning of year, as restated (note 12)	29,102	13,623	8,621	30,000
Additions:				
Property and other County tax	-	-	-	-
E911 surcharge	-	-	-	-
State tax credits	-	-	-	-
Drivers license fees	-	-	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Trusts	-	22,805	14,419	-
Miscellaneous	109,871	-	-	5,000
Total additions	109,871	22,805	14,419	5,000
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	92,563	19,421	-	-
Trusts paid out	-	-	17,448	-
Total deductions	92,563	19,421	17,448	-
Balances end of year	46,410	17,007	5,592	35,000

See accompanying independent auditor's report.

General Relief	Fire Districts	Sanitary Sewer Special Assessments	E911	Urban Renewal Tax Increment	Wellness	Empowerment Areas	Total
139	98,572	1,012	96,869	1,944,224	803	99,071	30,624,738
-	109,105	1,054	-	2,175,095	-	-	28,700,886
-	-	-	242,443	-	-	-	242,443
-	4,942	90	-	256,721	-	-	2,535,379
-	-	-	-	-	-	-	42,304
-	-	-	-	-	-	-	1,296,745
-	-	-	-	-	-	-	8,007,736
20,909	-	-	-	-	-	-	58,133
-	-	-	335,289	-	2,838	214,221	669,652
20,909	114,047	1,144	577,732	2,431,816	2,838	214,221	41,553,278
-	-	-	-	-	-	-	1,001,833
-	101,801	1,120	559,023	2,091,452	2,697	275,150	39,747,887
20,840	-	-	-	-	-	-	403,338
20,840	101,801	1,120	559,023	2,091,452	2,697	275,150	41,153,058
208	110,818	1,036	115,578	2,284,588	944	38,142	31,024,958

Schedule 7

Jasper County

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2003	2002	2001	2000
Revenues:				
Property and other county tax	\$ 8,655,221	9,522,849	9,279,004	8,960,789
Interest and penalty on property tax	95,570	100,809	90,346	89,862
Intergovernmental	7,180,507	7,734,924	8,818,076	11,157,140
Licenses and permits	68,371	72,772	60,271	61,139
Charges for service	1,071,297	953,013	784,627	1,167,923
Use of money and property	168,858	284,837	752,405	1,289,113
Miscellaneous	651,622	399,740	311,244	707,067
Total	\$ 17,891,446	19,068,944	20,095,973	23,433,033
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,058,425	2,919,333	2,569,155	2,531,636
Physical health and social services	1,682,536	1,752,734	2,567,619	2,799,566
Mental health	3,780,377	3,858,862	5,392,840	8,954,561
County environment and education	1,035,423	1,008,646	899,804	882,147
Roads and transportation	6,388,078	4,736,532	5,247,718	4,953,670
Governmental services to residents	654,019	669,898	577,086	543,741
Administration	1,802,173	1,784,915	1,937,951	1,586,648
Non-program	-	-	48	1,912
Debt service	265,146	209,588	155,316	86,686
Capital projects	2,391,818	2,237,536	1,773,863	1,983,126
Total	\$ 21,057,995	19,178,044	21,121,400	24,323,693

See accompanying independent auditor's report.

Jasper County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2003

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 Food Stamp Program	10.561		<u>13,830</u>
Iowa Department of Elder Affairs:			
Aging Resources of Central Iowa:			
Nutrition Services Incentive (Commodities)	10.570		29,000
Nutrition Services Incentive (Cash)	10.570		<u>28,423</u>
			<u>57,423</u>
U.S. Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228	03-WS-010	<u>1,950</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-ES-E-C050(63)-8T-5	34,834
Highway Planning and Construction	20.205	BROS-C050(53)--8J-50	<u>383,830</u>
			<u>418,664</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP-03-04 Task 34	<u>6,745</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP-02-410 Task 17	<u>1,081</u>
Iowa Department of Public Defense:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		<u>1,545</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Emergency Management Division:			
Emergency Management Performance Grants	83.552		<u>12,509</u>
Hazard Mitigation Grant	83.548	0996-0261	<u>53</u>
State and Local All Hazards Emergency Operations Planning	83.562	EMK-2003-GR 2535	<u>18,656</u>
Citizens Corp	83.564	EMK-2003-GR 2535	<u>500</u>
U.S. Department of Education:			
Iowa Department of Vocational Rehabilitation Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	03-CPSE-09	<u>6,410</u>

Schedule 8

Jasper County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Elder Affairs:			
Aging Resources of Central Iowa:			
Special Programs for the Aging - Title III, Part D-Disease Prevention and Health Promotion Services	93.043		1,975
Special Programs for the Aging - Title III, Part C-Nutrition Services	93.045		55,000
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		19,878
Refugee and Entrant Assistance-State Administered Programs	93.566		76
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,883
Foster Care- Title IV-E	93.658		6,900
Adoption Assistance	93.659		2,319
Medical Assistance Program	93.778		19,597
Social Services Block Grant	93.667		13,500
Social Services Block Grant	93.667		114,447
			127,947
Iowa Department of Health:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5883BT52	9,757
Total			\$ 786,698

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

See accompanying independent auditor's report.



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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Officials of Jasper County:

We have audited the financial statements of Jasper County, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated February 5, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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 grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2003 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. Prior year statutory comments have been resolved except for items IV-C-03, IV-E-03, IV-G-03 and IV-K-03.

Internal Control Over Financial Reporting

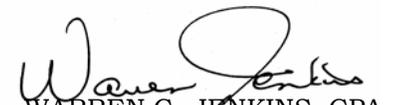
In planning and performing our audit, we considered Jasper County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Jasper County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-03 is a material weakness. Prior year reportable conditions have been resolved except for items II-A-03, II-B-03, II-C-03, II-F-03, II-H-03, II-I-03 and II-L-03.

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

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


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 5, 2004

**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control Over Compliance**

Jasper County



OFFICE OF AUDITOR OF STATE
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Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control over Compliance

To the Officials of Jasper County:

Compliance

We have audited the compliance of Jasper County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Jasper County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jasper County's management. Our responsibility is to express an opinion on Jasper County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, 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 provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jasper County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jasper County's compliance with those requirements.

In our opinion, Jasper County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of Jasper County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Jasper County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 5, 2004

Jasper County
Schedule of Findings and Questioned Costs
Year ended June 30, 2003

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

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 20.205 – Highway Planning and Construction
 - CFDA Number 93.667 – Social Services Block Grant
- (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, 2003

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-03 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that 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:

County Auditor

1. Journal entries are not reviewed or approved by an independent person.
2. The individual recording capital assets also reconciles the capital asset records.

County Treasurer

1. The person responsible for depositing, reconciling, and recording receipts is also the custodian of the change fund.
2. The individuals performing bank reconciliations also sign checks and handle and record cash.
3. Bank reconciliations are not reviewed by an independent person with no responsibility for receipts and disbursements.
4. Checks outstanding for a considerable time are not periodically reviewed for propriety.
5. The person responsible for the detailed record keeping of investments is also the custodian of the investments.
6. Investments are not periodically inspected, confirmed or reconciled to the investment records by an independent person having no responsibility for investments.
7. There is not an independent verification of investment earnings or a reconciliation of earnings to financial records.
8. There is not an independent review of the monthly changed transaction report received from the Department of Transportation.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

County Recorder

1. The collection, deposit preparation and reconciliation functions are not performed by an individual who does not record and account for cash receipts.
2. Checks should be signed by an individual who does not otherwise participate in the preparation of the checks. Prior to signing the checks, the supporting documentation should be reviewed for propriety. After signing, the checks should be mailed without allowing them to return to individuals who prepare the checks or approve vouchers for payment.
3. Bank reconciliations are not reviewed by an independent person with no responsibility for receipts and disbursements.

County Sheriff

1. The collection, deposit preparation and reconciliation functions are not performed by an individual who does not record and account for cash receipts. Also, a listing of cash and checks received through the mail is not prepared or compared to the cash receipt records.

Congregate Meals

1. Bank accounts were not reconciled monthly.

Board of Health

1. Nursing services billings, collections and balances are not reconciled monthly.

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

Responses –

County Auditor

The County Auditor will review and sign off on the journal entries made by the financial personnel and review the capital assets reconciliation.

County Treasurer

With only three of us in the Tax Department, we all have certain duties. Since the beginning of the audit, when each item for correction was suggested, we (at that time) implemented the corrections, and we all check one another's work in a number of areas.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

1. The Senior Clerk still performs all of these procedures, however, the Tax Deputy checks all of her work and initials each day. Another check occurs when I enter the deposits and break downs in my bank ledger, and again when I balance the bank statements each month. The Tax Deputy also catches any errors etc. when she apportions.
2. I do the bank reconciliations, but no longer sign Treasurer checks. If I do sign checks, it is only because my deputies are unavailable which rarely happens. The handling of cash and recording each day is checked by the Senior Clerk when she balances daily.
3. Beginning February 2004, after I complete the bank reconciliations, I will have the Driver License Deputy review the reconciliations and check interest accrued.
4. With all the many areas that I have to cover each day, the outstanding checks have not been a priority. This has been corrected and all outstanding checks up to January 2003 have been taken care of. I will now take care of them on a yearly basis.
5. Investments consist of certificates of deposits and these will now be monitored by the County Auditor periodically by comparing the CD's with the investment ledger.
6. The County Auditor has inspected and reviewed the investments and will begin to do this more often.
7. This will also be reviewed and reconciled by County Auditor periodically.
8. I have been reviewing the monthly report more thoroughly since May 2003. I have to sign these reports before Deputy sends them into the state, but I will start initialing them also to document my review.

County Recorder

1. The collection and deposit preparation are now performed by an employee separate from recording.
2. We will do the best we can with the small staff.
3. The bookkeeper is now verifying bank reconciliations.

County Sheriff

1. Mail duties, writing of receipts, preparing billings and docketing are/will be shared as new personnel are trained. A list of cash and checks received will be prepared occasionally to track monies.

Congregate Meals

1. I am currently checking off bank statements monthly and reconciling to receipts.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Board of Health

1. Have started using reconciliations with dates.

Conclusion –

County Auditor – Response accepted.

County Treasurer – Response accepted.

County Recorder – Response acknowledged for item 2. Duties should be segregated to the extent possible with existing personnel. Response accepted for items 1 and 3.

County Sheriff – Response accepted.

Congregate Meals – Response accepted.

Board of Health – Response acknowledged. Nursing billings and collections should be reconciled monthly and a receivable balance calculated accordingly.

II-B-03 Electronic Data Processing Systems – The County does not have written policies for:

- Requiring timeout or logoff functions to be utilized when terminals are left unattended.
- Requiring password changes because software does not require the user to change log-ins/passwords periodically.

Also, the County does not have a written disaster recovery plan.

Recommendation – The County should develop written policies addressing the above items in order to improve the County's control over computer based systems. A written disaster recovery plan should be developed.

Response – The County is in the process of updating its data processing systems and will establish a committee to organize and write policies for the above requested items for Jasper County.

Conclusion – Response accepted.

II-C-03 Mileage Claims – Two employees claimed mileage reimbursement but did not document the reason for the mileage or the location of the travel.

Recommendation – All claims for mileage reimbursement should identify the date and purpose of the mileage claimed for reimbursement to clearly show the basis of the claim as required by Chapter 331.504(8) of the Code of Iowa.

Response – In the future, any mileage claims submitted for payment will show the date, mileage and purpose of the claim before paid.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

II-D-03 Capital Assets – Detailed capital asset records are maintained. However, records are not adjusted timely when capital assets are added or disposed of. An independent person does not test the capital asset listing for existence. Capital assets are not tagged for proper identification. Depreciation calculations are not reviewed for accuracy.

Recommendation – A system to provide written documentation for additions and deletions should be developed. Information should include appropriate details to ensure the assets are properly included or deleted from the capital assets records. An independent person should test capital assets on a periodic basis for existence by observing them and tracing them back to the capital asset listing. Capital assets should be tagged for proper identification. Depreciation should be reviewed for accuracy.

Response – The County will try to set a policy whereby records are adjusted in a more timely manner as to the additions and disposition of capital assets. We will try to have someone check and test for the existence of capital assets as well as the depreciation for accuracy.

Conclusion – Response acknowledged. Capital assets should also be tagged for proper identification.

II-E-03 Compensated Absences Records – Comp time records are kept by various departments and balances are reported to the County Auditor's office at the end of the year. Also, vacation and sick leave records for Secondary Roads Department union employees are kept by the Secondary Roads Department and balances are reported to the County's Auditor's office at year end.

Recommendation – The compensated absences records should be maintained by the County Auditor's office for all offices and departments. All vacation, sick leave and comp time activity should be included in the centralized payroll records.

Response – We will encourage the Human Resources Director to work with the Secondary Roads Department in order that all employees are included in the centralized payroll system at the County Auditor's Office in the future.

Conclusion – Response acknowledged. Compensated absences activity for all departments should be included in the centralized payroll records.

II-F-03 Separate Accounts – Separately maintained accounts are established for the Loskot Trust Fund and Jasper County Flex Benefits Fund. These accounts are not included in the County's financial records. However, they have been included in this report as Permanent and Agency Funds, respectively.

Recommendation – The Loskot Trust and Jasper County Flex Benefits accounts should be properly reflected in the County's financial records.

Response – Jasper County will and is now including the Loskot Trust and the County Flex Benefits accounts in the County's financial records and will continue in future years.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

II-G-03 Tax Sale Checks – The Treasurer’s office receives money from tax sale redemptions. These funds are deposited into the Treasurer’s checking account and a check is issued and held until the certificate is redeemed. When the certificate is redeemed, the check is mailed to the certificate holder.

Recommendation – The Treasurer should establish an Agency Fund to account for revenues received from tax sale redemptions. Funds should not be disbursed from this account until certificates are received.

Response – As of January 2004, we redeem the tax sale and write up the miscellaneous receipt for the \$10.00 for the cost of the sale. Two account numbers are issued. We notify the certificate holder and when we receive the certificate, we issue a Treasurer’s check and also a slip with information of the tax sale so that the Senior Clerk can balance that day. The Deputy posts to the account in the general ledger at the end of the month.

Conclusion – Response accepted.

II-H-03 Forfeiture Accounts – The County Sheriff and County Attorney received forfeited and confiscated property. These collections were not reflected in the County's accounting system and have not been included in the County's annual budget or monthly financial reports.

In accordance with recommendations from the Iowa Attorney General’s office, “Forfeited funds must be kept in a fund which is subject to the supervision of the governing body and it (the governing body) has the right to exercise some control over expenditures from that fund, so long as they enhance law enforcement. Agencies are not free to spend forfeited funds without some oversight and control from the governing body.”

Recommendation – The activity of the forfeited and confiscated property monies should be included in the County's annual budget and financial statements. Funds should be deposited in an account within the General Fund or a Special Revenue Fund. Proceeds are accepted by the County with the understanding they are for additional law enforcement efforts. This means monies so designated are not to replace those already budgeted. The receipt and disbursement of proceeds of this type may require a budget amendment at some time before the end of the fiscal year. All proceeds disbursed should be charged to the appropriate expenditure account in accordance with the Uniform Chart of Accounts for Iowa County Governments.

Responses –

County Sheriff – The forfeiture account was closed during the fall of 2003. All monies were transferred to a Special Revenue Fund with the County Auditor.

County Attorney – By this reference I incorporate as a part of this response my written response to Part II-I-02 of your fiscal 2002 audit report.

Jasper County

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For further response, you have already been made aware that our system of handling such funds have been changed. I disagree with the conclusions unilaterally recited by the audit recommendation set forth above. Iowa law does not provide that such funds ever become "county funds". Nonetheless, the handling of such funds has been modified in a manner presently satisfactory to this Office and the Board of Supervisors. Audit rules can not be used to modify statutory provisions.

Conclusion –

County Sheriff – Response accepted.

County Attorney – Response acknowledged. The forfeiture funds received by the County are public funds. As such, and in accordance with Article III, Section 31 of the Constitution of the State of Iowa, public funds may only be spent for the public benefit as discussed in finding IV-C-03.

II-I-03 Compensated Absences – Certain employees have accumulated unused vacation hours in excess of the maximum hours allowed under the County's current personnel policy.

Recommendation – The County should comply with its personnel policy and not permit employees to accumulate unused vacation hours in excess of the policy.

Response – The County will implement procedures to ensure that maximum hours of unused vacation do not exceed the personnel policy in the future.

Conclusion – Response accepted.

II-J-03 Employment Status – In January 2002, the County entered into a "technical services agreement" with an individual who provided services as a voting machine repair technician. The contract does not have a specific termination date, but is cancelable by either party at any time by providing written notice of cancellation. The County considered these services to be that of an independent contractor and issued Form 1099 to this individual for services provided.

In November 2002, this individual was elected to the Jasper County Board of Supervisors and took office in January 2003. The individual was paid wages by Jasper County, as an elected official, and also continued to perform services for the County under the "technical services agreement." The County continued to issue Form 1099 for the services performed under the service agreement, which totaled \$1,633 during the period January through June, 2003.

The County Attorney has advised that if this individual is not performing services concurrently as both a Jasper County Supervisor and as a voting machine repair technician, then it would be appropriate to issue a 1099 for the technician services. Furthermore, the County Attorney has advised that, in order to prevent the appearance of a conflict of interest, this individual must recuse himself altogether from any participation of any sort as a Jasper County Supervisor when: the Board reviews the existing or future contract involving his services as a voting machine repair technician; the Board reviews any claim for remuneration for services presented by this individual under the service contract; or when the Board is reviewing the budget of the Jasper County Auditor/Commissioner of Elections, etc.

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Recommendation – The County should complete IRS Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding, to determine whether the Supervisor’s services as a voting machine repair technician constitute services of an independent contractor or employee of the County. The County may submit this form to the IRS, free of charge, so a determination can be made by an independent party. In the absence of an IRS determination, the County should process the payments for the voting machine repair services in the same manner as the payments as Board of Supervisor through payroll, subject to withholdings and included on the individual’s W-2.

In addition, the Supervisor should recuse himself, as advised by the County Attorney, from future discussions and actions regarding the services contract, payment of claims related to the contract, or any other issues which may result in the appearance of a conflict of interest.

Response – We will continue to pay this individual as an independent contractor and issue a 1099 at the end of the year. If at such time the County Attorney or the IRS informs the County to do otherwise we will make the required changes. The Supervisor has and will continue to recuse himself from discussions and actions regarding any issues which may result in the appearance of a conflict of interest.

Conclusion – Response acknowledged. Steps should be taken to complete IRS Form SS-8 and to ensure compliance with IRS regulations.

II-K-03 Credit Cards – The County has credit cards for use by various employees while on County business. The County has not adopted a policy to regulate the use of the credit cards.

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

Response – The County will review credit card policies from other counties and request that the Human Resource Department write a policy for all department heads and elected officials to follow.

Conclusion – Response accepted.

II-L-03 Prior Year Secondary Roads Comments - Certain comments affecting the Secondary Roads Department were made during the fiscal year 2002 audit. However, due to the timing of the release of the fiscal year 2002 audit, the County has not taken corrective action. As a result, the recommendations remain as follows:

(a) Overtime – Non-union employees should comply with the overtime policies outlined in the Jasper County Human Resources Manual. The County Board of Supervisors should enforce the County’s policy with regard to overtime for non-union employees or document its approval, in advance, for deviations from County policy.

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The County should require documentation be maintained which supports the need or purpose for overtime and the supervisor's or department head's (County official's) advance approval of the overtime.

Responses –

Board of Supervisors – The Board of Supervisors will again try to work with the Human Resource Director to address this situation of non-union employees within the Secondary Roads Department receiving overtime pay. We realize that Chapter 309.18 of the Code of Iowa lets the Board give direction to the Engineer in this situation and we should also request that documentation be maintained for support of need or purpose for the overtime in advance.

County Engineer – Years ago, when the County policy on overtime came out, it was decided by the then County Engineer to treat all of his employees the same so as not to discriminate against anyone. That being the decision and the maintenance force and engineering techs being under contract, it was decided that all members of the Secondary Roads Department would follow the same overtime policy set by the union contract. The present County Engineer felt it would be discrimination also to treat the employees differently so he continues with past practice.

Having overtime computed differently for the foreman from the union employees could put the foreman working after hours or before scheduled time at straight time pay rather than overtime pay. Why would a foreman want to work extra hours with responsibility when the employees working under them are being paid more with little or no responsibility? Computing overtime the same takes care of this problem.

There is no overtime worked in this department that is not first approved and/or directed by the County Engineer. The Engineer's signature on the payroll papers taken to the County Auditor's office each payroll should show proof of the Engineer's approval.

Conclusion –

Board of Supervisors – Response accepted.

County Engineer – Response acknowledged. The County Engineer should comply with the personnel policies established by the Board of Supervisors for non-union employees.

The County Engineer is subject to the direction of the Board of Supervisors under Chapter 309.18 of the Code of Iowa which says "said engineers shall, in the performance of their duties, work under the directions of said board..."

- (b) Vehicle Usage – The Board of Supervisors should evaluate the cost and benefits derived and determine the necessity and public purpose served by having vehicles assigned to certain individuals within the Secondary Roads Department. In addition, if the Board of Supervisors deems this to be necessary and appropriate, documentation should be maintained to support the number of emergency calls responded to by these individuals to substantiate the necessity and cost of providing this benefit.

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Responses –

Board of Supervisors – The Board of Supervisors will consider eliminating the use of some or all vehicles for personal use in the Secondary Roads Department. If some vehicles are allowed to be used as stated above, we will request the Engineer to provide, on an annual basis, documentation of the cost versus benefits of having vehicles assigned to certain Secondary Roads personnel.

County Engineer – The value to be associated with having employees who are able to respond to an emergency situation on short notice at all hours is arguably no less than that of a County Sheriff's Deputy who has his/her car at home. These vehicles at home improve our response time by 10-30 minutes depending on the location of the incident. Those precious minutes saved when it is necessary to move or give warning for an obstruction in the roadway or to repair a "Stop" sign, could save someone's life. The equipment housed in these vehicles is essential to our employees being able to properly respond to an inherently dangerous situation without putting themselves at a greater risk. These items include but are not limited to tools, warning flags, lights, county radio and personal protective gear.

We are responsible for obstructions and other problems that arise in our system from the moment we are notified of their existence. If we do not respond to an issue in a reasonable and prudent manor, we can be held liable. I do not believe that the State Auditor is qualified to tell me what a reasonable and prudent response to a highway safety issue would be. Furthermore, I doubt that the State Auditor would stand with the Jasper County Board of Supervisors and the Jasper County Engineer when we are sued.

As a County Engineer in Iowa, I am charged with the duty of using the resources provided to me in the best interest of Jasper County and for the safety of the entire traveling public. I believe that the current system is the highest and best use of our personnel and equipment in performing this duty. I also believe the cost of a human life to be potentially infinite which makes benefit/cost accounting in this situation nearly meaningless. We have many bridges in the county that have guardrail where it is not required by law and even more intersections with "Stop" signs that do not meet all required warrants for their placement. We paint white edge lines on our paved roads even though it is not required. We widen shoulders and flatten slopes whenever we have the opportunity. All of these items are expensive and law specifically requires none of them. It would be foolish for me to believe that the concern over having pickups assigned to employees to be taken home is anything more than a personal issue when no concern is shown for our other costly safety programs.

Conclusion –

Board of Supervisors – Response accepted.

County Engineer – Response acknowledged. The County Engineer should maintain documentation that supports these assertions. This documentation should be provided to the Board of Supervisors on an annual basis in an effort to help them decide the cost versus benefits of having vehicles assigned to certain Secondary Roads Department personnel.

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- (c) Secondary Roads Department Procurement Activities –The Secondary Roads Department should develop a written policy to ensure consistency with other County policies for the procurement of goods and services, subject to review and approval by the Board of Supervisors. At a minimum, this policy should address the types of items/services required to be competitively bid, the methodology used for awarding contracts and/or selecting vendors and a requirement that bid documentation be maintained to demonstrate compliance with County policy. The policy could require approval by the Board of Supervisors for certain expenditures. In addition, the County should evaluate and prepare documentation to determine the cost efficiency of contracting for services to wash county vehicles and equipment.

Responses –

Board of Supervisors – The Board will encourage the Engineer to follow the Code of Iowa and request the Engineer to develop a written policy to ensure consistency with other County policies for the procurement of goods and services subject to the review and approved by the Board of Supervisors.

County Engineer – Purchases of items are covered in the Code of Iowa.

Conclusion –

Board of Supervisors – Response acknowledged. The County should also evaluate and prepare documentation to determine the cost efficiency of contracting for services to wash County vehicles and equipment. If, based on this analysis, the Board agrees to continue with this service then, at a minimum, a written contract should be in place to document an agreed upon price per type of vehicle washed and the Board's approval of the contract.

County Engineer – Response acknowledged. In the absence of a procurement policy written by the Secondary Roads Department, the Secondary Roads Department should comply with the County's policies for procurement of goods and services.

- (d) Construction Projects – The Secondary Roads Department should maintain copies of the estimates calculated for construction projects. The estimates should identify the materials, quantities, labor, etc. that were considered in the calculation and any labor and/or materials provided by the County for the project should be included in the estimate for determining whether competitive bidding is required.

Documentation should be maintained to support the contractors who requested and/or received project specifications for bidding purposes.

Significant change orders to an existing contract should be analyzed to determine whether a separate bidding process is required for compliance with the Code of Iowa. If not required by statute, the County should review and determine whether it would be cost beneficial to competitively bid. The County Board of Supervisors should approve all contracts and related change orders. In addition, written policies and procedures should be developed for the bidding of construction projects and approval of change orders to ensure consistency for all projects.

Jasper County

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Responses –

Board of Supervisors – The Board of Supervisors will instruct the County Engineer to develop a written policies and procedures for the bidding of construction projects pursuant to Chapter 309.40 and 309.41 of the Code of Iowa and that documentation be required and maintained, as recommended.

County Engineer – There are estimates in all project folders for FM and federal aid projects at this time and all big local projects, the County Engineer will see to it that an estimate is kept for all local small projects also.

The County sends all bid proposals and/or plans to contractors that request them by way of certified mail. We get a signed receipt back to verify that they received them whether they choose to bid or not.

Extra work orders are handled on a project by project basis because each project has specific items. When a project is under contract most of the time the extra work order is for items already on their contract and you can not let another contract when a contractor is already there under contract.

Conclusion –

Board of Supervisors – Response accepted.

County Engineer – Response acknowledged. With regard to extra work orders (change orders), if a change order adds miles to a project and/or directs work to be performed in different locations (streets), then it does not appear to be an extension of the original project (bid specifications).

Significant change orders to an existing contract should be analyzed to determine whether a separate bidding process is required for compliance with the Code of Iowa. If not required by statute, the County should review and determine whether it would be cost beneficial to competitively bid.

Jasper County
Schedule of Findings and Questioned Costs
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Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over major programs were noted.

Jasper County

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Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-03 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.

IV-B-03 Certified Budget – Disbursements during the year ended June 30, 2003 did not exceed the amounts budgeted.

IV-C-03 Questionable Expenditures of Offices, Boards, and Commission – Certain expenditures were noted by offices, boards and commission that 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, as follows:.

County Attorney – As previously noted in item II-H-03, the County Attorney has funds in a property forfeiture account which are to be used for additional law enforcement efforts. During the year ended June 30, 2003, the County Attorney's office paid claims from this account totaling \$935 for food and table settings for a rural chief picnic. These expenditures do not appear to be in compliance with the intended use of these funds, and the public purpose served by the expenditures was not clearly documented.

County Extension – Expenditures for food and refreshments for meetings, and floral gifts totaled \$236.

Board of Health – In October 2002, the Local Board of Health allowed a claim for \$16 for the purchase of mints, cake and nuts for a farewell party. In March 2003, the Local Board of Health allowed a claim for \$9 for donuts and juice for a meeting.

Planning & Zoning – In April 2003, Planning and Zoning and Information System's departments allowed a claim for \$32 for the purchase of Motrin, napkins, coffee filters, Coffemate, papertowels, Kleenex, paper bowls and plates, and teaspoons.

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

Recommendation – The offices, boards and commission should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, written policies and procedures should be in place, including a requirement for proper documentation.

Responses –

County Attorney – By this reference I incorporate as a part of this response my written response to Part IV-C-02 of your fiscal 2002 audit report.

Such expenditure did more to enhance law enforcement in Jasper County than any other single expenditure for the entire year. Henceforth, I will not allow use of such funds to support such annual events in the future. I will encourage the chief's group to either raise funds through independent donations or sell tickets to the event.

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County Extension – We will provide public purpose for expenditures.

Board of Health – October 2002 – This was for the retirement of two long term volunteer Board of Health members during our public meeting. March 2003 – This was for refreshments for a safe serve class. Attendees paid fees to attend.

Planning & Zoning – The Motrin was purchased to replenish the first aid kit kept in the office. The other supplies are used for cleaning and/or serving coffee and snacks to anyone who comes to our office for routine daily business or for special meetings. The coffee and snacks are always provided by staff at our expense.

Conclusion – Responses acknowledged. Each office, board and commission should exercise oversight and should implement procedures to ensure consistency and accountability in the expenditure of all public funds.

IV-D-03 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-03 Business Transactions – In addition to the item noted in II-J-03, business transactions between the County and County officials or employees were as follows:

Name, Title and Business Connection	Description	Amount
Loren Milligan, Board of Supervisor member, Son owns Milligan Electronics	Radio equipment, purchase and installation	\$4,650

In accordance with Chapter 331.342 of the Code of Iowa, the above transactions may represent a conflict of interest since total transactions were more than \$1,500 during the fiscal year and the transactions were not competitively bid.

Current Status – Effective December 31, 2002, this individual no longer serves on the Jasper County Board of Supervisors.

IV-F-03 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-G-03 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

The Board went into closed session on October 15, 2002. The Board minutes did not reference a specific code exemption as required by Chapter 21.5 of the Code of Iowa.

Secondary Roads entered into a contract for a road construction paving project without holding a public hearing. This appears to violate Chapter 384.102 of the Code of Iowa which requires a public hearing be held when the estimated cost of a public improvement exceeds \$50,000.

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Recommendation – The Board minutes should reference a specific code exemption, as required, when going into closed session, and the County should comply with Chapter 384.102 when contracting for public improvements.

Response – The reason for the closed session of October 15, 2002 was stated in the agenda, but was left out of the official minutes as an oversight. Normally we state this in the minutes as required by Chapter 21.5 of the Code of Iowa and will proof the official minutes more closely in the future.

Whenever the estimated cost of a public improvement exceeds \$50,000, we will hold a public hearing pursuant to Chapter 384.102 of the Iowa Code.

Conclusion – Response accepted.

IV-H-03 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-I-03 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-J-03 Maximum Secondary Road Transfer – Chapter 331.429 of the Code of Iowa establishes a maximum amount that can be transferred from the General and Rural Services Funds to the Secondary Roads Fund. For the year ended June 30, 2003, the maximum allowable transfer from the General Fund was exceeded by \$2,210.

Recommendation – The County should transfer \$2,210 from the Secondary Roads Fund to the General Fund.

Response – This has been done by a corrective transfer back into the General fund.

Conclusion – Response accepted.

IV-K-03 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, 2003 for the County Extension Office did not exceed the amount budgeted.

The following additional items were noted:

- (a) Certain invoices and supporting documentation were not marked paid to help prevent duplicate payment.
- (b) Bank reconciliations were reviewed. However, the reviews were not evidenced by the initials of the reviewer.

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- (c) One individual opens the mail, collects funds, prepares the deposit and is responsible for the change fund.
- (d) During the week of January 15, 2004 through January 21, 2004, the Extension Office offered private applicator training at \$15 per application. During this week, the Extension Office established a temporary change fund in the amount of \$100. When the Extension Office re-deposited the change fund at the end of the week, only \$80 remained.

Recommendation –

- (a) All invoices and supporting documents should be properly cancelled to help prevent duplicate payments.
- (b) Bank reconciliations should be reviewed each month and evidenced by the initials of the reviewer.
- (c) Duties should be segregated to ensure the individual opening the mail and collecting funds does not prepare the deposit.
- (d) Access to temporary change funds should be limited to one individual with supervisory oversight.

Response –

- (a) We will stamp paid on invoices.
- (b) We will initial and date bank reconciliations.
- (c) We will segregate these duties.
- (d) Changes will be made to limit the individuals that have access to change funds.

Conclusion – Response accepted.

IV-L-03 County Board of Health Minutes – The Board of Health went into closed session on December 10, 2002. The Board minutes did not reference a specific code exemption as required by Chapter 21.5 of the Code of Iowa.

Recommendation – The Board minutes should document the specific code exemption as required.

Response – We will reference Code of Iowa exemptions next time.

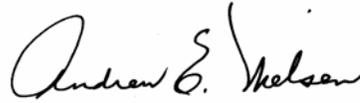
Conclusion – Response accepted.

Jasper County

Staff

This audit was performed by:

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

Andrew E. Nielsen, CPA
Deputy Auditor of State