



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

April 1, 2014

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

The County had local tax revenue of \$48,781,206 for the year ended June 30, 2013, which included \$1,964,368 in tax credits from the state. The County forwarded \$35,674,166 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$13,107,040 of the local tax revenue to finance County operations, a 4% decrease from the prior year. Other revenues included charges for service of \$1,969,788, operating grants, contributions and restricted interest of \$5,134,647, capital grants, contributions and restricted interest of \$973,930, tax increment financing of \$1,045,731, local option sales tax of \$1,257,023, unrestricted investment earnings of \$101,632, gain on disposition of capital assets of \$1,230,901 and other general revenues of \$280,010.

Expenses for County operations for the year ended June 30, 2013 totaled \$23,183,296, a 9% decrease from the prior year. Expenses included \$8,060,801 for roads and transportation, \$5,122,631 for public safety and legal services and \$3,118,126 for administration.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1310-0050-B00F.pdf>.

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JASPER COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2013

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Jasper County
Officials
(Before January 2013)

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

(After January 2013)

Joe Brock	Board of Supervisors	Jan 2015
Dennis Carpenter	Board of Supervisors	Jan 2015
Dennis Stevenson	Board of Supervisors	Jan 2017
Dennis Parrott	County Auditor	Jan 2017
Doug Bishop	County Treasurer	Jan 2015
Nancy Parrott	County Recorder	Jan 2015
John Halferty	County Sheriff	Jan 2017
Mike Jacobsen	County Attorney	Jan 2015
John Deegan	County Assessor	Jan 2016

Jasper County



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Independent Auditor's Report

To the Officials of Jasper County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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


Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jasper County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 14, 2014 on our consideration of Jasper County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jasper County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 14, 2014

Jasper County

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, 2013. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 7.5%, or approximately \$2,037,000, from fiscal year 2012 to fiscal year 2013. Operating grants, contributions and restricted interest decreased approximately \$1,337,000, capital grants, contributions and restricted interest decreased approximately \$1,936,000, charges for service increased approximately \$196,000, property tax (including tax increment financing) decreased approximately \$208,000 and other general revenues increased approximately \$1,208,000.
- Program expenses of the County's governmental activities decreased 9.2%, or approximately \$2,335,000, from fiscal year 2012 to fiscal year 2013. Expenses decreased approximately \$3,400,000 in the mental health function and approximately \$229,000 in the roads and transportation function. Expenses increased approximately \$686,000 in the county environment and education function, approximately \$246,000 in the administration function and approximately \$192,000 in the physical health and social services function.
- The County's net position increased 4.8%, or approximately \$1,918,000, from June 30, 2012 to June 30, 2013.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

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

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Jasper County's combined net position increased from a year ago, from approximately \$40,351,000 to approximately \$42,269,000. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2013	2012
Current and other assets	\$ 30,039	28,523
Capital assets	45,317	44,502
Total assets	75,356	73,025
Long-term liabilities	18,038	17,352
Other liabilities	15,049	15,322
Total liabilities	33,087	32,674
Net position:		
Net investment in capital assets	36,530	35,352
Restricted	9,618	8,160
Unrestricted	(3,879)	(3,161)
Total net position	\$ 42,269	40,351

Net position of Jasper County's governmental activities increased 4.8% (approximately \$40,351,000 to approximately \$42,269,000). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

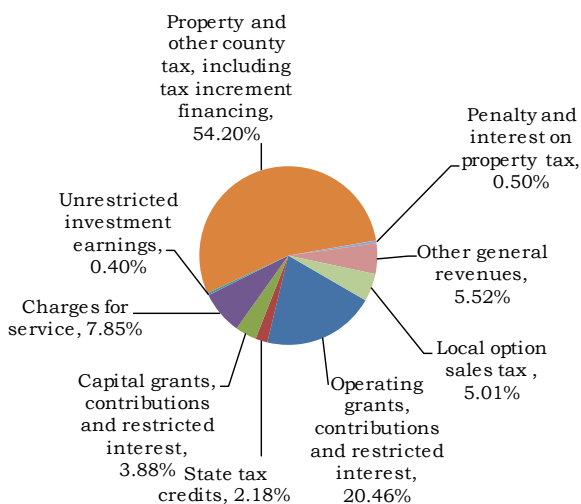
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$1,458,000, or 17.9%, over the prior year. The increase is primarily due to an increase in mental health funds held at year end.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately (\$3,161,000) at June 30, 2012 to approximately (\$3,879,000) at the end of this year, a decrease of 22.7%. The unrestricted net position deficit balance is a result of the County issuing general obligation bonds and notes for capital assets not owned by the County.

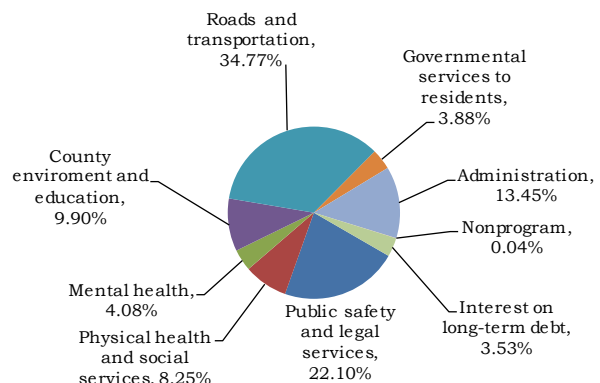
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2013	2012
Revenues:		
Program revenues:		
Charges for service	\$ 1,970	1,774
Operating grants, contributions and restricted interest	5,135	6,472
Capital grants, contributions and restricted interest	974	2,910
General revenues:		
Property and other county tax, including tax increment financing	13,606	13,814
Penalty and interest on property tax	126	125
State tax credits	547	486
Local option sales tax	1,257	1,258
Unrestricted investment earnings	101	122
Other general revenues	1,385	177
Total revenues	25,101	27,138
Program expenses:		
Public safety and legal services	5,123	5,015
Physical health and social services	1,912	1,720
Mental health	947	4,347
County environment and education	2,295	1,609
Roads and transportation	8,061	8,290
Governmental services to residents	899	967
Administration	3,118	2,872
Nonprogram	10	16
Interest on long-term debt	818	682
Total expenses	23,183	25,518
Increase in net position	1,918	1,620
Net position beginning of year	40,351	38,731
Net position end of year	\$ 42,269	40,351

Revenues by Source



Expenses by Function



Jasper County's net position of governmental activities increased approximately \$1,918,000 during the year. Revenues for governmental activities decreased approximately \$2,037,000 from the prior year. Capital grants, contributions and restricted interest decreased approximately \$1,936,000, or 66.5%, due to fewer farm-to-market projects contributed to the County by the Iowa Department of Transportation (DOT) in the current fiscal year. This decrease was partially offset by the contribution of an Armory building to the County valued at \$475,000. Operating grants, contributions and restricted interest decreased approximately \$1,337,000, or 20.7%, from the prior year, due primarily to a decrease in state funding due to the change in the State's method for paying Medicaid reimbursed services. Other general revenues increased approximately \$1,208,000 over the prior year, primarily the result of a \$1,230,901 gain on the disposition of capital assets, including ten fully depreciated motor graders for which the County received \$128,000 of trade-in value for each.

The County decreased property tax rates for fiscal year 2013 an average of 5.6%. This decrease, combined with increases in taxable valuations, decreased the County's property tax revenue approximately \$208,000 in fiscal year 2013.

The cost of all governmental activities this year was approximately \$23.2 million compared to approximately \$25.5 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$15.1 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,970,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$6,109,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2013 from approximately \$11,156,000 to approximately \$8,079,000, primarily due to fewer farm-to-market road projects contributed to the County by the Iowa DOT and the change in the State's method of paying for Medicaid reimbursed services. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jasper County completed the year, its governmental funds reported a combined fund balance of approximately \$14.7 million, an increase of approximately \$2,435,000 from last year's total of approximately \$12.3 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$761,000, primarily due to a decrease in property tax. Expenditures remained consistent when compared to the prior year, increasing approximately \$279,000, or 2.5%. The ending fund balance decreased approximately \$595,000 from the prior year to \$4,453,333.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$941,390, a decrease of approximately \$3,404,000, or 78.3%, from the prior year. This decrease was due to a change in the State's method for paying for Medicaid reimbursed services. Revenues decreased approximately \$1,296,000, or 38.4%. The Special Revenue, Mental Health Fund balance increased approximately \$1,137,000 during the year to \$2,161,002.
- Special Revenue, Rural Services Fund revenues increased approximately \$285,000, or 12.6%, over the prior year, primarily due to an increase in property tax. Expenditures remained consistent when compared to the prior year. The ending fund balance increased approximately \$160,000 over the prior year to \$1,155,932.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$716,000, or 15.9%, over the prior year, primarily due to the County receiving FEMA funding for current and prior disasters. Expenditures increased approximately \$310,000, or 4.6%, over the prior year. The fund balance at June 30, 2013 was \$3,002,926 compared to the prior year ending fund balance of \$2,576,159, an increase of \$426,767.

- Debt Service Fund revenues remained consistent when compared to the prior year. During the year ended June 30, 2013, the County issued \$1,690,000 of general obligation capital loan notes for an advance refunding. The proceeds of the issuance were placed in an escrow account to provide for future refunding of the County's 2005 general obligation bonds. Expenditures decreased \$2,044,946, primarily due to \$1,942,000 of debt refundings in the prior year. At year end, the fund balance was \$1,938,685 compared to the prior year ending fund balance of \$259,172.
- During the year ended June 30, 2013, the Capital Projects Fund revenues increased approximately \$235,000 due to FEMA reimbursements for the Chichaqua bike trail. Expenditures decreased approximately \$1,333,000 as a result of the heating and cooling system improvements made during the previous fiscal year. At June 30, 2013, the balance of the Capital Projects Fund was (\$159,174).

BUDGETARY HIGHLIGHTS

Over the course of the year, Jasper County amended its budget three times. The first amendment was made in December 2012 and resulted in an increase in budgeted disbursements for the capital projects function for anticipated FEMA project disbursements. The second amendment was made in April 2013. This amendment resulted in a decrease in budgeted disbursements for the mental health function and increased disbursements for the capital projects function. The third amendment was made in June 2013 and resulted in increases in budgeted receipts for additional local option sales tax and FEMA receipts. The third amendment also increased budgeted disbursements for FEMA repairs, county road maintenance, maintenance of buildings and grounds and to reflect pass-through grants.

The County's receipts were \$776,363 less than budgeted, a difference of 3.2%.

Total disbursements were \$1,831,430 less than the amended budget. Actual disbursements for the roads and transportation, mental health and public safety and legal services functions were \$933,932, \$535,643 and \$346,635, respectively, less than budgeted, primarily due to costs being less than anticipated.

Even with the budget amendments, the County exceeded the amounts budgeted in the county environment and education, debt service and capital projects functions for the year ended June 30, 2013.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, Jasper County had approximately \$45.3 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$815,000, or 1.8%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2013	2012
Land	\$ 1,193	1,003
Construction in progress	-	1,397
Buildings and improvements	10,935	9,331
Equipment and vehicles	3,843	2,270
Infrastructure	29,346	30,501
Total	\$ 45,317	44,502

The County had depreciation expense of \$3,006,655 in fiscal year 2013 and total accumulated depreciation of \$27,299,616 at June 30, 2013. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

Jasper County had general obligation bonds and capital loan notes outstanding at June 30, 2013 and June 30, 2012, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2013	2012
General obligation bonds and capital loan notes	\$ 16,100	15,500

The County carries a general obligation bond rating of Aa2 assigned by national rating agencies to the County's debt. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Jasper County's outstanding general obligation debt of \$16.1 million is significantly below its constitutional debt limit of approximately \$128 million.

On May 15, 2013, the County issued \$1,690,000 of general obligation refunding capital loan notes for a crossover advance refunding of \$1,630,000 of the outstanding general obligation bonds, Series 2005 which will be called for payment on June 1, 2014.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Jasper County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates and fees charged for various County activities. In an ongoing effort to maintain County services, the Jasper County Board of Supervisors is committed to limiting expenditure increases, using excess fund balances and reducing funding to non-mandated programs to provide essential services for the citizens of Jasper County.

The Jasper County Board of Supervisors has stated it is determined to use all of the one cent Local Option Sales and Services Tax (LOSST) funds for property tax relief. Therefore, in the fiscal year 2014 budget, all of the LOSST money estimated to be received in fiscal year 2014 (approximately \$900,000) was used to offset a property tax increase in fiscal year 2014.

Amounts available for appropriation in the operating budget are approximately \$22,625,000, a 7.7% decrease from the final fiscal year 2013 budget. Budgeted disbursements increased approximately \$964,000 from the final fiscal year 2013 budget, primarily in the capital projects function. The County has added no major new programs or initiatives to the fiscal year 2014 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease 36.0% by the close of fiscal year 2014.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Jasper County

Basic Financial Statements

Exhibit A

Jasper County
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 13,134,140
U. S. Treasury securities on deposit with escrow agent	1,640,540
Receivables:	
Property tax:	
Delinquent	23,219
Succeeding year	12,648,000
Succeeding year tax increment financing	1,067,000
Interest and penalty on property tax	83,785
Accounts	25,200
Accrued interest	254
Special assessments	16,382
Due from other governments	958,351
Inventories	360,066
Prepaid expense	81,857
Capital assets, net of accumulated depreciation	45,316,920
Total assets	<u>75,355,714</u>
Liabilities	
Accounts payable	908,802
Accrued interest payable	39,643
Salaries and benefits payable	358,375
Due to other governments	27,009
Deferred revenue:	
Succeeding year property tax	12,648,000
Succeeding year tax increment financing	1,067,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	150,000
General obligation bonds	1,515,000
Compensated absences	490,606
Portion due or payable after one year:	
General obligation capital loan notes	1,990,000
General obligation bonds	12,445,000
Compensated absences	1,197,801
Net OPEB liability	249,600
Total liabilities	<u>33,086,836</u>
Net Position	
Net investment in capital assets	36,530,450
Restricted for:	
Nonexpendable:	
Permanent Fund	12,000
Expendable:	
Supplemental levy purposes	1,688,726
Mental health purposes	2,127,368
Rural services purposes	1,122,492
Secondary roads purposes	2,138,919
Local option sales tax purposes	1,460,355
Conservation land acquisition	129,098
Debt service	210,358
Other purposes	728,511
Unrestricted	(3,879,399)
Total net position	<u>\$ 42,268,878</u>

See notes to financial statements.

Jasper County
Statement of Activities
Year ended June 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 5,122,631	391,066	29,851	-	(4,701,714)
Physical health and social services	1,911,539	358,919	345,473	-	(1,207,147)
Mental health	947,557	2,284	70,081	-	(875,192)
County environment and education	2,295,261	60,927	322,220	-	(1,912,114)
Roads and transportation	8,060,801	234,404	4,217,787	498,930	(3,109,680)
Governmental services to residents	899,332	656,083	85	-	(243,164)
Administration	3,118,126	183,055	15,897	475,000	(2,444,174)
Non-program	9,961	83,050	-	-	73,089
Interest on long-term debt	818,088	-	133,253	-	(684,835)
Total	\$ 23,183,296	1,969,788	5,134,647	973,930	(15,104,931)
General Revenues:					
Property and other county tax levied for:					
General purposes					11,789,165
Debt service					771,125
Tax incremental financing					1,045,731
Penalty and interest on property tax					126,306
State tax credits					546,750
Local option sales and services tax					1,257,023
Unrestricted investment earnings					101,632
Gain on disposition of capital assets					1,230,901
Miscellaneous					153,704
Total general revenues					17,022,337
Change in net position					1,917,406
Net position beginning of year					40,351,472
Net position end of year					\$ 42,268,878
See notes to financial statements.					

Jasper County
Balance Sheet
Governmental Funds

June 30, 2013

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 4,515,978	2,218,807	1,174,365	2,972,150
U. S. Treasury securities on deposit with escrow agent	-	-	-	-
Receivables:				
Property tax:				
Delinquent	13,920	3,571	3,966	-
Succeeding year	8,860,000	495,000	2,473,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	83,785	-	-	-
Accounts	1,113	-	2,290	21,797
Accrued interest	254	-	-	-
Special assessments	-	-	-	16,382
Due from other funds	150,159	-	-	-
Due from other governments	98,643	8,259	-	548,618
Inventories	-	-	-	360,066
Prepaid expenditures	81,857	-	-	-
Total assets	\$ 13,805,709	2,725,637	3,653,621	3,919,013
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 136,297	63,115	3,832	705,275
Salaries and benefits payable	255,337	2,944	4,305	95,789
Due to other funds	-	-	-	-
Due to other governments	3,038	5	12,586	2,598
Deferred revenue:				
Succeeding year property tax	8,860,000	495,000	2,473,000	-
Succeeding year tax increment financing	-	-	-	-
Other	97,704	3,571	3,966	112,425
Total liabilities	9,352,376	564,635	2,497,689	916,087
Fund balances:				
Nonspendable:				
Inventories	-	-	-	360,066
Prepaid expenditures	81,857	-	-	-
Dental care	-	-	-	-
Restricted for:				
Supplemental levy purposes	1,749,385	-	-	-
Mental health purposes	-	2,161,002	-	-
Rural services purposes	-	-	1,155,932	-
Secondary roads purposes	-	-	-	2,642,860
Local option sales tax purposes	-	-	-	-
Conservation land acquisition	129,098	-	-	-
Debt service	-	-	-	-
Other purposes	44,683	-	-	-
Unassigned	2,448,310	-	-	-
Total fund balances	4,453,333	2,161,002	1,155,932	3,002,926
Total liabilities and fund balances	\$ 13,805,709	2,725,637	3,653,621	3,919,013

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
298,145	-	1,954,695	13,134,140
1,640,540	-	-	1,640,540
1,316	-	446	23,219
820,000	-	-	12,648,000
-	-	1,067,000	1,067,000
-	-	-	83,785
-	-	-	25,200
-	-	-	254
-	-	-	16,382
-	-	-	150,159
-	101,739	201,092	958,351
-	-	-	360,066
-	-	-	81,857
2,760,001	101,739	3,223,233	30,188,953

-	233	50	908,802
-	-	-	358,375
-	150,159	-	150,159
-	8,782	-	27,009
820,000	-	-	12,648,000
-	-	1,067,000	1,067,000
1,316	101,739	446	321,167
821,316	260,913	1,067,496	15,480,512

-	-	-	360,066
-	-	-	81,857
-	-	12,000	12,000
-	-	-	1,749,385
-	-	-	2,161,002
-	-	-	1,155,932
-	-	-	2,642,860
-	-	1,460,355	1,460,355
-	-	-	129,098
1,938,685	-	-	1,938,685
-	-	683,382	728,065
-	(159,174)	-	2,289,136
1,938,685	(159,174)	2,155,737	14,708,441
2,760,001	101,739	3,223,233	30,188,953

Jasper County

Jasper County
 Reconciliation of the Balance Sheet -
 Governmental Funds to the Statement of Net Position
 June 30, 2013

Total governmental fund balances (page 21)	\$ 14,708,441
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$72,616,536 and the accumulated depreciation is \$27,299,616.	45,316,920
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.	321,167
Long-term liabilities, including general obligation capital loan notes payable, general obligation bonds payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(18,077,650)
Net position of governmental activities (page 18)	<u>\$ 42,268,878</u>

See notes to financial statements.

Jasper County

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

Year ended June 30, 2013

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 7,480,221	1,918,620	2,391,998	-
Tax increment financing	-	-	-	-
Local option sales and services tax	-	-	-	-
Interest and penalty on property tax	118,511	-	-	-
Intergovernmental	1,062,590	158,209	113,053	4,981,338
Licenses and permits	20,252	-	48,335	27,792
Charges for service	1,012,543	131	425	7,849
Use of money and property	179,247	-	-	-
Miscellaneous	392,836	1,843	-	214,780
Total revenues	10,266,200	2,078,803	2,553,811	5,231,759
Expenditures:				
Operating:				
Public safety and legal services	4,869,541	-	-	-
Physical health and social services	1,871,986	-	-	-
Mental health	-	941,390	-	-
County environment and education	874,834	-	442,828	-
Roads and transportation	-	-	-	6,602,333
Governmental services to residents	915,088	-	-	-
Administration	2,932,974	-	-	-
Non-program	6,883	-	-	-
Debt service	-	-	-	-
Capital projects	7,983	-	-	387,564
Total expenditures	11,479,289	941,390	442,828	6,989,897
Excess (deficiency) of revenues over (under) expenditures	(1,213,089)	1,137,413	2,110,983	(1,758,138)
Other financing sources (uses):				
General obligation refunding bonds issued	-	-	-	-
Discount on general obligation refunding bonds issued	-	-	-	-
Sale of capital assets	5,650	-	-	7,315
Operating transfers in	874,669	-	385,661	2,599,315
Operating transfers out	(262,185)	-	(2,337,130)	(421,725)
Total other financing sources (uses)	618,134	-	(1,951,469)	2,184,905
Change in fund balances	(594,955)	1,137,413	159,514	426,767
Fund balances beginning of year	5,048,288	1,023,589	996,418	2,576,159
Fund balances end of year	\$ 4,453,333	2,161,002	1,155,932	3,002,926

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
771,247	-	-	12,562,086
-	-	1,045,731	1,045,731
-	-	1,257,023	1,257,023
-	-	-	118,511
163,545	254,288	23,292	6,756,315
-	-	-	96,379
-	-	7,613	1,028,561
1,082	209	945	181,483
-	-	34,905	644,364
935,874	254,497	2,369,509	23,690,453
-	-	29,211	4,898,752
-	-	-	1,871,986
-	-	-	941,390
-	-	512,820	1,830,482
-	-	-	6,602,333
-	-	-	915,088
-	-	17,158	2,950,132
-	-	2,463	9,346
1,915,330	-	-	1,915,330
-	594,951	24,735	1,015,233
1,915,330	594,951	586,387	22,950,072
(979,456)	(340,454)	1,783,122	740,381
1,690,000	-	-	1,690,000
(8,316)	-	-	(8,316)
-	-	-	12,965
977,285	-	-	4,836,930
-	-	(1,815,890)	(4,836,930)
2,658,969	-	(1,815,890)	1,694,649
1,679,513	(340,454)	(32,768)	2,435,030
259,172	181,280	2,188,505	12,273,411
1,938,685	(159,174)	2,155,737	14,708,441

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, 2013

Change in fund balances - Total governmental funds (page 25) \$ 2,435,030

**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. Depreciation expense exceeded capital outlay expenditures and contributed capital assets in the current year, as follows:

Expenditures for capital assets	\$ 1,958,345	
Capital assets contributed by the Iowa Department of Transportation and others	645,726	
Depreciation expense	<u>(3,006,655)</u>	(402,584)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 1,217,936

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

Property tax	(1,796)	
Other	<u>(660,232)</u>	(662,028)

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

Issued	(1,690,000)	
Repaid	<u>1,090,000</u>	(600,000)

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

Compensated absences	(26,806)	
Other postemployment benefits	(59,700)	
Interest on long-term debt	<u>15,558</u>	<u>(70,948)</u>

Change in net position of governmental activities (page 19) \$ 1,917,406

See notes to financial statements.

Jasper County
Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2013

	Other Employee Benefit Trust	Private Purpose Trust	Agency
Assets			
Cash and pooled investments:			
County Treasurer	\$ 113,059	48,953	2,365,440
Other County officials	-	-	53,276
Receivables:			
Property tax:			
Delinquent	-	-	61,984
Succeeding year	-	-	34,514,000
Special assessments	-	-	84,402
Accounts	-	-	25,722
Due from other governments	-	-	55,315
Total assets	113,059	48,953	37,160,139
Liabilities			
Accounts payable	-	-	56,049
Salaries and benefits payable	-	-	15,004
Due to other governments	-	-	36,736,292
Trusts payable	-	-	227,601
Compensated absences	-	-	125,193
Total liabilities	-	-	37,160,139
Net position			
Held in trust for employee benefits and others	\$ 113,059	48,953	-

See notes to financial statements.

Jasper County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30, 2013

	Other Employee Benefit Trust	Private Purpose Trust
Additions:		
Donations and contributions	\$ 52,005	-
Interest on investments	-	231
Total additions	<u>52,005</u>	<u>231</u>
Deductions:		
Distributions to participants	<u>58,990</u>	<u>776</u>
Change in net position held in trust	(6,985)	(545)
Net position beginning of year	<u>120,044</u>	<u>49,498</u>
Net position end of year	<u>\$ 113,059</u>	<u>48,953</u>

See notes to financial statements.

Jasper County

Notes to Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

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

Restricted net position:

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

Expendable – Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following fiduciary funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for

the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2012.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds have not been paid or received as of June 30, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave in excess of 1,440 hours will be paid at the last rate of pay to an employee upon retirement. Upon retirement, employees may elect to convert up to 720 hours of accumulated sick leave to cash to be accounted for in the Fiduciary, Employee Benefit Trust Fund and used for continued health care coverage. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences

liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the county environment and education, debt service and capital projects functions. Also, disbursements in certain departments exceeded the amounts appropriated.

(2) **Cash and Pooled Investments**

The County's deposits in banks at June 30, 2013 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.

At June 30, 2013, an escrow agent held U.S. Treasury notes for the County with a carrying amount and fair value of \$1,640,540 which mature December 1, 2013 through June 1, 2014.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Local Option Sales and Services Tax	<u>\$ 874,669</u>
Special Revenue: Rural Services	Special Revenue: Local Option Sales and Services Tax	<u>385,661</u>
Secondary Roads	General	262,185
	Special Revenue: Rural Services	<u>2,337,130</u>
		<u>2,599,315</u>
Debt Service	Special Revenue: Secondary Roads	421,725
	Tax Increment Financing	<u>555,560</u>
		<u>977,285</u>
Total		<u>\$4,836,930</u>

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

(4) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Projects	<u>\$ 150,159</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,002,771	190,000	-	1,192,771
Construction in progress	1,396,727	726,948	2,123,675	-
Total capital assets not being depreciated	<u>2,399,498</u>	<u>916,948</u>	<u>2,123,675</u>	<u>1,192,771</u>
Capital assets being depreciated:				
Buildings	10,253,875	475,000	-	10,728,875
Improvements other than buildings	1,036,542	1,456,554	-	2,493,096
Machinery, equipment and vehicles	8,734,663	2,330,817	2,074,808	8,990,672
Infrastructure	48,372,845	838,277	-	49,211,122
Total capital assets being depreciated	<u>68,397,925</u>	<u>5,100,648</u>	<u>2,074,808</u>	<u>71,423,765</u>
Less accumulated depreciation for:				
Buildings	1,827,432	219,421	-	2,046,853
Improvements other than buildings	131,897	107,919	-	239,816
Machinery, equipment and vehicles	6,464,414	686,102	2,002,894	5,147,622
Infrastructure	17,872,112	1,993,213	-	19,865,325
Total accumulated depreciation	<u>26,295,855</u>	<u>3,006,655</u>	<u>2,002,894</u>	<u>27,299,616</u>
Total capital assets being depreciated, net	<u>42,102,070</u>	<u>2,093,993</u>	<u>71,914</u>	<u>44,124,149</u>
Governmental activities capital assets, net	<u>\$44,501,568</u>	<u>3,010,941</u>	<u>2,195,589</u>	<u>45,316,920</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 256,486
Physical health and social services	18,027
County environment and education	65,252
Roads and transportation	2,496,352
Governmental services to residents	5,549
Administration	<u>164,989</u>
Total depreciation expense - governmental activities	<u>\$ 3,006,655</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2013 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	<u>\$ 3,038</u>
Special Revenue:		
Mental Health	Services	5
Rural Services		12,586
Secondary Roads		2,598
Capital Projects		<u>8,782</u>
		<u>23,971</u>
Total for governmental funds		<u>\$ 27,009</u>
Agency:		
County Assessor	Collections	\$ 966,729
Schools		20,024,745
Community Colleges		1,003,400
Corporations		9,096,397
Auto License and Use Tax		743,497
All other		<u>4,901,524</u>
Total for agency funds		<u>\$ 36,736,292</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	<u>General</u>	<u>General</u>	<u>Compen-</u>	<u>Net</u>	
	<u>Obligation</u>	<u>Obligation</u>	<u>sated</u>	<u>OPEB</u>	
	<u>Capital Loan</u>	<u>Obligation</u>	<u>ences</u>	<u>Liability</u>	<u>Total</u>
	<u>Notes</u>	<u>Bonds</u>	<u>Absences</u>		
Balance beginning of year	\$ 600,000	14,900,000	1,661,601	189,900	17,351,501
Increases	1,690,000	-	566,917	92,300	2,349,217
Decreases	150,000	940,000	540,111	32,600	1,662,711
Balance end of year	<u>\$ 2,140,000</u>	<u>13,960,000</u>	<u>1,688,407</u>	<u>249,600</u>	<u>18,038,007</u>
Due within one year	<u>\$ 150,000</u>	<u>1,515,000</u>	<u>490,606</u>	<u>-</u>	<u>2,155,606</u>

General Obligation Capital Loan Notes

A summary of the County's June 30, 2013 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Public Building Improvements Issued April 4, 2011			Refunding Issued May 15, 2013		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2014	2.85%	\$ 150,000	13,003	0.30%	\$ -	12,596
2015	2.85	150,000	8,669	0.40	605,000	12,060
2016	2.85	150,000	4,346	0.40	130,000	10,245
2017			-	0.50	135,000	9,725
2018			-	0.70	135,000	9,050
2019-2023			-	0.9-1.45	685,000	26,485
Total		\$ 450,000	26,018		\$ 1,690,000	80,161

Year Ending June 30,	Total		
	Principal	Interest	Total
2014	\$ 150,000	25,599	175,599
2015	755,000	20,729	775,729
2016	280,000	14,591	294,591
2017	135,000	9,725	144,725
2018	135,000	9,050	144,050
2019-2023	685,000	26,485	711,485
Total	\$2,140,000	106,179	2,246,179

During the year ended June 30, 2013, principal payments of \$150,000 were made by the County on the general obligation capital loan notes.

On May 15, 2013, the County issued \$1,690,000 of general obligation refunding capital loan notes with interest rates ranging from 0.30% to 1.45% for a crossover advance refunding of \$1,630,000 of the outstanding general obligation bonds, Series 2005, dated March 1, 2005. For the crossover advance refunding, the County entered into an escrow agreement whereby the proceeds from the general obligation refunding capital loan notes were converted into U.S. government securities. These securities were placed with an escrow agent for the purpose of generating resources to pay interest falling due on the Series 2013 notes to and including June 1, 2014 and to prepay the principal amount of the Series 2005 bonds called for redemption on June 1, 2014. As a result, both the assets of the escrow fund held with the escrow agent and the liabilities of the refunding bonds will be reflected in the financial statements until the crossover date of June 1, 2014, the date of defeasance of the Series 2005 bonds. The County refunded the Series 2005 bonds to reduce its total debt service payments by approximately \$122,000 and to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of approximately \$119,000.

General Obligation Bonds

A summary of the County's June 30, 2013 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Law Enforcement Center and Road Improvements			Urban Renewal		
	Issued Mar 1, 2005			Issued Nov 1, 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2014	3.75%	\$ 585,000	82,225	5.00%	\$ 240,000	263,842
2015	3.40	600,000	60,287	5.10	250,000	251,842
2016	3.60	115,000	39,887	5.20	265,000	239,092
2017	3.70	120,000	35,747	5.28	275,000	225,312
2018	3.75	125,000	31,308	5.33	295,000	210,793
2019-2023	3.85-4.05	670,000	82,446	5.38-5.55	1,730,000	798,364
2024-2027		-	-	5.63-5.75	1,770,000	259,576
Total		<u>\$2,215,000</u>	<u>331,900</u>		<u>\$4,825,000</u>	<u>2,248,821</u>

Year Ending June 30,	Courthouse Improvement and Refunding			Refunding		
	Issued Jan 10, 2012			Issued Jan 10, 2012		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2014	0.50%	\$ 135,000	34,370	1.00%	\$ 185,000	8,425
2015	0.70	135,000	33,695	1.30	65,000	6,575
2016	0.95	255,000	32,750	1.70	65,000	5,730
2017	1.15	305,000	30,327	2.00	65,000	4,625
2018	1.40	300,000	26,820	2.25	70,000	3,325
2019-2023	1.60-2.15	1,200,000	57,020	2.50	70,000	1,750
2024-2027		-	-		-	-
Total		<u>\$2,330,000</u>	<u>214,982</u>		<u>\$ 520,000</u>	<u>30,430</u>

Year Ending June 30,	Refunding			Total		
	Issued Jan 10, 2012					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2014	0.50%	\$ 370,000	60,688	1,515,000	449,550	1,964,550
2015	0.70	380,000	58,837	1,430,000	411,236	1,841,236
2016	0.95	385,000	56,178	1,085,000	373,637	1,458,637
2017	1.15	390,000	52,520	1,155,000	348,531	1,503,531
2018	1.40	400,000	48,035	1,190,000	320,281	1,510,281
2019-2023	1.60-2.15	2,145,000	136,285	5,815,000	1,075,865	6,890,865
2024-2027		-	-	1,770,000	259,576	2,029,576
Total		<u>\$4,070,000</u>	<u>412,543</u>	<u>13,960,000</u>	<u>3,238,676</u>	<u>17,198,676</u>

During the year ended June 30, 2013, principal payments of \$940,000 were made by the County on the general obligation bonds.

(8) Private Redevelopment Agreements

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

The County also entered into an employer incentive agreement with TPI and the City of Newton. Pursuant to an amended agreement, TPI agreed to employ at least 500 full-time employees (FTEs) until at least December 31, 2012. The County provided \$600,000 of bond proceeds to satisfy the local match requirements associated with an Iowa Economic Development Authority grant of \$2,000,000 awarded to TPI. Also, if TPI maintained the FTEs required during calendar year 2011, TPI would receive tax rebate payments funded from the tax increment revenues generated from the improvements for calendar years 2013 through 2017. TPI has met this requirement. During the year ended June 30, 2013, the County paid \$512,820 under this agreement.

In consideration for the County including the City of Newton's share of the required local match in the series 2007B general obligation bond, the City of Newton agreed to pay the County one half of the interest payments due on the bonds during fiscal year 2010 through fiscal year 2013. During the year ended June 30, 2013, the City paid the County \$132,171 for interest and other bond fees.

(9) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.78% of their annual covered salary and the County is required to contribute 8.67% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$732,488, \$685,077 and \$597,413, respectively, equal to the required contributions for each year.

(10) Other Postemployment Benefits (OPEB)

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

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

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

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

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 92,000
Interest on net OPEB obligation	7,600
Adjustment to annual required contribution	<u>(7,300)</u>
Annual OPEB cost	92,300
Contributions made	<u>(32,600)</u>
Increase in net OPEB obligation	59,700
Net OPEB obligation beginning of year	<u>189,900</u>
Net OPEB obligation end of year	<u>\$ 249,600</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the County contributed \$32,600 to the health plan. Plan members eligible for benefits contributed \$58,991, or 64% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 88,733	94.9%	\$ 127,425
2012	92,075	32.1%	189,900
2013	92,300	35.3%	249,600

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was approximately \$777,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$777,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$7,825,000 and the ratio of the UAAL to covered payroll was 9.9%. As of June 30, 2013, there were no trust fund assets.

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

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

As of the July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

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

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

(11) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2013 were \$194,695.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by The Lexington Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2013, no liability has been recorded in the County's financial statements. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

(12) Voluntary Termination Benefit Program

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

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

All program benefits are financed on a pay-as-you-go basis by the County. The County accounts for retiree activity in the Fiduciary, Other Employee Benefit Trust Fund. Amounts due for the program have been included in and reported as compensated absences on the government-wide financial statement. The liability for expected future health insurance benefits under this program at June 30, 2013 is \$1,124,314.

For the year ended June 30, 2013, thirteen employees participated and received benefits totaling \$58,990 under the program. The County contributed \$52,005 to the fund for current year retirees under the program.

(13) Lessor Operating Leases

The County leases two parcels of land, a piece of farm ground and a pasture. The following is a schedule by year of minimum future rentals on these operating leases as of June 30, 2013:

<u>Year ending June 30,</u>	<u>Amount</u>
2014	<u>\$ 41,525</u>

(14) Pending Litigation

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

(15) Deficit Fund Balances

The Capital Projects Fund had a deficit fund balance of \$159,174 at June 30, 2013. The deficit balance will be eliminated through transfers from other funds.

(16) Jasper County Community Empowerment Area Board

The County is the fiscal agent for the Jasper County Community Empowerment Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the Area Board. The Area Board's financial data for the year ended June 30, 2013 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early childhood	\$ 66,375	-	66,375
Family support and parent education	-	127,239	127,239
Preschool support for low-income families	-	55,839	55,839
Quality improvement	-	39,045	39,045
Allocation for administration	3,493	7,272	10,765
Other grant programs	-	13,215	13,215
Total state grants	69,868	242,610	312,478
Interest on investments	109	387	496
Total revenues	69,977	242,997	312,974
Expenditures:			
Program services:			
Early childhood	67,867	-	67,867
Family support and parent education	-	126,578	126,578
Preschool support for low income families	-	51,253	51,253
Quality improvement	-	34,486	34,486
Other program services	1,000	11,221	12,221
Total program services	68,867	223,538	292,405
Administration	3,869	7,947	11,816
Total expenditures	72,736	231,485	304,221
Change in fund balance	(2,759)	11,512	8,753
Fund balance beginning of year	6,015	34,685	40,700
Fund balance end of year	\$ 3,256	46,197	49,453

Findings related to the operations of the Area Board are included as items II-A-13, II-E-13, II-F-13, IV-J-13 and IV-K-13 in the Schedule of Findings and Questioned Costs.

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, 2013

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 14,867,083	-	14,867,083
Interest and penalty on property tax	118,511	-	118,511
Intergovernmental	6,747,467	-	6,747,467
Licenses and permits	90,973	-	90,973
Charges for service	1,028,473	-	1,028,473
Use of money and property	175,413	-	175,413
Miscellaneous	569,286	-	569,286
Total receipts	<u>23,597,206</u>	<u>-</u>	<u>23,597,206</u>
Disbursements:			
Public safety and legal services	4,921,972	-	4,921,972
Physical health and social services	1,870,475	-	1,870,475
Mental health	1,525,325	-	1,525,325
County environment and education	1,835,656	-	1,835,656
Roads and transportation	6,082,228	-	6,082,228
Governmental services to residents	919,728	-	919,728
Administration	2,918,078	-	2,918,078
Non-program	6,882	2,463	4,419
Debt service	1,915,330	-	1,915,330
Capital projects	1,283,033	-	1,283,033
Total disbursements	<u>23,278,707</u>	<u>2,463</u>	<u>23,276,244</u>
Excess (deficiency) of receipts over (under) disbursements	318,499	(2,463)	320,962
Other financing sources, net	<u>1,704,455</u>	<u>-</u>	<u>1,704,455</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,022,954	(2,463)	2,025,417
Balance beginning of year	<u>12,751,726</u>	<u>60,347</u>	<u>12,691,379</u>
Balance end of year	<u>\$ 14,774,680</u>	<u>57,884</u>	<u>14,716,796</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
14,667,986	14,926,686	(59,603)
100,000	100,000	18,511
7,064,854	7,624,752	(877,285)
62,500	68,765	22,208
796,703	797,052	231,421
218,900	218,900	(43,487)
606,400	637,414	(68,128)
23,517,343	24,373,569	(776,363)
5,240,269	5,268,607	346,635
1,596,308	2,114,693	244,218
4,999,314	2,060,968	535,643
1,408,204	1,454,857	(380,799)
6,638,780	7,016,160	933,932
1,004,057	1,054,018	134,290
3,173,203	3,174,577	256,499
30,500	30,500	26,081
1,902,280	1,721,463	(193,867)
500,377	1,211,831	(71,202)
26,493,292	25,107,674	1,831,430
(2,975,949)	(734,105)	1,055,067
695,000	695,000	1,009,455
(2,280,949)	(39,105)	2,064,522
9,192,226	9,192,226	3,499,153
6,911,277	9,153,121	5,563,675

Jasper County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2013

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 23,597,206	93,247	23,690,453
Expenditures	23,278,707	(328,635)	22,950,072
Net	318,499	421,882	740,381
Other financing sources, net	1,704,455	(9,806)	1,694,649
Beginning fund balances	12,751,726	(478,315)	12,273,411
Ending fund balances	\$ 14,774,680	(66,239)	14,708,441

See accompanying independent auditor's report.

Jasper County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2013

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments decreased budgeted disbursements by \$1,385,618. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the county environment and education, debt service and capital projects functions. Also, disbursements in certain departments exceeded the amounts appropriated.

Jasper County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 688	688	0.00%	\$ 8,083	8.50%
2010	Jul 1, 2008	-	688	688	0.00	7,876	8.70
2011	Jul 1, 2008	-	688	688	0.00	7,967	8.60
2012	Jul 1, 2011	-	777	777	0.00	7,825	9.90
2013	Jul 1, 2011	-	777	777	0.00	7,825	9.90

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

See accompanying independent auditor's report.

Supplementary Information

Jasper County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2013

	Special Revenue			
	County Recorder's Records Management	Resource Enhancement and Protection	Local Option Sales and Services Tax	Drainage Districts
Assets				
Cash and pooled investments	\$ 29,383	179,252	1,259,263	57,884
Receivables:				
Delinquent property tax	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Due from other governments	-	-	201,092	-
Total assets	\$ 29,383	179,252	1,460,355	57,884
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	-	-
Deferred revenue:				
Succeeding year tax increment financing	-	-	-	-
Other	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Nonspendable - dental care	-	-	-	-
Restricted for:				
Local option sales tax purposes	-	-	1,460,355	-
Other purposes	29,383	179,252	-	57,884
Total fund balances	29,383	179,252	1,460,355	57,884
Total liabilities and fund balances	\$ 29,383	179,252	1,460,355	57,884

See accompanying independent auditor's report.

Tax Increment Financing	Other	Permanent	Total
227,442	185,260	16,211	1,954,695
446	-	-	446
1,067,000	-	-	1,067,000
-	-	-	201,092
<u>1,294,888</u>	<u>185,260</u>	<u>16,211</u>	<u>3,223,233</u>
-	50	-	50
1,067,000	-	-	1,067,000
446	-	-	446
<u>1,067,446</u>	<u>50</u>	<u>-</u>	<u>1,067,496</u>
-	-	12,000	12,000
-	-	-	1,460,355
227,442	185,210	4,211	683,382
<u>227,442</u>	<u>185,210</u>	<u>-</u>	<u>16,211</u>
<u>1,294,888</u>	<u>185,260</u>	<u>16,211</u>	<u>3,223,233</u>

Jasper County

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

Year ended June 30, 2013

	Special Revenue			
	County Recorder's Records Management	Resource Enhance- ment	Local Option Sales and Services Tax	Drainage Districts
Revenues:				
Tax increment financing	\$ -	-	-	-
Local option sales and services tax	-	-	1,257,023	-
Intergovernmental	-	15,712	-	-
Charges for service	7,613	-	-	-
Use of money and property	85	616	-	-
Miscellaneous	-	-	-	-
Total revenues	7,698	16,328	1,257,023	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	-	-
Administration	-	-	-	-
Non-program	-	-	-	2,463
Capital projects	-	24,735	-	-
Total expenditures	-	24,735	-	2,463
Excess (deficiency) of revenues over (under) expenditures	7,698	(8,407)	1,257,023	(2,463)
Other financing uses:				
Operating transfers out	-	-	(1,260,330)	-
Change in fund balances	7,698	(8,407)	(3,307)	(2,463)
Fund balances beginning of year	21,685	187,659	1,463,662	60,347
Fund balances end of year	\$ 29,383	179,252	1,460,355	57,884

See accompanying independent auditor's report.

Tax Increment Financing	Other	Permanent	Total
1,045,731	-	-	1,045,731
-	-	-	1,257,023
7,580	-	-	23,292
-	-	-	7,613
-	244	-	945
-	34,905	-	34,905
1,053,311	35,149	-	2,369,509
-	29,211	-	29,211
512,820	-	-	512,820
-	17,158	-	17,158
-	-	-	2,463
-	-	-	24,735
512,820	46,369	-	586,387
540,491	(11,220)	-	1,783,122
(555,560)	-	-	(1,815,890)
(15,069)	(11,220)	-	(32,768)
242,511	196,430	16,211	2,188,505
227,442	185,210	16,211	2,155,737

Jasper County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	2,894	566,718	293,612	11,965
Other County officials	53,276	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	393	973	40,133	1,435
Succeeding year	-	206,000	503,000	19,691,000	990,000
Accounts	20,207	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 73,483	209,287	1,070,691	20,024,745	1,003,400
Liabilities					
Accounts payable	\$ -	-	603	-	-
Salaries and benefits payable	-	-	11,348	-	-
Due to other governments	27,409	209,287	966,729	20,024,745	1,003,400
Trusts payable	46,074	-	-	-	-
Compensated absences	-	-	92,011	-	-
Total liabilities	\$ 73,483	209,287	1,070,691	20,024,745	1,003,400

See accompanying independent auditor's report.

Corporations	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
151,479	3,738	16,260	743,497	575,277	2,365,440
-	-	-	-	-	53,276
17,918	651	-	-	481	61,984
8,927,000	354,000	-	-	3,843,000	34,514,000
-	-	-	-	5,515	25,722
-	-	84,402	-	-	84,402
-	-	-	-	55,315	55,315
9,096,397	358,389	100,662	743,497	4,479,588	37,160,139
-	-	-	-	55,446	56,049
-	-	-	-	3,656	15,004
9,096,397	358,389	100,662	743,497	4,205,777	36,736,292
-	-	-	-	181,527	227,601
-	-	-	-	33,182	125,193
9,096,397	358,389	100,662	743,497	4,479,588	37,160,139

Jasper County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 90,667	214,444	977,324	21,461,746	897,370
Additions:					
Property and other county tax	-	206,045	485,424	19,729,808	989,414
E911 surcharge	-	-	-	-	-
State tax credits	-	9,157	41,226	917,213	38,577
Driver's license fees	-	-	-	-	-
Office fees and collections	955,135	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Trusts	791,533	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	1,746,668	215,202	526,650	20,647,021	1,027,991
Deductions:					
Agency remittances:					
To other funds	636,563	-	-	-	-
To other governments	500,212	220,359	433,283	22,084,022	921,961
Trusts paid out	627,077	-	-	-	-
Total deductions	1,763,852	220,359	433,283	22,084,022	921,961
Balances end of year	\$ 73,483	209,287	1,070,691	20,024,745	1,003,400

See accompanying independent auditor's report.

Corporations	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
9,151,926	365,546	366,924	809,115	4,621,064	38,956,126
8,806,294	358,895	-	-	3,680,668	34,256,548
-	-	-	-	261,166	261,166
341,385	17,093	-	-	52,967	1,417,618
-	-	-	187,260	-	187,260
-	-	-	-	7,615	962,750
-	-	-	9,707,118	-	9,707,118
-	-	-	-	778,081	1,569,614
-	-	-	-	557,316	557,316
9,147,679	375,988	-	9,894,378	5,337,813	48,919,390
-	-	-	376,370	-	1,012,933
9,203,208	383,145	266,262	9,583,626	4,659,613	48,255,691
-	-	-	-	819,676	1,446,753
9,203,208	383,145	266,262	9,959,996	5,479,289	50,715,377
9,096,397	358,389	100,662	743,497	4,479,588	37,160,139

Jasper County

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

For the Last Ten Years

	2013	2012	2011	2010
Revenues:				
Property and other county tax	\$ 12,562,086	13,150,092	12,361,664	12,332,220
Tax increment financing	1,045,731	656,972	676,989	592,150
Local option sales and services tax	1,257,023	1,258,294	1,322,175	1,266,740
Interest and penalty on property tax	118,511	112,902	126,863	117,212
Intergovernmental	6,756,315	7,194,041	7,237,209	7,095,801
Licenses and permits	96,379	87,118	66,667	74,724
Charges for service	1,028,561	926,143	981,953	984,163
Use of money and property	181,483	211,185	278,877	298,819
Miscellaneous	644,364	549,034	492,838	572,780
Total	\$ 23,690,453	24,145,781	23,545,235	23,334,609
Expenditures:				
Operating:				
Public safety and legal services	\$ 4,898,752	4,807,315	4,720,013	4,490,429
Physical health and social services	1,871,986	1,656,699	1,763,627	1,879,107
Mental health	941,390	4,345,312	3,626,922	3,309,741
County environment and education	1,830,482	1,325,737	1,326,599	1,234,876
Roads and transportation	6,602,333	6,544,659	5,994,849	5,791,297
Governmental services to residents	915,088	925,388	855,852	938,498
Administration	2,950,132	2,805,074	2,770,982	2,614,877
Non-program	9,346	15,829	8,156	7,279
Debt service	1,915,330	3,960,276	1,828,698	1,833,025
Capital projects	1,015,233	2,217,792	419,411	43,778
Total	\$ 22,950,072	28,604,081	23,315,109	22,142,907

See accompanying independent auditor's report.

Modified Accrual Basis					
2009	2008	2007	2006	2005	2004
12,148,843	11,905,983	11,868,910	11,705,904	10,433,414	8,585,612
419,479	267,768	294,204	238,561	171,439	155,837
1,241,293	1,243,746	1,056,192	-	-	-
124,322	109,752	111,155	106,187	113,364	142,490
8,715,856	7,141,355	7,719,665	7,518,337	7,765,029	7,588,530
72,004	70,816	72,550	104,297	112,586	104,919
1,057,610	990,787	984,919	1,034,993	1,004,702	1,065,016
375,452	556,844	644,635	466,665	265,129	157,559
510,187	579,022	608,518	424,392	413,696	686,770
<u>24,665,046</u>	<u>22,866,073</u>	<u>23,360,748</u>	<u>21,599,336</u>	<u>20,279,359</u>	<u>18,486,733</u>
4,363,202	4,204,230	3,947,911	3,707,359	3,350,867	3,129,432
1,751,652	1,774,103	1,764,524	1,681,600	1,707,344	1,547,630
3,614,092	4,085,414	3,935,254	3,694,993	3,469,165	3,745,451
3,007,680	1,446,616	1,135,184	1,046,555	1,004,377	821,661
5,463,308	5,933,784	4,976,047	4,773,484	5,601,722	6,080,708
867,398	843,578	798,300	1,121,043	822,015	690,879
2,682,493	2,656,102	2,582,618	2,138,150	1,906,315	1,808,403
5,860	38,553	798	6,320	-	-
1,826,464	1,676,997	1,615,440	1,422,630	791,053	330,233
1,329,406	4,948,584	1,238,670	2,065,874	8,642,212	5,416,138
<u>24,911,555</u>	<u>27,607,961</u>	<u>21,994,746</u>	<u>21,658,008</u>	<u>27,295,070</u>	<u>23,570,535</u>

Schedule 6

Jasper County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>\$ 36,356</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C050 (103) - 5F-50	93,423
Highway Planning and Construction	20.205	BROS-C050 (76) - 8J-50	186,081
			<u>279,504</u>
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP-12-410 Task 42	4,876
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP-13-03 Task 178	907
			<u>5,783</u>
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0170-10-01-00	<u>3,174</u>
U.S. Department of Health and Human Services:			
Aging Resources of Central Iowa:			
Aging Cluster:			
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	Title III/ES: Nutrition	105,489
Nutrition Services Incentive Program	93.053	Title III/ES: Nutrition	69,249 *
			<u>174,738</u>
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5882BT50	883
Public Health Emergency Preparedness	93.069	5883BT50	40,680
			<u>41,563</u>

Jasper County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566		167
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		8,397
Foster Care_Title IV-E	93.658		12,661
Adoption Assistance	93.659		3,532
Social Services Block Grant	93.667		11,011
Children's Health Insurance Program	93.767		138
Medical Assistance Program	93.778		36,210
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1930-DR-IA	240,355
Emergency Management Performance Grants	97.042	EMPG-13-PT-50	15,154
Story County:			
Homeland Security Grant Program	97.067	2010-SS-T00031-02	6,607
Total			<u>\$875,350</u>

* Includes \$19,605 of non-cash awards.

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

See accompanying independent auditor's report.

Jasper County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Jasper County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 14, 2014.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-13 and II-B-13 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-13 through II-G-13 to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Jasper County's Responses to the Findings

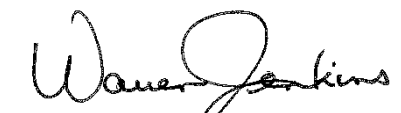
Jasper County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Jasper County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion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

Purpose of this Report

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

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 14, 2014

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

Jasper County



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

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

To the Officials of Jasper County:

Report on Compliance for Each Major Federal Program

We have audited Jasper County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. Jasper County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Jasper County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jasper County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jasper County's compliance.

Opinion on Each Major Federal Program

In our opinion, Jasper County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance


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


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs as items III-A-13 and III-B-13 to be material weaknesses.

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

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 14, 2014

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 20.205 – Highway Planning and Construction.
 - CFDA Number 97.036 – Disaster Grants (Presidentially Declared Disasters).
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Jasper County did not qualify as a low-risk auditee.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-13 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.

Applicable Offices

Treasurer,
Sheriff (Civil),
Recorder,
Environmental Health
and Home Care Aides,
Conservation,
Community Services,
Elderly Nutrition,
Emergency
Management and
E-911

(2) Generally, one individual may have control over listing mail receipts, collecting, depositing, posting, maintaining receivable records and daily reconciling of receipts for which no compensating controls exist. The initial listing is not compared to receipt records by an independent person.

Treasurer (including
Early Childhood Iowa
Funds), Sheriff (Civil
and Jail), Secondary
Roads, Recorder,
Community Services,
Environmental Health
and Home Care Aides,
Conservation, Elderly
Nutrition, Emergency
Management, E-911
and County
Extension Office

In the County Treasurer's Office and the County Recorder's Office, a listing of mail receipts is not prepared.

(3) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.

Treasurer (including
Early Childhood Iowa
Funds), Sheriff (Civil
and Jail), Recorder
Elderly Nutrition and
County Extension
Office

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

- | | |
|--|------------------------|
| (4) The person responsible for the detailed record keeping of investments is also the custodian of the investments. Investments are not periodically inspected or reconciled to investment records by an independent person and an independent verification of interest earnings is not performed. | Treasurer |
| (5) Depositing, reconciling and recording of receipts is done by the custodian of the change funds for which no compensating controls exist. | Treasurer |
| (6) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash receipts. | Sheriff (Jail) |
| (7) Daily cash reconciliations for motor vehicle and driver's licenses are not reviewed and approved by an independent person for propriety. Daily cash reconciliations prepared in the Recorder's Office are not reviewed and approved by an independent person for propriety. | Treasurer and Recorder |
| (8) All individuals in tax, motor vehicle and driver's license have the ability to void receipts in Eden/Arts (DOT system), including individuals who perform daily balancing. No report is maintained or review performed over voided receipts. | Treasurer |

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

Responses –

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

Sheriff – We will continue to review our daily operating procedures. Due to our small staff, we cross-train employees in order to continue these daily operations when employees are off on leave. We have made some adjustments after the previous year's recommendations. We have separated jail commissary duties of issuing and signing checks in order to comply with the recommendations.

Recorder – Bookkeeping procedure changes will be made at the end of fiscal year 2014. Bank accounts will be reconciled by an independent person. I will take all other recommendations into consideration and make changes where possible.

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

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

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

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

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

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

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

E-911 – I will work with Sheriff's employees to open mail and make a listing of checks to satisfy the requirement. Then I will review the initial listing.

County Extension Office – We will ask a Council member to trace initial listings to deposit. We will have a Council member review and initial the bank reconciliations to evidence the review.

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

II-B-13 Financial Reporting – During the audit, we identified material receivables, payables and capital assets not recorded and cash adjustments incorrectly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly record these amounts in the financial statements.

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

Response – The County will establish procedures to better monitor and accurately record payables, capital assets and any necessary cash adjustments.

Conclusion – Response accepted.

II-C-13 Timesheets – Individual timesheets prepared by non-salaried Secondary Roads employees are not approved by a supervisor. In addition, salaried personnel do not prepare and file timesheets.

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

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

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

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

- II-D-13 County Engineer – Fuel usage reports are not generated and reviewed by an independent person.

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

Response – We will make sure fuel usage reports for the Engineer’s office are reviewed.

Conclusion – Response accepted.

- II-E-13 Jasper County Community Empowerment Area Board – The annual report submitted to the Department of Management for fiscal year 2013 did not reconcile to the Area Board’s financial activity. Beginning and ending fund balances presented in the annual financial report did not agree to the County’s financial records. In addition, accrued expenditures per the annual financial report did not agree with the County’s financial records. The differences were not reconciled by the Area Board to ensure agreement to the County’s records, resulting in an understatement of the annual report. This was resolved for audit purposes.

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

Response – Beginning in fiscal year 2014, the Jasper County Community Empowerment Area Board has ceased to exist and is now the JMP (Jasper, Marion, Poweshiek) Early Childhood Area Board. The new fiscal agent is Greater Poweshiek Community Foundation. Beginning in fiscal year 2014, the JMP Board will prepare the annual report and financials. All expenses incurred between July 1 and June 30 will be part of the fiscal year annual report.

Conclusion – Response accepted.

- II-F-13 Supporting Documentation – During fiscal year 2013, the Jasper County Community Empowerment Area Board contracted with five providers. The provider contracts require detailed monthly invoices supporting the services rendered be submitted prior to payment. The invoices and documentation are to be submitted to the Empowerment Director, who is to verify the accuracy and adequacy of the documentation and present it to either the Area Board Chairperson or Treasurer for approval. For 10 of 24 provider claims tested, adequate supporting documentation was not available or did not agree with the amount paid.

In addition, one reimbursement to the Area Board Director for cell phone and internet service was not supported by itemized statements. The Director’s contract does not address cell phone and internet service.

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

Response – All expenses for which the new JMP Early Childhood Area Director is reimbursed will be supported by itemized statements and receipts and the Director’s contract will be amended for fiscal year 2014 to spell out the items which are

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

reimbursable. From this point forward, supporting documentation will be required for all programs receiving funding from the JMP Early Childhood Area Board.

Conclusion – Response accepted.

II-G-13 County Extension Office – Restrictive endorsements were not placed on checks immediately upon receipt.

Recommendation – All checks should be restrictively endorsed immediately upon receipts.

Response – We will begin endorsing checks immediately upon receipt.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 20.205: Highway Planning and Construction
Pass-through Number: BROS-C050(103)-5F-50, BROS-C050(76)-8J-50
Federal Award Year: 2013
U.S. Department of Transportation
Passed through the Iowa Department of Transportation

III-A-13 Segregation of Duties Over Federal Revenue – The Secondary Roads
(2013-001) Department did not properly segregate opening the mail, collecting,
depositing, posting and reconciling functions for revenues, including
those related to federal programs. See item II-A-13.

**CFDA Number 97.036: Disaster Grants – Public Assistance (Presidentially Declared
Disasters)**
Pass-through Number: FEMA-1930-DR-IA
Federal Award Year: 2013
U.S. Department of Homeland Security
**Passed through the Iowa Department of Public Defense- Iowa Homeland Security
and Emergency Management Division**

III-B-13 Segregation of Duties Over Federal Revenue – The Conservation
(2013-002) Department did not properly segregate opening the mail, collecting,
depositing, posting and reconciling functions for revenues, including
those related to federal programs. See item II-A-13.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-13 Certified Budget – Disbursements during the year ended June 30, 2013 exceeded the amounts budgeted in the county environment and education, debt service and capital projects functions. Also, disbursements in certain departments exceeded the amounts appropriated.

The notices of the hearings for two of the three budget amendments were not published not less than ten nor more than 20 days prior to the hearing as required by Chapters 331.434(3) and 331.435 of the Code of Iowa.

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

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

The County should comply with the publication requirements of Chapter 331.434(3) and 331.435 of the Code of Iowa.

Response – The County will be more vigilant in meeting publication requirements as stated in Iowa Code Sections 331.434(3) and 331.435 and make sure disbursements do not exceed appropriation amounts in individual departments. The County will amend the budget before disbursements are allowed to exceed the budget.

Conclusion – Response accepted.

IV-B-13 Questionable Expenditures – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.

IV-C-13 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-13 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-13 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-13 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

- IV-G-13 Deposits and Investments – Deposits and investments were in compliance with the provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy, except for the following:

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

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

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

Conclusion – Response accepted.

- IV-H-13 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- IV-I-13 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, 2013 for the County Extension Office did not exceed the amount budgeted.

- IV-J-13 Jasper County Community Empowerment Area Board – The County is the fiscal agent for the Jasper County Community Empowerment Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County’s financial statements as part of the Other Agency Funds because of the County’s fiduciary relationship with the organization.

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

Recommendation – The Area Board should work with the County to establish separate funds as required.

Response – Greater Poweshiek Community Foundation, the new fiscal agent beginning in fiscal year 2014, tracks funding by program and line item. The funds are now held in two separate accounts and interest is allocated within each fund.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

IV-K-13 Jasper County Community Empowerment Area Board Director – During the fiscal year, the Director provided monthly invoices describing the funding category to charge for each month’s Director expenses. Although the monthly invoices identified Director expenses by type, such as salary, travel, rent, postage, office supplies, program support and telephone, the allocation method used to charge the Early Childhood and School Ready funding sources could not be determined. The Director’s contract expenses were charged to five funding categories, including Early Childhood Administration, School Ready Administration, Early Childhood Program Services, School Ready Program Services - Quality Improvement and School Ready Program Services - Other Program Services. No documentation was provided to support these charges were program related.

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

Response – Since the Greater Poweshiek Community Foundation has taken over as fiscal agent, time studies are required for allocation of payroll costs.

Conclusion – Response accepted.

IV-L-13 Tax Increment Financing (TIF) – For the year ended June 30, 2103, the County Auditor did not prepare and provide a reconciliation for each City reconciling TIF tax remitted with the amount of TIF debt certified.

Recommendation – The County Auditor should prepare a reconciliation for each City to reconcile the yearly TIF tax remitted with the amount of TIF debt certified.

Response – The County Auditor will prepare a reconciliation of each city’s TIF receipts and TIF debt in accordance with the Code of Iowa.

Conclusion – Response accepted.

IV-M-13 Urban Renewal Annual Report (URAR) – The URAR was not approved and certified to the Iowa Department of Management on or before December 1. In addition, the amount reported by the County as TIF debt outstanding was understated by \$2,892,546.

Recommendation – The County should ensure the URAR is approved and filed by December 1, as required. In addition, the County should ensure the amount reported as outstanding TIF debt includes all debt certified and certifiable.

Response – Future annual urban renewal reports will be approved and filed by December 1 and will correctly reflect TIF debt outstanding, ensuring all debt certified and certifiable are reported.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

- IV-N-13 Tax Increment Financing (TIF) – Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. Such certification makes it a duty of the County Auditor to provide for the division of property tax to repay the certified indebtedness. Chapter 403.19 of the Code of Iowa does not allow a municipality to set aside property tax divided for tax increment purposes for current or future urban renewal projects. Indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal of and interest on the certified indebtedness. In addition, Chapter 403.19(6)(b) of the Code of Iowa requires the County to certify the amount of reductions resulting from the reduction of debt or any other reason to the County Auditor.

During the current and prior years, the County paid principal and interest on its 2012A and 2012B general obligation bonds from the Special Revenue, Tax Increment Financing Fund through transfers to the Debt Service Fund. However, the 2012A and 2012B general obligation bond principal of \$883,665 and \$810,000, respectively, and interest of \$90,342 and \$44,244, respectively, were not certified as a TIF obligation.

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

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

Response – The County will certify the 2012A and 2012B general obligation bonds as a TIF obligation and will decertify the appropriate bonds refunded by these issuances.

Conclusion – Response accepted.

- IV-O-13 Financial Condition – At June 30, 2013, the County had a deficit balance of \$159,174 in the Capital Projects Fund.

Recommendation – The County should investigate alternatives to eliminate this deficit to return the fund to a sound financial position.

Response – We will eliminate the deficit through transfers from other funds.

Conclusion – Response accepted.

Jasper County

Staff

This audit was performed by:

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