OFFICE OF AUDITOR OF STATE

STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

NEWS RELEASE

Contact: Marlys Gaston
515/281-5834

FOR RELEASE May 2, 2019

Auditor of State Rob Sand today released an audit report on Jasper County, Iowa.

The County had local tax revenue of $55,799,419 for the year ended June 30, 2018, which included $4,394,714 in tax credits from the state. The County forwarded $40,655,162 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $15,144,257 of the local tax revenue to finance County operations, a 2.6% increase over the prior year. Other revenues included charges for service of $2,689,590, operating grants, contributions and restricted interest of $6,157,074, capital grants, contributions and restricted interest of $5,419,879, tax increment financing of $627,420, local option sales and services tax of $1,385,206, unrestricted investment earnings of $117,171 and other general revenues of $872,025.

Expenses for County operations for the year ended June 30, 2018 totaled $27,400,646, a 9% increase over the prior year. Expenses included $10,538,852 for roads and transportation, $7,116,660 for public safety and legal services and $3,601,503 for administration.

A copy of the audit report is available for review on the Auditor of State's web site at https://auditor.iowa.gov/reports/audit-reports/.

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JASPER COUNTY

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

JUNE 30, 2018

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

March 20, 2019

Officials of Jasper County
Newton, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Jasper County for the year ended June 30, 2018. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa, and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Jasper County throughout the audit. If I or this office can be of any further assistance, please contact me or Marlys Gaston of my staff at 515-281-5834.

Sincerely,

Rob Sand
Auditor of State

Jasper County

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(continued)

Jasper County

Officials

Name	Title	Term Expires
Joe Brock	Board of Supervisors	Jan 2019
Dennis Carpenter	Board of Supervisors	Jan 2019
Doug Cupples	Board of Supervisors	Jan 2021
Dennis Parrott	County Auditor	Jan 2021
Doug Bishop	County Treasurer	Jan 2019
Denise Allan	County Recorder	Jan 2019
John Halferty	County Sheriff	Jan 2021
Mike Jacobsen	County Attorney	Jan 2019
John Deegan	County Assessor	Retired (Jan 2018)
Tracy DeJong	County Assessor	Jan 2022

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Rob Sand
Auditor of State

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, 2018, 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, 2018, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 14 to the financial statements, Jasper County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 9 through 16 and 52 through 61 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, 2017 (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 Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), 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 20, 2019 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 solely 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 effectiveness of the County's 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.

Marlys Gaston

MARLYS K. GASTON, CPA
Deputy Auditor of State

March 20, 2019

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, 2018. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2018 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities was restated by $199,502 to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.

- Revenues of the County's governmental activities increased 9.1%, or approximately $2,702,000, from fiscal year 2017 to fiscal year 2018. Capital grants, and contributions and restricted interest increased approximately $3,147,000, property tax increased approximately $391,000, and other general revenues increased approximately $586,000. Operating grants, contributions and restricted interest decreased approximately $1,181,000.

- Program expenses of the County's governmental activities increased 9%, or approximately $2,267,000, from fiscal year 2017 to fiscal year 2018. Expenses increased approximately $1,400,000 in the roads and transportation function, approximately $999,000 in the public safety and legal services function and approximately $744,000 in the administrative function. Expenses decreased approximately $517,000 in the non-program function and approximately $264,000 in the government services to residents function.

- The County's net position increased 10.1%, or approximately $5,012,000, over the restated June 30, 2017 balance.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

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, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

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

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

   The required financial statements for fiduciary funds include a Statement of Fiduciary Assets and Liabilities.

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 approximately $50 million to approximately $54.8 million. The analysis that follows focuses on the changes in the net position of governmental activities, prior to restatement.

Net Position of Governmental Activities
(Expressed in Thousands)

	June 30, 2018	June 30, 2017 (Not Restated)
Current and other assets	$ 32,049	35,552
Capital assets	54,286	49,494
Total assets	86,335	85,046
Deferred outflows of resources	2,652	2,511
Long-term liabilities	17,656	21,821
Other liabilities	988	878
Total liabilities	18,644	22,699
Deferred inflows of resources	15,523	14,851
Net position:		
Net investment in capital assets	50,763	45,449
Restricted	13,611	14,257
Unrestricted	(9,554)	(9,699)
Total net position	$ 54,820	50,007

Prior to restatement, net position of Jasper County's governmental activities increased 9.6% (approximately $54.8 million compared to approximately $50 million). 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.

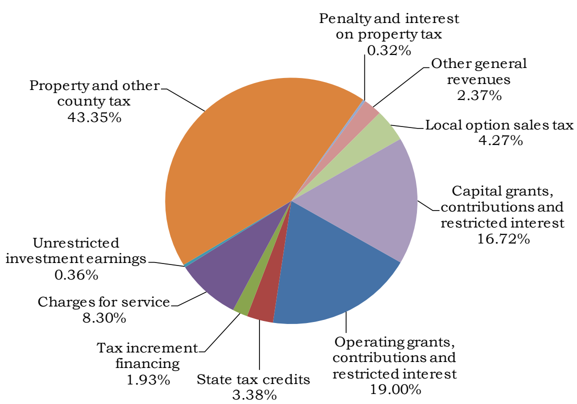
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category decreased approximately $646,000, or 4.5%, from the prior year. The decrease is primarily due to a decrease in secondary roads and local option sales tax 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 – increased from a deficit of approximately ($9,699,000) at June 30, 2017 to a deficit of approximately ($9,554,000) at the end of this year, an increase of 1.5%. The unrestricted net position deficit is due to reporting the net pension liability, the total OPEB liability and the County issuing general obligation bonds and notes for capital assets not owned by the County.

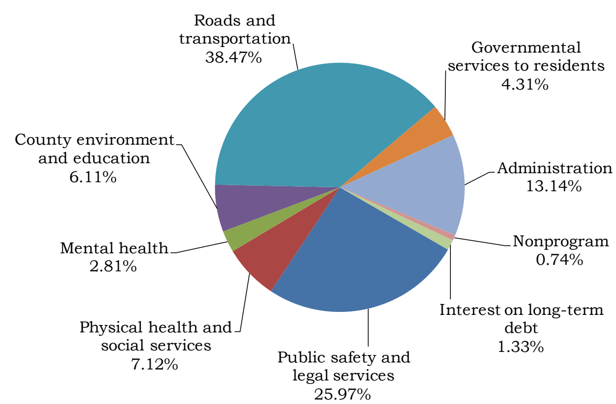
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30, 2018	2017 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	$ 2,690	2,790
Operating grants, contributions and restricted interest	6,157	7,338
Capital grants, contributions and restricted interest	5,420	2,273
General revenues:		
Property and other county tax	14,051	13,660
Tax increment financing	627	690
Penalty and interest on property tax	103	97
State tax credits	1,094	1,099
Local option sales tax	1,385	1,505
Unrestricted investment earnings	117	76
Other general revenues	769	183
Total revenues	32,413	29,711
Program expenses:		
Public safety and legal services	7,117	6,118
Physical health and social services	1,951	1,798
Mental health	769	938
County environment and education	1,674	1,706
Roads and transportation	10,539	9,139
Governmental services to residents	1,181	1,445
Administration	3,601	2,857
Nonprogram	204	721
Interest on long-term debt	365	412
Total expenses	27,401	25,134
Change in net position	5,012	4,577
Net position beginning of year, as restated	49,808	45,430
Net position end of year	$ 54,820	50,007

Revenues by Source



Expenses by Function



Revenues for governmental activities increased approximately $2,702,000 over the prior year. Capital grants, contributions and restricted interest increased approximately $3,147,000 primarily due to farm-to-market projects contributed to the County by the Iowa Department of Transportation (DOT) in the current fiscal year.

The countywide property tax rate for fiscal year 2018 remained consistent. However, combined with increases in taxable valuations, the County's property tax revenue increased approximately $391,000 in fiscal year 2018. The general basic levy increased 2.4%, from $4.29392 per $1,000 of taxable valuation to $4.39566 per $1,000 of taxable valuation. The debt service levy decreased from $0.6655 per $1,000 of taxable valuation to $0.56295 per $1,000 of taxable valuation.

The cost of all governmental activities this year was approximately $27.4 million compared to approximately $25.1 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately $13.1 million because some of the cost was paid by those directly benefiting from the programs (approximately $2,690,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $11,577,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2018 from approximately $12,401,000 to approximately $14,267,000, primarily due to farm-to-market road projects contributed to the County by the Iowa DOT.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jasper County completed the year, its governmental funds reported a combined fund balance of approximately $15.9 million, a decrease of approximately $4,092,000 from last year's total of approximately $20 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately $545,000, or 4.1%, primarily due to an increase in property tax. Expenditures increased approximately $1,112,000, or 8.2%. The ending fund balance increased approximately $432,000, or 9.3%, over the prior year to $5,071,902.

- The County has continued to look for ways to effectively manage the cost of mental health services. Expenditures decreased approximately $176,000 from the prior year. During the year, the County remitted $555,618 to the Central Iowa Community Services Mental Health Region, approximately $194,000 less than the prior year. Revenues decreased approximately $11,000 due primarily to a decrease in property tax. The Special Revenue, Mental Health Fund balance increased approximately $80,000 during the year to $462,057.

- Special Revenue, Rural Services Fund revenues increased approximately $75,000, or 2.8%, primarily due to an increase in property taxes. Expenditures decreased approximately $39,000, or 7.4%. The ending fund balance decreased approximately $69,000 from the prior year to $1,077,217.

- Special Revenue, Secondary Roads Fund revenues increased approximately $130,000, or 2.2%, over the prior year. Expenditures increased approximately $4,041,000, or 55.2%, primarily due to the purchase of 10 new motor graders. The fund balance at June 30, 2018 was $4,983,748 compared to the prior year ending fund balance of $6,300,974, a decrease of $1,317,226.

- Debt Service Fund revenues decreased approximately $128,000, or 12.2%, primarily due to a decrease in property taxes. Expenditures increased approximately $140,000 primarily due to a payment for the installment purchase agreement for radio equipment. At year end, the fund balance was $829,604 compared to the prior year ending fund balance of $4,372,373, a decrease of $3,542,769. During a prior fiscal year, the County issued $3,665,000 of general obligation capital notes for a crossover refunding and reported U.S. Treasury securities on deposit with the escrow agent. The bonds (old debt) were called on June 1, 2018.

- Capital Projects Fund revenues decreased approximately $1,066,000, or 89.4%, primarily due to reimbursements for the Chichaqua bike trail and the Mitchellville to Prairie City Rails-to-Trails Corridor Development project received in the prior fiscal year. Expenditures decreased approximately $1,272,000, or 86.5%, from the prior fiscal year. The fund balance at June 30, 2018 was $729,047, compared to the prior year ending deficit fund balance of $39,303, an increase $768,350.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jasper County amended its budget two times. The first amendment was made in March 2018 and increased budgeted disbursements in the public safety and legal services, mental health, county environment and education, roads and transportation, government services to residents, administration, non-program current, and capital projects functions and decreased budgeted disbursements in the physical health and social services function. The first budget amendment increased budgeted other county taxes, intergovernmental, licenses and permits, charges for services, use of money and property and miscellaneous receipts. The final amendment was made in May 2018 and increased budgeted disbursements in the public safety and legal services, physical health and social services, county environment and education and administration functions. The final amendment increased budgeted intergovernmental receipts.

The County's receipts were $922,495 more than budgeted, a variance of 3.57%. The most significant variance resulted from the County receiving more intergovernmental receipts than anticipated.

Total disbursements were $6,439,029 less than the amended budget, a variance of 18.4%. Actual disbursements for the physical health social services, roads and transportation and capital projects functions were $2,708,327, $1,714,710 and $1,150,484, respectively, less than budgeted. This was primarily due to costs being less than anticipated.

During the year ended June 30, 2018, disbursements exceeded the amounts budgeted in the non-program function prior to the March 27, 2018 amendment. In addition, disbursements in certain departments exceeded the amounts appropriated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, Jasper County had approximately $54.3 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 $4,791,000, or 9.7% over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)			
		June 30,	
		2018	2017
Land	$	2,170	2,170
Construction in progress		7,615	2,347
Buildings and improvements		10,321	10,578
Equipment and vehicles		5,108	3,808
Intangibles		109	116
Infrastructure		28,963	30,476
Total	$	54,286	49,495

The County had depreciation/amortization expense of $3,580,896 in fiscal year 2018 and total accumulated depreciation/amortization of $40,164,516 at June 30, 2018. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2018, Jasper County had approximately $8,078,000 of general obligation bonds and capital loan notes and other debt outstanding, compared to $12,735,000 at June 30, 2017, as shown below:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)			
		June 30,	
		2018	2017
General obligation bonds and capital loan notes	$	7,900	12,735
Municipal lease agreement		39	-
Installment purchase agreement		139	-
Total	$	8,078	12,735

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 is significantly below its constitutional debt limit of approximately $138 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Jasper County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2019 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 2019 budget, all of the LOSST money estimated to be received in fiscal year 2019 (approximately $900,000) was used to offset a property tax increase in fiscal year 2019.

Amounts available for appropriation (budgeted receipts) in the operating budget are approximately $26,755,000, a 3.6% increase over the final fiscal year 2018 budget. Budgeted disbursements decreased approximately $5,391,000 from the final fiscal year 2018 budget, primarily in the roads and transportation and physical health and social services functions. The County has added no major new programs or initiatives to the fiscal year 2019 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease 25.6% by the close of fiscal year 2019.

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 Street N., Newton, Iowa 50208.

Basic Financial Statements

Jasper County

Statement of Net Position

June 30, 2018

	Governmental Activities
Assets	
Cash and pooled investments	$ 15,504,474
Receivables:	
Property tax:	
Delinquent	35,928
Succeeding year	14,427,000
Succeeding year tax increment financing	622,000
Interest and penalty on property tax	69,239
Accounts	136,859
Due from other governments	741,239
Inventories	401,368
Prepaid expense	111,364
Capital assets, net of accumulated depreciation/amortization	54,285,886
Total assets	86,335,357
Deferred Outflows of Resources	
Pension related deferred outflows	2,652,140
Liabilities	
Accounts payable	690,449
Accrued interest payable	12,755
Salaries and benefits payable	217,070
Due to other governments	68,097
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	650,000
General obligation bonds	790,000
Municipal lease agreement	12,238
Installment purchase agreement	139,130
Compensated absences	606,849
Portion due or payable after one year:	
General obligation capital loan notes	3,835,000
General obligation bonds	2,625,000
Municipal lease agreement	26,386
Compensated absences	1,353,442
Net pension liability	7,085,722
Total OPEB liability	532,079
Total liabilities	18,644,217
Deferred Inflows of Resources	
Unavailable property tax revenue	14,427,000
Unavailable tax increment financing revenue	622,000
Pension related deferred inflows	385,794
OPEB related deferred inflows	88,605
Total deferred inflows of resources	15,523,399
Net Position	
Net investment in capital assets	50,763,132
Restricted for:	
Nonexpendable:	
Permanent Fund	12,000
Expendable:	
Supplemental levy purposes	3,429,906
Mental health purposes	391,176
Rural services purposes	1,082,495
Secondary roads purposes	4,363,783
Local option sales and services tax purposes	1,488,533
Conservation land acquisition	170,581
Debt service	1,322,344
Capital projects	729,047
Other purposes	620,847
Unrestricted	(9,553,963)
Total net position	$ 54,819,881

See notes to financial statements.

Jasper County

Statement of Activities

Year ended June 30, 2018

		Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 7,116,660	942,719	40,613	200,000	(5,933,328)
Physical health and social services	1,951,331	349,354	498,148	-	(1,103,829)
Mental health	768,993	-	-	-	(768,993)
County environment and education	1,673,757	86,828	158,450	-	(1,428,479)
Roads and transportation	10,538,852	290,332	5,415,105	5,218,879	385,464
Governmental services to residents	1,181,124	740,344	982	-	(439,798)
Administration	3,601,503	115,610	18,264	1,000	(3,466,629)
Non-program	203,615	164,403	-	-	(39,212)
Interest on long-term debt	364,811	-	25,512	-	(339,299)
Total	$ 27,400,646	2,689,590	6,157,074	5,419,879	(13,134,103)
General Revenues:					
Property and other county tax levied for:					
General purposes					13,223,783
Debt service					826,804
Tax increment financing					627,420
Penalty and interest on property tax					102,897
State tax credits					1,093,670
Local option sales and services tax					1,385,206
Unrestricted investment earnings					117,171
Gain on disposition of capital assets					560,236
Miscellaneous					208,892
Total general revenues					18,146,079
Change in net position					5,011,976
Net position beginning of year, as restated					49,807,905
Net position end of year					$ 54,819,881

See notes to financial statements.

Jasper County

Balance Sheet
Governmental Funds

June 30, 2018

			Special Revenue	
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	$ 5,179,278	465,531	1,097,869	4,573,256
Receivables:				
Property tax:				
Delinquent	24,849	1,940	6,481	-
Succeeding year	10,159,000	764,000	2,681,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	69,239	-	-	-
Accounts	121,956	-	1,800	13,103
Due from other governments	29,506	-	-	596,606
Inventories	-	-	-	401,368
Prepaid expenditures	111,364	-	-	-
Total assets	$ 15,695,192	1,231,471	3,787,150	5,584,333
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ 155,536	157	3,142	505,353
Salaries and benefits payable	161,043	3,317	1,624	51,086
Due to other governments	49,552	-	17,686	859
Total liabilities	366,131	3,474	22,452	557,298
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	10,159,000	764,000	2,681,000	-
Succeeding year tax increment financing	-	-	-	-
Other	98,159	1,940	6,481	43,287
Total deferred inflows of resources	10,257,159	765,940	2,687,481	43,287
Fund balances:				
Nonspendable:				
Inventories	-	-	-	401,368
Prepaid expenditures	111,364	-	-	-
Permanent fund	-	-	-	-
Restricted for:				
Supplemental levy purposes	3,463,494	-	-	-
Mental health purposes	-	462,057	-	-
Rural services purposes	-	-	1,077,217	-
Secondary roads purposes	-	-	-	4,582,380
Local option sales and services tax purposes	-	-	-	-
Conservation land acquisition	170,581	-	-	-
Debt service	-	-	-	-
Capital Projects	-	-	-	-
Other purposes	70,455	-	-	-
Unassigned	1,256,008	-	-	-
Total fund balances	5,071,902	462,057	1,077,217	4,983,748
Total liabilities, deferred inflows of resources and fund balances	$ 15,695,192	1,231,471	3,787,150	5,584,333

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
829,604	755,308	2,603,628	15,504,474
1,977	-	681	35,928
823,000	-	-	14,427,000
-	-	622,000	622,000
-	-	-	69,239
-	-	-	136,859
-	-	115,127	741,239
-	-	-	401,368
-	-	-	111,364
1,654,581	755,308	3,341,436	32,049,471
-	26,261	-	690,449
-	-	-	217,070
-	-	-	68,097
-	26,261	-	975,616
823,000	-	-	14,427,000
-	-	622,000	622,000
1,977	-	681	152,525
824,977	-	622,681	15,201,525
-	-	-	401,368
-	-	-	111,364
-	-	12,000	12,000
-	-	-	3,463,494
-	-	-	462,057
-	-	-	1,077,217
-	-	-	4,582,380
-	-	1,488,533	1,488,533
-	-	-	170,581
829,604	-	667,837	1,497,441
-	729,047	-	729,047
-	-	550,385	620,840
-	-	-	1,256,008
829,604	729,047	2,718,755	15,872,330
1,654,581	755,308	3,341,436	32,049,471

Jasper County

Jasper County

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

June 30, 2018

Total governmental fund balances (page 21)		$ 15,872,330
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is $94,450,402 and the accumulated depreciation/amortization is $40,164,516.		54,285,886
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		152,525
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 2,652,140	
Deferred inflows of resources	(474,399)	2,177,741
Long-term liabilities, including general obligation capital loan notes payable, general obligation bonds payable, municipal lease agreement payable, installment purchase agreement payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(17,668,601)
Net position of governmental activities (page 18)		$ 54,819,881

See notes to financial statements.

Jasper County

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

Year ended June 30, 2018

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	$ 9,881,245	771,446	2,570,652	-
Tax increment financing	-	-	-	-
Local option sales and services tax	-	-	-	-
Interest and penalty on property tax	88,742	-	-	-
Intergovernmental	1,890,219	64,410	154,793	5,821,824
Licenses and permits	23,780	-	72,795	78,279
Charges for service	1,307,751	-	700	9,085
Use of money and property	186,093	-	-	-
Miscellaneous	569,171	-	381	202,259
Total revenues	13,947,001	835,856	2,799,321	6,111,447
Expenditures:				
Operating:				
Public safety and legal services	6,993,238	-	-	-
Physical health and social services	1,933,523	-	-	-
Mental health	-	756,136	-	-
County environment and education	962,864	-	488,275	-
Roads and transportation	-	-	-	10,779,984
Governmental services to residents	1,212,296	-	-	-
Administration	3,303,089	-	-	-
Non-program	203,000	-	-	-
Debt service	-	-	-	-
Capital projects	25,026	-	-	575,856
Total expenditures	14,633,036	756,136	488,275	11,355,840
Excess (deficiency) of revenues over (under) expenditures	(686,035)	79,720	2,311,046	(5,244,393)
Other financing sources (uses):				
Proceeds from lease agreement	48,280	-	-	-
Proceeds from installment purchase	423,130	-	-	-
Proceeds from sale of capital assets	-	-	-	1,420,833
Transfers in	1,619,322	-	-	2,506,334
Transfers out	(972,489)	-	(2,379,839)	-
Payments to escrow agent	-	-	-	-
Total other financing sources (uses)	1,118,243	-	(2,379,839)	3,927,167
Change in fund balances	432,208	79,720	(68,793)	(1,317,226)
Fund balances (deficit) beginning of year	4,639,694	382,337	1,146,010	6,300,974
Fund balances end of year	$ 5,071,902	462,057	1,077,217	4,983,748

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
827,227	-	-	14,050,570
-	-	627,502	627,502
-	-	1,385,206	1,385,206
-	-	-	88,742
68,047	102,863	30,189	8,132,345
-	-	-	174,854
-	-	6,484	1,324,020
25,548	1,228	8,624	221,493
-	22,250	22,563	816,624
920,822	126,341	2,080,568	26,821,356
-	-	8,004	7,001,242
-	-	-	1,933,523
-	-	-	756,136
-	-	-	1,451,139
-	-	-	10,779,984
-	-	-	1,212,296
-	-	11,397	3,314,486
-	-	-	203,000
1,854,229	-	-	1,854,229
-	197,991	1,000	799,873
1,854,229	197,991	20,401	29,305,908
(933,407)	(71,650)	2,060,167	(2,484,552)
-	-	-	48,280
-	-	-	423,130
-	-	-	1,420,833
890,638	840,000	-	5,856,294
-	-	(2,503,966)	(5,856,294)
(3,500,000)	-	-	(3,500,000)
(2,609,362)	840,000	(2,503,966)	(1,607,757)
(3,542,769)	768,350	(443,799)	(4,092,309)
4,372,373	(39,303)	3,162,554	19,964,639
829,604	729,047	2,718,755	15,872,330

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, 2018

Change in fund balances - Total governmental funds (page 25)		$ (4,092,309)
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/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation/amortization expense in the current year, as follows:		
Expenditures for capital assets	$ 4,263,323	
Capital assets contributed by the Iowa Department of Transportation	4,769,582	
Capital assets contributed by the Jasper County E-911 Department	200,000	
Depreciation/amortization expense	(3,580,896)	5,652,009
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.		(860,597)
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:		
Property tax	17	
Other	61,431	61,448
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 repayments exceeded issuances, as follows:		
Issued	(471,410)	
Repaid	5,128,656	4,657,246
The current year County IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position.		894,449
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	(172,451)	
Pension expense	(1,117,955)	
OPEB expense	(22,282)	
Interest on long-term debt	12,418	(1,300,270)
Change in net position of governmental activities (page 19)		$ 5,011,976

See notes to financial statements.

Jasper County

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2018

	Other Employee Benefit Trust	Agency
Assets		
Cash and pooled investments:		
County Treasurer	$ 76,501	2,297,756
Other County officials	-	37,182
Receivables:		
Property tax:		
Delinquent	-	86,763
Succeeding year	-	37,244,000
Accounts	-	45,814
Special assessments	-	120,852
Due from other governments	-	152,287
Total assets	76,501	39,984,654
Liabilities		
Accounts payable	-	17,432
Salaries and benefits payable	-	9,643
Due to other governments	-	39,676,323
Trusts payable	-	155,563
Compensated absences	-	125,693
Total liabilities	-	39,984,654
Net position		
Held in trust for employee benefits	$ 76,501	-

See notes to financial statements.

Jasper County

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30, 2018

	Other Employee Benefit Trust	Private Purpose Trust
Additions:		
Donations and contributions	$ 85,831	-
Interest on investments	-	73
Total additions	85,831	73
Deductions:		
Distributions to participants	71,627	-
Release of funds to the City of Newton	-	49,571
Total deductions	71,627	49,571
Change in net position held in trust	14,204	(49,498)
Net position beginning of year	62,297	49,498
Net position end of year	$ 76,501	-

See notes to financial statements.

(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 911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

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

B. Basis of Presentation

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

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

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

Restricted net position:

Nonexpendable – Nonexpendable net position is subject to externally imposed stipulations which requires it to be maintained permanently by the County, including the County's Permanent Fund.

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following fiduciary funds:

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

The Private Purpose Trust Fund is used to account for resources held for the Newton Memorial Park Cemetery. During the year ended June 30, 2018, these funds were released to the City of Newton as the City has assumed management of the Cemetary.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

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 reported as a deferred inflow of resources 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, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2017.

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

<u>Special Assessments Receivable</u> – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not more than 15 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.

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

<u>Inventories</u> – 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.

<u>Capital Assets</u> – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 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 acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County's reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave in excess of 1,440 hours will be paid at the last rate of pay to an employee upon retirement. Upon retirement, employees may elect to convert up to 720 hours of accumulated sick leave to cash to be accounted for in the Fiduciary, Employee Benefit Trust Fund and used for continued health care coverage. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2018. 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.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension 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.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Jasper County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB 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.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing tax receivables that will not be recognized until the year for which they are levied, unrecognized items not yet charged to pension and OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance – 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, 2018, disbursements exceeded the amounts budgeted in the non-program function prior to the March 27, 2018 amendment. In addition, disbursements in certain departments exceeded the amounts appropriated.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2018 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 ensure there will be no loss of public funds.

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Local Option Sales and Services Tax	$ 1,619,322
Special Revenue:	General	126,495
Secondary Roads	Special Revenue:	
	Rural Services	2,379,839
		2,506,334
Debt Service	General	5,994
	Special Revenue:	
	Tax Increment Financing	884,644
		890,638
Capital Projects	General	840,000
Total		$ 5,856,294

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	$ 2,169,682	-	-	2,169,682
Construction in progress	2,346,819	5,915,552	647,128	7,615,243
Total capital assets not being depreciated/amortized	4,516,501	5,915,552	647,128	9,784,925
Capital assets being depreciated/amortized:				
Buildings	11,162,090	-	-	11,162,090
Improvements other than buildings	3,093,866	108,023	-	3,201,889
Machinery, equipment and vehicles	9,965,574	3,338,372	2,216,001	11,087,945
Intangibles	145,252	-	-	145,252
Infrastructure	58,511,116	557,185	-	59,068,301
Total capital assets being depreciated/amortized	82,877,898	4,003,580	2,216,001	84,665,477
Less accumulated depreciation/amortization for:				
Buildings	2,945,842	227,119	-	3,172,961
Improvements other than buildings	732,083	137,783	-	869,866
Machinery, equipment and vehicles	6,157,490	1,138,980	1,316,305	5,980,165
Intangibles	29,052	7,263	-	36,315
Infrastructure	28,035,458	2,069,751	-	30,105,209
Total accumulated depreciation/amortization	37,899,925	3,580,896	1,316,305	40,164,516
Total capital assets being depreciated/amortized, net	44,977,973	422,684	899,696	44,500,961
Governmental activities capital assets, net	$ 49,494,474	6,338,236	1,546,824	54,285,886

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 477,203
Physical health and social services	5,258
County environment and education	100,411
Roads and transportation	2,772,695
Governmental services to residents	49,486
Administration	175,843
Total depreciation/amortization expense - governmental activities	$ 3,580,896

Equipment costing $51,380 was purchased under a municipal lease agreement. Accumulated depreciation on this asset totaled $5,138 at June 30, 2018.

Equipment costing $398,151 was purchased under an installment purchase agreement. Accumulated depreciation on these assets totaled $54,455.

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2018 is as follows:

Fund	Description	Amount
General	Services	$ 49,552
Special Revenue:		
Rural Services		17,686
Secondary Roads		859
		18,545
Total for governmental funds		$ 68,097
Agency:		
County Assessor	Collections	$ 719,368
Schools		22,897,435
Community Colleges		1,050,878
Corporations		9,880,614
Auto License and Use Tax		1,069,853
All other		4,058,175
Total for agency funds		$ 39,676,323

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

	General Obligation Capital Loan Notes	General Obligation Bonds	Municipal Lease Agreement	Installment Purchase Agreement	Compen-sated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year, as restated	$ 4,755,000	7,980,000	-	-	1,787,840	6,898,808	598,402	22,020,050
Increases	-	-	48,280	423,130	907,794	186,914	-	1,566,118
Decreases	270,000	4,565,000	9,656	284,000	735,343	-	66,323	5,930,322
Balance end of year	$ 4,485,000	3,415,000	38,624	139,130	1,960,291	7,085,722	532,079	17,655,846
Due within one year	$ 650,000	790,000	12,238	139,130	606,849	-	-	2,198,217

General Obligation Capital Loan Notes

On May 16, 2017, the County issued $3,655,000 of taxable general obligation capital loan refunding notes, with interest rates ranging from 1.15% to 2.60% per annum, for a crossover refunding of $3,500,000 of general obligation bonds urban renewal bonds dated November 1, 2007. The bonds were called on June 1, 2018.

For the crossover refunding, the County entered into an escrow agreement whereby the proceeds from the general obligation capital loan refunding notes were converted into U. S. government securities. These securities were placed with an escrow agent to pay the principal and interest on the general obligation capital loan refunding notes (new debt) until the crossover refunding date. On the crossover date of June 1, 2018, the refunded general obligation bonds (old debt) were paid using the amounts held by the escrow agent. From this point forward, the debt service fund revenues will be used to pay the general obligation capital loan refunding notes (new debt). The transactions and balances of the escrow account are no longer recorded by the County since the refunded debt is considered extinguished.

A summary of the County's June 30, 2018 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Refunding Issued May 15, 2013 Interest Rates	Principal	Interest	Refunding Issued May 16, 2016 Interest Rates	Principal	Interest
2019	0.90%	$ 135,000	8,105	1.15%	$ 380,000	72,158
2020	1.00	135,000	6,890	1.35	385,000	67,787
2021	1.20	135,000	5,540	1.55	390,000	62,590
2022	1.35	140,000	3,920	1.80	395,000	56,545
2023	1.45	140,000	2,030	2.00	405,000	49,435
2024-2028		-	-	2.00-2.60	1,710,000	107,665
Total		$ 685,000	26,485		$ 3,665,000	416,180

Year Ending June 30,	County Care Facility Issued June 27, 2016 Interest Rates	Principal	Interest	Total Principal	Total Interest	Total
2019	1.50%	$ 135,000	2,025	650,000	82,288	732,288
2020		-	-	520,000	74,677	594,677
2021		-	-	525,000	68,130	593,130
2022		-	-	535,000	60,465	595,465
2023		-	-	545,000	51,465	596,465
2024-2028		-	-	1,710,000	107,665	1,817,665
Total		$ 135,000	2,025	4,485,000	444,690	4,929,690

During the year ended June 30, 2018, principal payments of $270,000 were made by the County on the general obligation capital loan notes.

General Obligation Bonds

A summary of the County's June 30, 2018 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Courthouse Improvement and Refunding Issued Jan 10, 2012 Interest Rates	Principal	Interest	Refunding Issued Jan 10, 2012 Interest Rates	Principal	Interest
2019	1.60%	$ 315,000	22,620	1.60%	$ 405,000	42,435
2020	1.85	320,000	17,580	1.85	420,000	35,955
2021	2.00	325,000	11,660	2.00	430,000	28,185
2022	2.15	240,000	5,160	2.15	440,000	19,585
2023		-	-	2.25	450,000	10,125
Total		$ 1,200,000	57,020		$ 2,145,000	136,285

Year Ending June 30,	Refunding Issued Jan 10, 2012 Interest Rates	Principal	Interest	Total Principal	Interest	Total
2019	2.50%	$ 70,000	1,750	$ 790,000	66,805	856,805
2020		-	-	740,000	53,535	793,535
2021		-	-	755,000	39,845	794,845
2022		-	-	680,000	24,745	704,745
2023		-	-	450,000	10,125	460,125
Total		$ 70,000	1,750	$ 3,415,000	195,055	3,610,055

During the year ended June 30, 2018, principal payments of $1,065,000 were made by the County on the general obligation bonds and $3,500,000 of bonds were paid by the escrow agent on the crossover date.

Municipal Lease Agreement

During the year ended June 30, 2018, the County entered into a municipal lease agreement of $52,298, including interest at 5.12% per annum, for a new Bobcat T595 Compact Track Loader for the Conservation Department. The following is a schedule of the future minimum lease payments under the agreement in effect at June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	$ 12,238	1,976	14,214
2020	12,864	1,350	14,214
2021	13,522	692	14,214
Total	$ 38,624	4,018	42,642

Payments for the municipal lease agreement totaled $9,656 for the year ended June 30, 2018.

Installment Purchase Agreement

During the year ended June 30, 2017, the County entered an agreement for the purchase of Harris P25 radio infrastructure, mobile and portable radios, installation and maintenance services of the equipment for $623,130. In June 2017, the E-911 Department, an Agency Fund, made a payment of $200,000 on the agreement. The remaining balance was to be payable in three equal installments, at 0% per annum. The equipment was received by the County and placed in service during the year ended June 30, 2018.

During the year ended June 30, 2018, the County retired $284,000 of the installment purchase agreement, leaving an outstanding balance of $139,130 payable in the next fiscal year.

(7) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's and protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contributions rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2018, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2018 totaled $894,449.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the County reported a liability of $7,085,722 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2017, the County's proportion was 0.106372%, which was a decrease of 0.003249% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of $1,117,955. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	93,290	100,552
Changes of assumptions		1,519,516	14,924
Net difference between projected and actual earnings on IPERS' investments		-	97,356
Changes in proportion and differences between County contributions and the County's proportionate share of contributions		144,885	172,962
County contributions subsequent to the measurement date		894,449	-
Total	$	2,652,140	385,794

$894,449 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,		Amount
2019	$	175,240
2020		679,440
2021		406,236
2022		14,973
2023		96,008
Total	$	1,371,897

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	100.0%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	$ 12,907,412	7,085,722	2,199,154

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2018.

(8) Other Postemployment Benefits (OPEB)

Plan Description – The County administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Jasper County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	167
Total	172

Total OPEB Liability – The County's total OPEB liability of $532,079 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	2.60% per annum.
Rates of salary increase (effective June 30, 2018)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.87% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	9.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year, as restated	$ 598,402
Changes for the year:	
Service cost	44,420
Interest	22,483
Differences between expected and actual experiences	(70,058)
Changes in assumptions	(33,314)
Benefit payments	(29,854)
Net changes	(66,323)
Total OPEB liability end of year	$ 532,079

Changes of assumptions reflect a change in the discount rate from 3.58% in fiscal year 2017 to 3.87% in fiscal year 2018.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate.

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	$ 567,974	532,079	497,581

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be it were calculated using healthcare cost trend rates that are 1% lower (8.00%) or 1% higher (10.00%) than the current healthcare cost trend rates.

	1% Decrease (8.00%)	Healthcare Cost Trend Rate (9.00%)	1% Increase (10.00%)
Total OPEB liability	$ 472,777	532,079	602,233

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the County recognized OPEB expense of $22,282. At June 30, 2018, the County reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
Differences between expected and actual experience	$ 60,050
Changes in assumptions	28,555
Total	$ 88,605

The amount reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,		Amount
2019	$	14,767
2020		14,767
2021		14,767
2022		14,767
2023		14,767
Thereafter		14,770
	$	88,605

(9) 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 775 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2018 were $215,956.

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 $500,000 per claim. Claims exceeding $500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2018, no liability has been recorded in the County's financial statements. As of June 30, 2018, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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

(10) 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 County's share of the monthly premium of the County's group health insurance plan after their retirement.

Upon retirement, the balance of the accrued sick leave will be credited to the employee's sick leave upon retirement account. The County will continue to pay its 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 County's share of health insurance premiums.

All program benefits are financed on a pay-as-you-go basis by the County. The County accounts for retiree activity in the Fiduciary, Other Employee Benefit Trust Fund. Amounts due for the program have been included in and reported as compensated absences on the government-wide financial statements. The liability for expected future health insurance benefits under this program at June 30, 2018 is $1,190,899.

For the year ended June 30, 2018, nine employees participated and received benefits totaling $71,627 under the program. The County contributed $85,831 to the fund for retirees under the program.

(11) Lessor Operating Leases

The County leases two parcels of land, a piece of farm ground and a pasture. The minimum future rentals on these operating leases as of June 30, 2018 is $37,988 due during the year ended June 30, 2019.

(12) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2018 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Baxter	Urban renewal and economic development projects	$ 1,126
City of Colfax	Urban renewal and economic development projects	725
City of Kellogg	Urban renewal and economic development projects	7,718
City of Newton	Urban renewal and economic development projects	32,565
City of Prairie City	Urban renewal and economic development projects	9,229
City of Sully	Urban renewal and economic development projects	542

(13) Jasper County Financial Information Included in the Central Iowa Community Services Mental Health Region

The Central Iowa Community Services (CICS) Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Boone County, Franklin County, Hamilton County, Hardin County, Jasper County, Madison County, Marshall County, Poweshiek County, Story County and Warren County. The financial activity of Jasper County's Special Revenue, Mental Health Fund is included in the CICS Mental Health Region for the year ended June 30, 2018, as follows:

Revenues:		
Property and other county tax		$ 771,446
Intergovernmental:		
State tax credits	$ 62,837	
Other	1,573	64,410
Total revenues		835,856
Expenditures:		
Services to persons with:		
Mental illness		61,521
General administration:		
Direct administration	138,820	
Purchased administration	177	
Distribution to regional fiscal agent	555,618	694,615
Total expenditures		756,136
Excess of revenues over expenditures		79,720
Fund balance beginning of year		382,337
Fund balance end of year		$ 462,057

(14) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental Activities
Net position June 30, 2017, as previously reported	$ 50,007,407
Net OPEB obligation measured under previous standards	398,900
Total OPEB liability at June 30, 2017	(598,402)
Net position July 1, 2017, as restated	$ 49,807,905

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, 2018

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 16,051,480	-	16,051,480
Interest and penalty on property tax	88,742	-	88,742
Intergovernmental	7,959,541	-	7,959,541
Licenses and permits	174,830	-	174,830
Charges for service	1,357,083	-	1,357,083
Use of money and property	196,406	-	196,406
Miscellaneous	923,777	-	923,777
Total receipts	26,751,859	-	26,751,859
Disbursements:			
Public safety and legal services	6,569,085	-	6,569,085
Physical health and social services	1,931,253	-	1,931,253
Mental health	756,310	-	756,310
County environment and education	1,434,365	-	1,434,365
Roads and transportation	10,517,293	-	10,517,293
Governmental services to residents	1,227,819	-	1,227,819
Administration	3,275,387	-	3,275,387
Non-program	243,922	-	243,922
Debt service	1,782,072	-	1,782,072
Capital projects	804,433	-	804,433
Total disbursements	28,541,939	-	28,541,939
Excess (deficiency) of receipts over (under) disbursements	(1,790,080)	-	(1,790,080)
Other financing sources, net	1,431,097	-	1,431,097
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(358,983)	-	(358,983)
Balance beginning of year	15,863,457	57,884	15,805,573
Balance end of year	$ 15,504,474	57,884	15,446,590

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
15,876,724	16,408,835	(357,355)
66,200	66,500	22,242
6,884,399	7,376,498	583,043
95,750	96,050	78,780
967,232	1,023,808	333,275
115,690	129,716	66,690
373,501	727,957	195,820
24,379,496	25,829,364	922,495
6,633,920	6,724,813	155,728
4,589,688	4,639,580	2,708,327
819,925	837,950	81,640
1,474,401	1,521,928	87,563
11,280,277	12,232,003	1,714,710
1,391,701	1,397,568	169,749
3,342,902	3,443,380	167,993
29,000	442,128	198,206
1,786,701	1,786,701	4,629
1,647,000	1,954,917	1,150,484
32,995,515	34,980,968	6,439,029
(8,616,019)	(9,151,604)	7,361,524
1,420,000	3,242,806	(1,811,709)
(7,196,019)	(5,908,798)	5,549,815
9,830,681	9,529,115	6,276,458
2,634,662	3,620,317	11,826,273

Jasper County

Jasper County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2018

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 26,751,859	69,497	26,821,356
Expenditures	28,541,939	763,969	29,305,908
Net	(1,790,080)	(694,472)	(2,484,552)
Other financing sources	1,431,097	(3,038,854)	(1,607,757)
Beginning fund balances	15,863,457	4,101,182	19,964,639
Ending fund balances	$ 15,504,474	367,856	15,872,330

See accompanying independent auditor's report.

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by $1,985,453. 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 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2018, disbursements exceeded the amount budgeted in the non-program function prior to the amendments. In addition, the Board of Supervisors, by resolution, did not approve appropriations for each of the different County of offices and departments until July 25, 2017. As a result, disbursements exceeded the amounts appropriated for the majority of the County offices and departments prior to approval. In addition, disbursements in certain departments exceeded the amounts appropriated prior to budget amendments.

Jasper County

Schedule of the County’s Proportionate Share of the Net Pension Liability

Iowa Public Employees’ Retirement System
For the Last Four Years*
(In Thousands)

Required Supplementary Information

	2018	2017	2016	2015
County's proportion of the net pension liability	0.106372%	0.109621%	0.100784%	0.096791%
County's proportionate share of the net pension liability	$ 7,086	6,899	4,979	3,839
County's covered payroll	$ 9,582	9,494	8,840	8,482
County's proportionate share of the net pension liability as a percentage of its covered payroll	73.95%	72.67%	56.32%	45.26%
IPERS' net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor’s report.

Jasper County

Schedule of County Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Required Supplementary Information

		2018	2017	2016	2015
Statutorily required contribution	$	894	873	868	810
Contributions in relation to the statutorily required contribution		(894)	(873)	(868)	(810)
Contribution deficiency (excess)	$	-	-	-	-
County's covered payroll	$	9,849	9,582	9,494	8,840
Contributions as a percentage of covered payroll		9.08%	9.11%	9.14%	9.16%

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
776	732	685	597	553	540
(776)	(732)	(685)	(597)	(553)	(540)
-	-	-	-	-	-
8,482	8,172	8,104	7,997	7,869	8,069
9.15%	8.96%	8.45%	7.47%	7.03%	6.69%

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

Jasper County

Schedule of Changes in the County's
Total OPEB Liability, Related Ratios and Notes

For the Current Year
Required Supplementary Information

	2018
Service cost	$ 44,420
Interest cost	22,483
Difference between expected and actual experiences	(70,058)
Changes in assumptions	(33,314)
Benefit payments	(29,854)
Net change in total OPEB liability	(66,323)
Total OPEB liability beginning of year, as restated	598,402
Total OPEB liability end of year	$ 532,079
Covered-employee payroll	$ 9,204,083
Total OPEB liability as a percentage of covered-employee payroll	5.8%

Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

Jasper County

Supplementary Information

Jasper County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2018

			Special
	County Recorder's Records Management	Resource Enhancement and Protection	Local Option Sales and Services Tax
Assets			
Cash and pooled investments	$ 34,524	251,556	1,373,406
Receivables:			
Delinquent property tax	-	-	-
Succeeding year tax increment financing	-	-	-
Due from other governments	-	-	115,127
Total assets	$ 34,524	251,556	1,488,533
Deferred Inflows of Resources and Fund Balances			
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year tax increment financing	$ -	-	-
Other	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances:			
Nonspendable - Permanent Fund	-	-	-
Restricted for:			
Local option sales and services tax purposes	-	-	1,488,533
Debt service	-	-	-
Other purposes	34,524	251,556	-
Total fund balances	34,524	251,556	1,488,533
Total deferred inflows of resources and fund balances	$ 34,524	251,556	1,488,533

See accompanying independent auditor’s report.

Revenue				
	Tax			
Drainage	Increment		Permanent	
Districts	Financing	Other	Loskot Trust	Total
57,884	667,837	202,128	16,293	2,603,628
-	681	-	-	681
-	622,000	-	-	622,000
-	-	-	-	115,127
57,884	1,290,518	202,128	16,293	3,341,436
-	622,000	-	-	622,000
-	681	-	-	681
-	622,681	-	-	622,681
-	-	-	12,000	12,000
-	-	-	-	1,488,533
-	667,837	-	-	667,837
57,884	-	202,128	4,293	550,385
57,884	667,837	202,128	16,293	2,718,755
57,884	1,290,518	202,128	16,293	3,341,436

Jasper County

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

Year ended June 30, 2018

	Special		
	County Recorder's Records Management	Resource Enhancement and Protection	Local Option Sales and Services Tax
Revenues:			
Tax increment financing	$ -	-	-
Local option sales and services tax	-	-	1,385,206
Intergovernmental	-	16,133	-
Charges for service	6,484	-	-
Use of money and property	184	1,426	-
Miscellaneous	-	-	-
Total revenues	6,668	17,559	1,385,206
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
Administration	-	-	-
Capital projects	-	-	-
Total expenditures	-	-	-
Excess of revenues over expenditures	6,668	17,559	1,385,206
Other financing uses:			
Transfers out	-	-	(1,619,322)
Change in fund balances	6,668	17,559	(234,116)
Fund balances beginning of year	27,856	233,997	1,722,649
Fund balances end of year	$ 34,524	251,556	1,488,533

See accompanying independent auditor’s report.

Revenue				
Drainage Districts	Tax Increment Financing	Other	Permanent Loskot Trust	Total
-	627,502	-	-	627,502
-	-	-	-	1,385,206
-	14,056	-	-	30,189
-	-	-	-	6,484
-	6,751	263	-	8,624
-	-	22,563	-	22,563
-	648,309	22,826	-	2,080,568
-	-	8,004	-	8,004
-	-	11,397	-	11,397
-	-	1,000	-	1,000
-	-	20,401	-	20,401
-	648,309	2,425	-	2,060,167
-	(884,644)	-	-	(2,503,966)
-	(236,335)	2,425	-	(443,799)
57,884	904,172	199,703	16,293	3,162,554
57,884	667,837	202,128	16,293	2,718,755

Jasper County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

		County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets						
Cash and pooled investments:						
County Treasurer	$	-	1,729	292,290	164,215	7,514
Other County officials		37,182	-	-	-	-
Receivables:						
Property tax:						
Delinquent		-	591	1,395	56,220	2,364
Succeeding year		-	262,000	521,000	22,677,000	1,041,000
Accounts		-	-	-	-	-
Special assessments		-	-	-	-	-
Due from other governments		-	-	-	-	-
Total assets	$	37,182	264,320	814,685	22,897,435	1,050,878
Liabilities						
Liabilities:						
Accounts payable	$	-	-	37	-	-
Salaries and benefits payable		-	-	6,272	-	-
Due to other governments		20,444	264,320	719,368	22,897,435	1,050,878
Trusts payable		16,738	-	-	-	-
Compensated absences		-	-	89,008	-	-
Total liabilities	$	37,182	264,320	814,685	22,897,435	1,050,878

See accompanying independent auditor's report.

Corporations	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
82,002	2,417	10,156	1,069,853	667,580	2,297,756
-	-	-	-	-	37,182
24,612	1,131	-	-	450	86,763
9,774,000	423,000	-	-	2,546,000	37,244,000
-	-	-	-	45,814	45,814
-	-	120,852	-	-	120,852
-	-	-	-	152,287	152,287
9,880,614	426,548	131,008	1,069,853	3,412,131	39,984,654
-	-	-	-	17,395	17,432
-	-	-	-	3,371	9,643
9,880,614	426,548	131,008	1,069,853	3,215,855	39,676,323
-	-	-	-	138,825	155,563
-	-	-	-	36,685	125,693
9,880,614	426,548	131,008	1,069,853	3,412,131	39,984,654

Jasper County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2018

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	$ 39,982	237,082	808,122	22,488,988	1,039,525
Additions:					
Property and other county tax	-	262,916	522,850	22,732,898	1,041,661
911 surcharge	-	-	-	-	-
State tax credits	-	19,617	46,294	1,855,845	82,621
Driver's license fees	-	-	-	-	-
Office fees and collections	1,248,647	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	929,160	-	-	-	-
Miscellaneous	-	-	600	-	-
Total additions	2,177,807	282,533	569,744	24,588,743	1,124,282
Deductions:					
Agency remittances:					
To other funds	928,857	-	-	-	-
To other governments	460,215	255,295	563,181	24,180,296	1,112,929
Trusts paid out	791,535	-	-	-	-
Total deductions	2,180,607	255,295	563,181	24,180,296	1,112,929
Balances end of year	$ 37,182	264,320	814,685	22,897,435	1,050,878

See accompanying independent auditor's report.

Corporations	Townships	City Special Assess-ments	Auto License and Use Tax	Other	Total
9,960,484	396,424	167,684	971,814	3,244,548	39,354,653
9,715,042	425,127	-	-	2,653,624	37,354,118
-	-	-	-	435,400	435,400
1,092,955	22,522	-	-	181,190	3,301,044
-	-	-	286,757	-	286,757
-	-	-	-	6,484	1,255,131
-	-	-	11,616,002	-	11,616,002
-	-	13,369	-	-	13,369
-	-	-	-	515,902	1,445,062
-	-	-	-	419,276	419,876
10,807,997	447,649	13,369	11,902,759	4,211,876	56,126,759
-	-	-	431,126	-	1,359,983
10,887,867	417,525	50,045	11,373,594	3,548,326	52,849,273
-	-	-	-	495,967	1,287,502
10,887,867	417,525	50,045	11,804,720	4,044,293	55,496,758
9,880,614	426,548	131,008	1,069,853	3,412,131	39,984,654

Jasper County

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

For the Last Ten Years

	2018	2017	2016	Modified 2015
Revenues:				
Property and other county tax	$ 14,050,570	13,658,014	13,027,674	12,725,632
Tax increment financing	627,502	690,166	926,595	1,023,421
Local option sales and services tax	1,385,206	1,504,695	1,381,665	1,323,595
Interest and penalty on property tax	88,742	87,524	96,676	91,437
Intergovernmental	8,132,345	8,820,774	8,637,330	7,255,314
Licenses and permits	174,854	197,905	122,709	102,606
Charges for service	1,324,020	1,181,791	1,088,179	959,536
Use of money and property	221,493	170,671	139,867	227,081
Miscellaneous	816,624	1,173,665	624,019	618,609
Total	$ 26,821,356	27,485,205	26,044,714	24,327,231
Expenditures:				
Operating:				
Public safety and legal services	$ 7,001,242	5,984,572	5,878,181	5,678,863
Physical health and social services	1,933,523	1,793,766	1,679,516	1,828,490
Mental health	756,136	931,970	1,025,846	3,278,357
County environment and education	1,451,139	1,454,334	1,410,311	1,369,270
Roads and transportation	10,779,984	7,274,732	7,442,248	6,412,667
Governmental services to residents	1,212,296	1,399,588	1,487,312	1,074,056
Administration	3,314,486	2,697,668	2,668,452	2,870,280
Non-program	203,000	720,572	85,392	6,564
Debt service	1,854,229	1,714,585	1,643,933	1,959,181
Capital projects	799,873	1,540,723	670,308	1,615,469
Total	$ 29,305,908	25,512,510	23,991,499	26,093,197

See accompanying independent auditor's report.

Accrual Basis					
2014	2013	2012	2011	2010	2009
12,476,599	12,562,086	13,150,092	12,361,664	12,332,220	12,148,843
1,046,732	1,045,731	656,972	676,989	592,150	419,479
1,291,837	1,257,023	1,258,294	1,322,175	1,266,740	1,241,293
103,701	118,511	112,902	126,863	117,212	124,322
6,273,322	6,756,315	7,194,041	7,237,209	7,095,801	8,715,856
115,039	96,379	87,118	66,667	74,724	72,004
978,744	1,028,561	926,143	981,953	984,163	1,057,610
226,008	181,483	211,185	278,877	298,819	375,452
521,057	644,364	549,034	492,838	572,780	510,187
23,033,039	23,690,453	24,145,781	23,545,235	23,334,609	24,665,046
5,223,925	4,898,752	4,807,315	4,720,013	4,490,429	4,363,202
1,817,665	1,871,986	1,656,699	1,763,627	1,879,107	1,751,652
1,040,216	941,390	4,345,312	3,626,922	3,309,741	3,614,092
1,375,502	1,830,482	1,325,737	1,326,599	1,234,876	3,007,680
5,713,570	6,602,333	6,544,659	5,994,849	5,791,297	5,463,308
962,079	915,088	925,388	855,852	938,498	867,398
2,927,232	2,950,132	2,805,074	2,770,982	2,614,877	2,682,493
42,394	9,346	15,829	8,156	7,279	5,860
3,772,649	1,915,330	3,960,276	1,828,698	1,833,025	1,826,464
1,202,624	1,015,233	2,217,792	419,411	43,778	1,329,406
24,077,856	22,950,072	28,604,081	23,315,109	22,142,907	24,911,555

Jasper County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

Grantor/Program	CFDA Number	Pass-through Entity Identifying 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		$ 32,506
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	BROS-C050(117)--8J-50	142,833
Highway Planning and Construction	20.205	BROS-3897(601)--8J-50	306,464
			449,297
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	113,010
Nutrition Services Incentive Program	93.053	Title III/ES: Nutrition	64,400
			177,410
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5888BT10	43,678
Immunization Cooperative Agreements	93.268	5888I443	5,158
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		46
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		8,830
Foster Care Title IV-E	93.658		11,889
Adoption Assistance	93.659		3,833
Social Services Block Grant	93.667		9,705
Children's Health Insurance Program	93.767		240
Medical Assistance Program	93.778		52,835
U.S. Department of Homeland Security:			
Iowa Department of Public Defense			
Emergency Management Performance Grants	97.042	EMPG-17-PT-50	32,654
Total			$ 828,081

Jasper County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Jasper County under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Jasper County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Jasper County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Jasper County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

Jasper County

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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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, 2018, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 20, 2019.

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 have not been 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-18 and II-B-18 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 the accompanying Schedule of Findings and Questioned Costs as items II-C-18 and II-D-18 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, 2018 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.

Marlys Gaston

MARLYS K. GASTON, CPA
Deputy Auditor of State

March 20, 2019

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Rob Sand
Auditor of State

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

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) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2018. Jasper County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Jasper County's major federal program 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 Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 we considered necessary in the circumstances.

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

Opinion on the 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 its major federal program for the year ended June 30, 2018.

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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jasper County's internal control over compliance.

A 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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 have not been identified. We identified a deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-18 to be a material weakness.

Jasper County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Jasper County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marlys Gaston

MARLYS K. GASTON, CPA
Deputy Auditor of State

March 20, 2019

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

(a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.

(b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) A material weakness in internal control over the major program was disclosed by the audit of the financial statements.

(e) An unmodified opinion was issued on compliance with requirements applicable to the major program.

(f) The audit disclosed an audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516.

(g) The major program was the Highway Planning and Construction Cluster, 20.205Highway Planning and Construction.

(h) The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

(i) Jasper County did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-18 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition – Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. In the County Treasurer's Office, drop box receipts are opened by accounting personnel.	Treasurer, Sheriff (Civil), Recorder, Environmental Health and Home Care Aides, Conservation, Community Services, Elderly Nutrition and Emergency Management
(2) Generally, one individual may have control over listing mail receipts, collecting, depositing, posting, maintaining receivable records and daily reconciling of receipts for which no compensating controls exist. The initial listing is not compared to receipt records by an independent person. In the Environmental Health and Home Care Aides and E-911, a listing of mail receipts is not prepared.	Treasurer, Sheriff (Civil and Jail), Engineer, Recorder, Community Services, Environmental Health and Home Care Aides, Conservation, Elderly Nutrition, Emergency Management and E–911
(3) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Treasurer, Sheriff (Civil and Jail), Recorder and Elderly Nutrition
(4) Investments are not periodically inspected or reconciled to investment records by an independent person and an independent verification of interest earnings is not performed.	Treasurer
(5) Depositing, reconciling and recording of receipts is done by the custodian of the change funds for which no compensating controls exist.	Treasurer

(6)	Daily cash reconciliations for motor vehicle and driver's licenses are not reviewed and approved by an independent person for propriety. Daily cash reconciliations prepared in the Recorder's Office are not reviewed and approved by an independent person for propriety.	Treasurer and Recorder
(7)	All individuals in tax, motor vehicle and driver's license have the ability to void receipts in Eden/Arts (DOT system), including individuals who perform daily balancing.	Treasurer
	All individuals in the County Recorder's and County Sheriff's Offices have the ability to void receipts, including individuals who perform daily balancing. No report is maintained or review performed over voided receipts.	Recorder and Sheriff

<u>Cause</u> – The County offices noted above have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

<u>Effect</u> – Inadequate segregation of duties could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

<u>Recommendation</u> – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials and personnel from other County offices, to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be documented by the signature or initials of the reviewer and the date of the review.

<u>Responses</u> –

<u>Treasurer</u> – We will continue to do our best to segregate duties with the limited staff available.

<u>Sheriff</u> – We have made changes when possible in order to segregate duties and reviewed our operating procedures. We will continue to evaluate and adjust segregation of duties recommendations when possible, however, we have limited staff with which to do so.

<u>Recorder</u> – Due to office size, it is difficult to achieve these directives. We will try our best.

<u>Engineer</u> – One person opens and logs incoming receipts, another person processes them for delivery to the Treasurer, a third reviews delivered receipts. Further segregation is limited by available staff.

Community Services – All fiscal year 2018 general assistance receipts were direct deposit and not handled internally by this Office. If receipts are sent or brought to the Community Services Office, we segregate the duties to the extent possible with limited staff. We will continue to encourage direct deposit and segregation of duties.

Environmental Health and Home Care Aides – We plan to implement a mail log for payments and compare the deposit and Quickbooks. We are a small office with limited staff for segregation of duties.

Conservation – While we understand the importance of segregation of duties, our staff size does not allow for this.

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 abilities and explore ways to improve.

Emergency Management – There are only two people in the Office making if difficult to meet the segregation of duties requirements.

E–911 – This is a one person Department, but we will try to resolve this.

Conclusions – Responses acknowledged. All offices should review current operating procedures for the areas noted to obtain the maximum internal control possible. The officials should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

II-B-18 Financial Reporting

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

Condition – Material amounts of receivables and payables were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly record these amounts in the financial statements.

Cause – County policies do not require and procedures have not been established to require independent review of year-end cut-off transactions to ensure the County's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the County's financial statements were necessary.

Recommendation – The County should establish procedures to ensure all receivables and payables are properly identified and reported in the County's financial statements.

Responses –

Auditor – The Auditor's Office will establish procedures to make sure all receivables and payables are identified and reported.

Treasurer – We will work within the Departments to create a better monitoring system when recording receivables.

Conclusion – Responses accepted.

II-C-18 Scrap Metal Sales

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all scrap metal sales and for periodic review of those records by someone independent of other duties related to the scrap metal.

Condition – There was no evidence of independent review of scrap metal sales.

Cause – Procedures have not been designed and implemented to ensure the records maintained to properly account for scrap metal sales are reviewed by an independent person.

Effect – When records for scrap metal sales are not reviewed and adequate segregation of duties does not exist, the opportunity for misappropriation and undetected errors can result.

Recommendation – The County Engineer should establish procedures to ensure scrap metal sales are reviewed by an independent person.

Response – Jasper County will send two employees when taking scrap metal in for disposal. We only accept a check as payment which is returned to the Engineer's Office. It is then forwarded to the Jasper County Treasurer's office for deposit.

Conclusion – Response acknowledged. The County Engineer should establish procedures to ensure scrap metal sales are reviewed by an independent person.

II-D-18 Sheriff Change Fund

Criteria – An effective internal control system provides for internal controls related to maintaining an approved separate change fund. Receipts should be deposited intact and timely rather than used to make change.

Condition – The Sheriff does not maintain a change fund. Change, when needed for cash payments, is made from daily receipts.

Cause – County policies do not require the use of an approved change fund and does not require receipts be deposited intact and timely.

Effect – When daily receipts can be used to make change, deposits are not made intact and the opportunity for misappropriation and undetected errors can result.

Recommendation – The Sheriff should establish policies for a change fund and this change fund should be approved by the Board of Supervisors. Policies should also state change should be made from the change fund and all receipts should be deposited intact.

Response – We are now accepting credit cards which have significantly reduced the amount of transactions requiring a change fund. We attempt to request exact amounts whenever possible, which would reduce our need to make change.

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

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

<u>Part III: Findings and Questioned Costs For Federal Awards</u>:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 20.205: Highway Planning and Construction
Pass-through Entity Identifying Number: BROS-C050(117)-8J-50,
BROS-3897(601)-8J-50
Federal Award Year: 2018
U.S. Department of Transportation
Passed through the Iowa Department of Transportation

III-A-18 (2018-001) <u>Segregation of Duties over Federal Revenues</u> – The Engineer's Office did not properly segregate listing mail receipts, collecting, depositing, posting and reconciling functions for revenues, including those related to federal programs. See item II-A-18.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-18 Certified Budget – Disbursements during the year ended June 30, 2018 exceeded the amount budgeted in the non-program function prior to the budget amendments. In addition, the Board of Supervisors, by resolution, did not approve appropriations for each of the different County of offices and departments until July 25, 2017. As a result, disbursements exceeded the amounts appropriated for the majority of the County offices and departments prior to approval. In addition, disbursements in certain departments exceeded the amounts appropriated prior to budget amendments.

Recommendation – The budget should have been 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 states "The board shall appropriate, by resolution, the amounts deemed necessary for each of the different county officers and departments during the ensuing fiscal year." Such appropriations should be made prior to the start of the fiscal year and before disbursements exceed the appropriations.

Response – The Auditor's Office will guide the Board of Supervisors in approving appropriations timely and making sure the budget is amended before disbursements are made.

Conclusion – Response accepted.

IV-B-18 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-18 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-18 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-18 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-18 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-18 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-18 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-18 Annual Urban Renewal Report (AURR) – The amount reported by the County as TIF debt outstanding on the Levy Authority Summary was overstated by $6,197,105. The Levy Authority Summary also included revenues, expenditures and ending cash balances which did not reconcile to the County's Special Revenue, Tax Increment Financing Fund.

Recommendation – The County should ensure the amounts reported on the Levy Authority Summary, including TIF debt outstanding, agree with the County's records.

Response – The County will focus in on the Levy Authority Summary, including TIF debt outstanding, so the report accurately reflects the County's records.

Conclusion – Response accepted.

IV-J-18 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 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 year ended June 30, 2016, the County issued Series 2016 general obligation refunding capital loan notes to refund the Series 2007B general obligation urban renewal bonds. The refunded Series 2007B general obligation urban renewal bonds of $3,500,000 and interest of $1,057,940, which is no longer owed, were not decertified to reduce the obligation outstanding and the Series 2016 general obligation refunding capital loan notes principal of $3,665,000 and interest of $563,502 were not certified as TIF obligations.

Recommendation – The County should certify as a TIF obligation, the Series 2016 general obligation refunding capital loan notes principal and interest expected to be repaid with TIF collections and decertify the Series 2007B general obligation urban renewal bonds which were refunded by the 2016 issuance.

Response – The County will certify as TIF obligations the Series 2016 general obligation refunding capital loan notes expected to be paid with TIF collections and decertify the Series 2007B general obligation urban renewal bonds which were refunded by the 2016 issuance.

Conclusion – Response accepted.

IV-K-18 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, 2018 for the County Extension Office did not exceed the amount budgeted.

IV-L-18 Outstanding Checks – Chapter 331.554(6) of the Code of Iowa requires checks outstanding for more than one year be canceled, removed from the list of outstanding checks and deposited to the account on which the check was written. At June 30, 2018, the County Sheriff outstanding check list included 13 checks which had been outstanding over one year and two checks which had been outstanding for over two years.

Recommendation – Checks outstanding for more than one year should be canceled as required by the Code of Iowa.

Response – We have contacted our financial institution and will be canceling the checks referenced. Our staff has been directed to review checks and make sure we are cancelling outstanding checks which qualify.

Conclusion – Response accepted.

Staff

This audit was performed by:

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