



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE

April 5, 2006

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$41,747,747 for the year ended June 30, 2005, which included \$2,046,118 in tax credits from the state. The County forwarded \$30,732,301 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$11,015,446 of the local tax revenue to finance County operations, a 20.8 percent increase over the prior year. The increase in local tax revenue is due to increases in the general, mental health and debt service tax levies. Other revenues included charges for service of \$1,687,671, operating grants, contributions and restricted interest of \$6,102,207, capital grants, contributions and restricted interest of \$3,445,953, tax increment financing of \$171,439, unrestricted investment earnings of \$204,034 and other general revenues of \$238,306.

Expenses for County operations totaled \$19,458,891, a 9.2 percent increase over the prior year. Expenses included \$6,383,621 for roads and transportation, \$3,468,877 for mental health and \$3,366,903 for public safety and legal services.

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

###

JASPER COUNTY

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

JUNE 30, 2005

Table of Contents

		Page
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-14
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	G	25
Statement of Changes in Fiduciary Net Assets	H	26
Notes to Financial Statements		27-40
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		42-43
Budget to GAAP Reconciliation		44
Notes to Required Supplementary Information – Budgetary Reporting		45
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	48-49
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	50-51
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	52-53
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	54-55
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	56
Schedule of Expenditures of Federal Awards	6	58-59
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 <u>Government Auditing Standards</u>		61-62
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133		65-66
Schedule of Findings and Questioned Costs		67-88
Staff		89

Jasper County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2005)		
Max Worthington	Board of Supervisors	Jan 2005
Dennis Carpenter	Board of Supervisors	Jan 2007
W. E. Ward	Board of Supervisors	Jan 2007
Kenneth Slothouber	County Auditor	Jan 2005
Jana Lust	County Treasurer	Jan 2007
Nancy Parrott	County Recorder	Jan 2007
Mike Balmer	County Sheriff	Jan 2005
Steve Johnson	County Attorney	Jan 2007
John Deegan	County Assessor	Jan 2010
(After January 2005)		
Dennis Carpenter	Board of Supervisors	Jan 2007
W. E. Ward	Board of Supervisors	Jan 2007
Max Worthington	Board of Supervisors	Jan 2009
Dennis Parrott	County Auditor	Jan 2009
Jana Lust	County Treasurer	Jan 2007
Nancy Parrott	County Recorder	Jan 2007
Mike Balmer	County Sheriff	Jan 2009
Steve Johnson	County Attorney	Jan 2007
John Deegan	County Assessor	Jan 2010

Jasper County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report

To the Officials of Jasper County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Jasper County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County at June 30, 2005, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

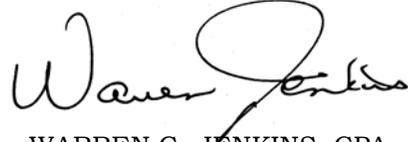
In accordance with Government Auditing Standards, we have also issued our report dated February 14, 2006 on our consideration of Jasper County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 14 and 42 through 45 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jasper County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 14, 2006

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, 2005. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 20.1%, or approximately \$3,831,000, from fiscal 2004 to fiscal 2005. The majority of the increase was due to increases in property tax of approximately \$1,822,000 and capital grants, contributions and restricted interest of approximately \$2,378,000.
- Program expenses of the County's governmental activities increased 9.2%, or approximately \$1,640,000, from fiscal 2004 to fiscal 2005. Roads and transportation expenses increased approximately \$875,000.
- The County's net assets increased 19.3%, or approximately \$3,406,000, from June 30, 2004 to June 30, 2005.
- Jasper County issued \$6,150,000 in general obligation bonds during the year ended June 30, 2005. The bonds will be used for construction of a law enforcement center and road resurfacing projects in the unincorporated towns and small subdivisions within the County, which are expected to be completed in FY 2006.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Jasper County's combined net assets strengthened from a year ago, increasing from approximately \$17,655,000 to approximately \$21,061,000. The analysis that follows focuses on the changes in the net assets for governmental activities.

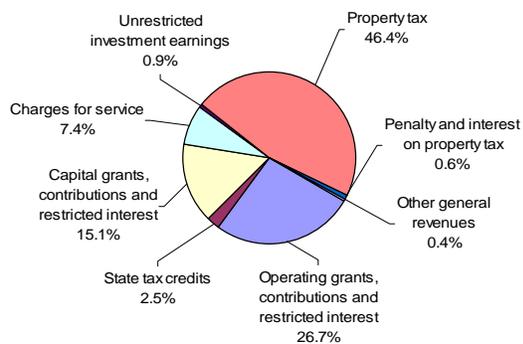
Net Assets of Governmental Activities		
(Expressed in Thousands)		
	June 30,	
	2005	2004
Current and other assets	\$ 21,789	22,083
Capital assets	27,652	17,186
Total assets	49,441	39,269
Long-term liabilities	14,518	8,728
Other liabilities	13,862	12,886
Total liabilities	28,380	21,614
Net assets:		
Invested in capital assets, net of related debt	16,149	12,556
Restricted	3,054	3,134
Unrestricted	1,858	1,965
Total net assets	\$ 21,061	17,655

Net assets of Jasper County's governmental activities increased by \$3,406,000 (\$17,655,000 compared to \$21,061,000). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—decreased from approximately \$1,965,000 at June 30, 2004 to approximately \$1,858,000 at the end of this year, a decrease of 5.4 percent. This decrease of approximately \$107,000 in unrestricted net assets was a result of overall day-to-day increased expenses.

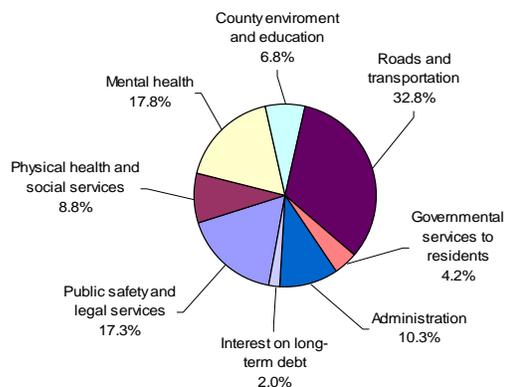
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2005	2004
Revenues:		
Program revenues:		
Charges for service	\$ 1,688	1,943
Operating grants, contributions and restricted interest	6,102	6,139
Capital grants, contributions and restricted interest	3,446	1,068
General revenues:		
Property tax	10,620	8,798
Penalty and interest on property tax	138	145
State tax credits	567	474
Grants and contributions not restricted to specific purposes	-	33
Unrestricted investment earnings	204	124
Other general revenues	100	310
Total revenues	22,865	19,034
Program expenses:		
Public safety and legal services	3,367	3,137
Physical health and social services	1,707	1,546
Mental health	3,469	3,632
County environment and education	1,317	1,130
Roads and transportation	6,384	5,509
Governmental services to residents	816	692
Administration	2,005	1,895
Interest on long-term debt	394	277
Total expenses	19,459	17,818
Increase in net assets	3,406	1,216
Net assets beginning of year	17,655	16,439
Net assets end of year	\$ 21,061	17,655

Revenues by Source



Expenses by Function



Jasper County's net assets of governmental activities increased by approximately \$3,406,000 during the year. Revenues for governmental activities increased by approximately \$3,831,000 from the prior year, with property tax revenue up from the prior year by approximately \$1,822,000, or 20.7 percent.

The County increased property tax rates for 2005 by an average of 28.3 percent. This increase raised the County's budgeted property tax revenue by approximately \$1,868,000 in 2005. Of this increase, \$465,610 was for the first year repayment of the law enforcement center general obligation bonds. For 2005, the State issued an equalization order to decrease agricultural property valuations by 21.2%. With this adjustment and a further residential rollback requirement, the County experienced an overall decrease of \$81,948,612 in taxable valuations. Based on the decreases in the total taxable valuation, a slow growth of \$5,542,000 in taxable valuations next year and fund balances reduced in prior fiscal years to avoid tax increases, property tax revenue is budgeted to increase by an additional \$1,273,000 next year.

The cost of all governmental activities this year was \$19.5 million compared to \$17.8 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was only \$8.2 million because some of the cost was paid by those directly benefited from the programs (\$1,688,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$9,549,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in 2005 from approximately \$9,150,000 to approximately \$11,237,000, principally due to farm-to-market road projects contributed to the County by the Iowa DOT. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$10,620,000 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jasper County completed the year, its governmental funds reported a combined fund balance of \$7,759,752, a decrease of \$755,503 from last year's total of \$8,515,255. The decrease in fund balance is primarily attributable to use of general obligation bond money on hand for the law enforcement center construction project. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund expenditures increased approximately \$508,000, or 6.4%, mainly due to increased wage and cost-of-living adjustments, Social Security and IPERS match requirements and increases in health insurance premiums. A property tax increase of approximately \$477,000 and a decrease of approximately \$241,000 for all other income resulted in a net increase of approximately \$236,000, or 2.8%, for General Fund revenues. After transfers to the Secondary Roads and Capital Projects Funds, the ending fund balance showed a minor decrease of \$3,315 from the prior year to \$2,660,329.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$3,469,165, a decrease of approximately \$160,000, or 4.4%, from the prior year. Revenues increased approximately \$929,000, or 38.5%, due to a property tax increase. This increase was necessary since \$1,000,000 of cash balance was used the prior year to reduce the property tax asking. The Mental Health Fund balance at year end decreased by approximately \$126,000, or 15.8%, from the prior year.
- The Rural Services Fund had an increase in expenditures of approximately \$121,000 due to additional funding for county libraries and the Planning and Zoning department being moved to this fund because its services pertain only to the rural area. Revenues increased approximately \$79,000, or 3.8%, which was primarily due to building permits from the Planning and Zoning department. At year end, the fund balance was \$171,812 compared

to the prior year ending balance of \$81,059. The \$90,753 increase was mainly due to a decrease in the amount transferred to the Secondary Roads Fund for the local match of State Road Use Tax funds.

- Secondary Roads Fund revenues decreased approximately \$260,000, or 5.5%, principally due to less federal bridge replacement monies. Expenditures decreased by approximately \$313,000, or 3.8%, from the prior year because not as much equipment was purchased. In March 2005, the County issued \$4,160,000 of general obligation bonds to help finance a major TIF (tax increment financing) project in which roads in the unincorporated towns and small rural subdivisions were resurfaced. Because this large project didn't get started until the spring of 2005, the fund balance at June 30, 2005 was \$4,009,420 compared to the prior year ending balance of \$1,307,898.
- During the year ended June 30, 2005, the County issued \$1,990,000 of general obligation bonds to help finance a new law enforcement center. The proceeds from the bond issue were placed in a Capital Projects Fund. This bond issue, along with approximately \$3.3 million remaining from a fiscal year 2004 bond issue, funded the majority of expenditures from the Capital Projects Fund.
- The Debt Service Fund revenues increased by approximately \$502,000 due to a property tax increase while expenditures increased by approximately \$460,000. Both increases are primarily attributable to the first year installment of principal and interest on \$6,000,000 of general obligation bonds issued for the law enforcement center in the prior year. The June 30, 2005 ending fund balance increased by approximately \$53,000 due to interest earned on the balance of proceeds invested until needed for expenditure.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jasper County amended its budget three times. The first amendment was made in August 2004 and resulted in an increase in budgeted disbursements related to the law enforcement center capital project, the Rock Creek Bike Trail capital project and additional funding for county libraries. The second amendment was made in February 2005. This amendment was made to account for an increase in revenues for bonds issued for the law enforcement center, bonds for a major road project and State funds for the sewer project at Rock Creek Lake. The February 2005 amendment also increased expenditures for the law enforcement center capital project, the sewer project at Rock Creek Lake, retirement packages for four employees, computer software purchase for the Recorder's office and additional substance abuse costs. The final amendment was made in May 2005, increasing expenditures for the law enforcement center capital project and decreasing revenues, primarily for lower earnings on investments, reduction of documents being recorded resulting in less income and federal bridge replacement money anticipated being received next fiscal year instead of current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, Jasper County had approximately \$27,652,000 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$10,465,000, or 60.9 percent, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2005	2004
Land	\$ 689	689
Construction in progress	10,699	4,137
Buildings and improvements	1,679	1,788
Equipment and vehicles	2,954	3,196
Infrastructure	11,631	7,376
Total	\$ 27,652	17,186

The County had depreciation expense of \$1,134,408 in FY05 and total accumulated depreciation of \$6,756,019 at June 30, 2005.

The County's fiscal year 2005 capital budget included approximately \$12,333,216 for capital projects, principally for construction of a law enforcement center, sewer construction at Rock Creek Lake and part of a major road resurfacing project in the unincorporated towns and small subdivisions within the County. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2005, Jasper County had approximately \$13,997,000 in general obligation bonds and capital loan notes and other debt outstanding compared to approximately \$8,239,000 at June 30, 2004, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2005	2004
General obligation bonds and capital loan notes	\$ 13,940	8,110
Capital lease purchase agreements	57	129
Total	\$ 13,997	8,239

Debt increased as a result of issuing general obligation bonds for the law enforcement center and a major road resurfacing project.

The County carries a general obligation bond rating of Aaa 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 percent of the assessed value of all taxable property within the County's corporate limits. Jasper County's outstanding general obligation debt is significantly below its constitutional debt limit of \$91.6 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 2006 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.

Amounts available for appropriation in the operating budget are approximately \$25,425,000, an increase of 25 percent from the final 2005 budget. Property taxes (hindered by the decreases in taxable valuations) are expected to lead the increase, as well as transfers of bond proceeds between Secondary Roads Fund accounts for road resurfacing expenditures. Budgeted disbursements are expected to decrease by approximately \$7,021,000. The decrease is the result of the completion of the law enforcement center and other capital projects. With the exception of opening the new and larger law enforcement center in July 2005, the County has added no major new programs or initiatives to the 2006 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by the close of 2006.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Exhibit A

Jasper County
Statement of Net Assets
June 30, 2005

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 8,634,952
Receivables:	
Property tax:	
Delinquent	75,312
Succeeding year	11,631,000
Succeeding year tax increment financing	247,000
Interest and penalty on property tax	95,320
Accounts	41,114
Accrued interest	12,159
Special assessments	97,550
Due from other governments	500,366
Inventories	355,849
Prepaid expense	98,899
Capital assets (net of accumulated depreciation)	27,651,718
Total assets	<u>49,441,239</u>
Liabilities	
Accounts payable	1,285,513
Accrued interest payable	98,565
Salaries and benefits payable	143,110
Due to other governments	457,065
Deferred revenue:	
Succeeding year property tax	11,631,000
Succeeding year tax increment financing	247,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	35,490
General obligation capital loan notes	230,000
General obligation bonds	600,000
Compensated absences	402,135
Portion due or payable after one year:	
Capital lease purchase agreement	21,351
General obligation capital loan notes	1,660,000
General obligation bonds	11,450,000
Compensated absences	118,667
Total liabilities	<u>28,379,896</u>
Net Assets	
Invested in capital assets, net of related debt	16,149,428
Restricted for:	
Supplemental levy purposes	579,424
Mental health purposes	678,522
Secondary roads purposes	1,412,276
Debt service	21,190
Other purposes	362,821
Unrestricted	1,857,682
Total net assets	<u>\$ 21,061,343</u>

See notes to financial statements.

Jasper County
Statement of Activities
Year ended June 30, 2005

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 3,366,903	357,393	39,139	-	(2,970,371)
Physical health and social services	1,706,957	315,043	431,222	-	(960,692)
Mental health	3,468,877	1,009	1,462,077	-	(2,005,791)
County environment and education	1,317,168	80,534	295,376	96,744	(844,514)
Roads and transportation	6,383,621	140,458	3,852,067	3,349,209	958,113
Governmental services to residents	816,670	636,134	1,936	-	(178,600)
Administration	2,004,600	157,100	20,390	-	(1,827,110)
Interest on long-term debt	394,095	-	-	-	(394,095)
Total	\$ 19,458,891	1,687,671	6,102,207	3,445,953	(8,223,060)
General Revenues:					
Property and other county tax levied for:					
General purposes					9,825,978
Debt service					622,306
Tax increment financing					171,439
Penalty and interest on property tax					138,102
State tax credits					567,162
Unrestricted investment earnings					204,034
Miscellaneous					100,204
Total general revenues					11,629,225
Change in net assets					3,406,165
Net assets beginning of year					17,655,178
Net assets end of year					\$ 21,061,343

See notes to financial statements.

Jasper County
Balance Sheet
Governmental Funds

June 30, 2005

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 2,510,719	1,147,948	186,879	4,019,853
Receivables:				
Property tax:				
Delinquent	40,412	11,839	19,208	-
Succeeding year	6,578,000	2,367,000	1,963,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	95,320	-	-	-
Accounts	34,658	493	-	5,963
Accrued interest	12,159	-	-	-
Special assessments	-	-	-	97,550
Due from other governments	134,083	1,748	-	338,465
Inventories	103,136	-	-	252,713
Prepaid insurance	98,899	-	-	-
	\$ 9,607,386	3,529,028	2,169,087	4,714,544
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 114,485	55,868	3,011	562,288
Salaries and benefits payable	96,320	2,236	1,213	43,341
Due to other governments	24,173	419,939	11,008	1,945
Deferred revenue:				
Succeeding year property tax	6,578,000	2,367,000	1,963,000	-
Succeeding year tax increment financing	-	-	-	-
Other	134,079	11,618	19,043	97,550
Total liabilities	6,947,057	2,856,661	1,997,275	705,124
Fund balances:				
Reserved for:				
Supplemental levy purposes	624,586	-	-	-
Dental care of county residents	-	-	-	-
Debt service	-	-	-	-
Cemetery levy	2,594	-	-	-
Unreserved:				
Designated for special projects	124,193	-	-	-
Undesignated, reported in:				
General fund	1,908,956	-	-	-
Special revenue funds	-	672,367	171,812	4,009,420
Capital projects fund	-	-	-	-
Total fund balances	2,660,329	672,367	171,812	4,009,420
	\$ 9,607,386	3,529,028	2,169,087	4,714,544

See notes to financial statements.

Capital Projects	Debt Service	Nonmajor	Total
293,440	115,902	360,211	8,634,952
-	3,853	-	75,312
-	723,000	-	11,631,000
-	-	247,000	247,000
-	-	-	95,320
-	-	-	41,114
-	-	-	12,159
-	-	-	97,550
26,070	-	-	500,366
-	-	-	355,849
-	-	-	98,899
319,510	842,755	607,211	21,789,521
549,861	-	-	1,285,513
-	-	-	143,110
-	-	-	457,065
-	723,000	-	11,631,000
-	-	247,000	247,000
-	3,791	-	266,081
549,861	726,791	247,000	14,029,769
-	-	-	624,586
-	-	17,060	17,060
-	115,964	-	115,964
-	-	-	2,594
-	-	-	124,193
-	-	-	1,908,956
-	-	343,151	5,196,750
(230,351)	-	-	(230,351)
(230,351)	115,964	360,211	7,759,752
319,510	842,755	607,211	21,789,521

Jasper County

Jasper County

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

June 30, 2005

Total governmental fund balances (page 19) \$ 7,759,752

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$34,407,737 and the accumulated depreciation is \$6,756,019. 27,651,718

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 266,081

Long-term liabilities, including capital lease purchase agreement payable, general obligation bonds payable, general obligation capital loan notes payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. (14,616,208)

Net assets of governmental activities (page 16) \$ 21,061,343

See notes to financial statements.

Jasper County

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

Year ended June 30, 2005

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 6,066,053	1,776,801	1,971,978	-
Interest and penalty on property tax	113,364	-	-	-
Intergovernmental	1,021,262	1,562,111	116,093	4,343,609
Licenses and permits	48,547	-	58,362	5,677
Charges for service	965,743	1,009	5,900	8,935
Use of money and property	193,965	-	-	-
Miscellaneous	230,970	3,384	149	142,095
Total revenues	8,639,904	3,343,305	2,152,482	4,500,316
Expenditures:				
Operating:				
Public safety and legal services	3,336,351	-	-	-
Physical health and social services	1,706,696	-	-	-
Mental health	-	3,469,165	-	-
County environment and education	674,016	-	313,986	-
Roads and transportation	-	-	-	5,601,722
Governmental services to residents	784,021	-	-	-
Administration	1,893,475	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	2,367,407
Total expenditures	8,394,559	3,469,165	313,986	7,969,129
Excess (deficiency) of revenues over (under) expenditures	245,345	(125,860)	1,838,496	(3,468,813)
Other financing sources (uses):				
Sale of capital assets	-	-	-	6,525
Operating transfers in	-	-	-	1,933,679
Operating transfers out	(248,660)	-	(1,747,743)	-
General obligation bonds issued	-	-	-	4,160,000
Premium on general obligation bonds issued	-	-	-	70,131
Total other financing sources (uses)	(248,660)	-	(1,747,743)	6,170,335
Net change in fund balances	(3,315)	(125,860)	90,753	2,701,522
Fund balances beginning of year	2,663,644	798,227	81,059	1,307,898
Fund balances end of year	\$ 2,660,329	672,367	171,812	4,009,420

See notes to financial statements.

Capital Projects	Debt Service	Nonmajor	Total
-	618,582	171,439	10,604,853
-	-	-	113,364
668,451	33,453	20,050	7,765,029
-	-	-	112,586
-	-	23,115	1,004,702
-	59,615	11,549	265,129
8,517	-	28,581	413,696
676,968	711,650	254,734	20,279,359
-	-	14,516	3,350,867
-	-	648	1,707,344
-	-	-	3,469,165
-	-	16,375	1,004,377
-	-	-	5,601,722
-	-	37,994	822,015
-	-	12,840	1,906,315
-	791,053	-	791,053
6,273,805	-	1,000	8,642,212
6,273,805	791,053	83,373	27,295,070
(5,596,837)	(79,403)	171,361	(7,015,711)
-	-	-	6,525
62,724	132,762	24,868	2,154,033
(24,868)	-	(132,762)	(2,154,033)
1,990,000	-	-	6,150,000
33,552	-	-	103,683
2,061,408	132,762	(107,894)	6,260,208
(3,535,429)	53,359	63,467	(755,503)
3,305,078	62,605	296,744	8,515,255
(230,351)	115,964	360,211	7,759,752

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, 2005

Net change in fund balances - Total governmental funds (page 23) \$ (755,503)

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 8,277,095	
Capital assets contributed by the Iowa Department of Transportation and others	3,349,209	
Depreciation expense	<u>(1,134,408)</u>	10,491,896

In the Statement of Activities, the loss on the sale of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources. (26,547)

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

Property tax	(9,011)	
Other	<u>(582,362)</u>	(591,373)

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

Issued	(6,150,000)	
Repaid	<u>392,564</u>	(5,757,436)

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

Compensated absences	(31,830)	
Interest on long-term debt	<u>76,958</u>	<u>45,128</u>

Change in net assets of governmental activities (page 17) \$ 3,406,165

See notes to financial statements.

Jasper County
 Statement of Fiduciary Net Assets
 Fiduciary Funds

June 30, 2005

	Other		
	Employee Benefit Trust	Private Purpose Trust	Agency
Assets			
Cash and pooled investments:			
County Treasurer	\$ 75,212	49,235	1,851,902
Other County officials	-	-	70,086
Receivables:			
Property tax:			
Delinquent	-	-	153,202
Succeeding year	-	-	29,326,000
Special assessments	-	-	291,695
Accounts	-	-	73,242
Due from other governments	-	-	11,126
Total assets	75,212	49,235	31,777,253
Liabilities			
Accounts payable	-	-	88,937
Salaries and benefits payable	-	-	6,998
Due to other governments	-	-	31,536,248
Trusts payable	-	-	121,428
Compensated absences	-	-	23,642
Total liabilities	-	-	31,777,253
Net assets			
Held in trust for employee benefits and other	\$ 75,212	49,235	-

See notes to financial statements.

Jasper County
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund

Year ended June 30, 2005

	Other Employee Benefit Trust	Private Purpose Trust
Additions:		
Donations and contributions	\$ 71,647	962
Deductions:		
Distribution to participants	38,241	-
Change in net assets held in trust	33,406	962
Net assets beginning of year	41,806	48,273
Net assets end of year	\$ 75,212	49,235

See notes to financial statements.

Jasper County

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30,

2005 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2004.

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

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

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

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

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

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave in excess of 1,440 hours will be paid at the last rate of pay to an employee upon retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements did not exceed the amounts budgeted. However, disbursements in the debt service function exceeded the amount budgeted prior to the May 2005 budget amendment.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$198,105 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The County's investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 185,936
	Special Revenue:	
	Rural Services	1,747,743
		<u>1,933,679</u>
Special Revenue:		
Conservation Land Acquisition	Capital Projects	<u>24,868</u>
Capital Projects	General	<u>62,724</u>
Debt Service	Special Revenue:	
	Tax Increment Financing	132,762
Total		<u>\$ 2,154,033</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2005 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 688,736	-	-	688,736
Construction in progress	4,137,415	11,214,155	(4,652,681)	10,698,889
Total capital assets not being depreciated	4,826,151	11,214,155	(4,652,681)	11,387,625
Capital assets being depreciated:				
Buildings	3,101,285	14,221	(32,710)	3,082,796
Improvements other than buildings	98,017	-	-	98,017
Machinery, equipment and vehicles	6,754,427	402,783	(51,075)	7,106,135
Infrastructure, road network	8,080,483	4,652,681	-	12,733,164
Total capital assets being depreciated	18,034,212	5,069,685	(83,785)	23,020,112
Less accumulated depreciation for:				
Buildings	1,394,822	88,661	(1,308)	1,482,175
Improvements other than buildings	16,770	2,544	-	19,314
Machinery, equipment and vehicles	3,558,083	645,194	(51,075)	4,152,202
Infrastructure, road network	704,319	398,009	-	1,102,328
Total accumulated depreciation	5,673,994	1,134,408	(52,383)	6,756,019
Total capital assets being depreciated, net	12,360,218	3,935,277	(31,402)	16,264,093
Governmental activities capital assets, net	\$ 17,186,369	15,149,432	(4,684,083)	27,651,718

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 48,950
Physical health and social services	8,899
Mental health	1,380
County environment and education	66,208
Roads and transportation	925,351
Administration	83,620
Total depreciation expense - governmental activities	<u>\$ 1,134,408</u>

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

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 24,173
Special Revenue:		
Mental Health	Services	419,939
Rural Services		11,008
Secondary Roads		1,945
		<u>432,892</u>
Total for governmental funds		<u>\$ 457,065</u>
Agency:		
County Assessor	Collections	\$ 489,521
Schools		17,550,709
Community Colleges		750,106
Corporations		7,634,215
Auto License and Use Tax		665,887
All other		4,445,810
Total for agency funds		<u>\$ 31,536,248</u>

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2005 is as follows:

	Capital Lease Purchase Agreement	General Obligation Capital Loan Notes	General Obligation Bonds	Compensated Absences	Total
Balance beginning of year	\$ 129,405	2,110,000	6,000,000	488,972	8,728,377
Increases	-	-	6,150,000	408,104	6,558,104
Decreases	72,564	220,000	100,000	376,274	768,838
Balance end of year	<u>\$ 56,841</u>	<u>1,890,000</u>	<u>12,050,000</u>	<u>520,802</u>	<u>14,517,643</u>
Due within one year	<u>\$ 35,490</u>	<u>230,000</u>	<u>600,000</u>	<u>402,135</u>	<u>1,267,625</u>

Capital Lease Purchase Agreement

The County has entered into a capital lease purchase agreement to lease a motorgrader. The following is a schedule of the future minimum lease payments, including interest at the rate of 3.9% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2005:

Year Ending June 30,	Motorgrader
2006	\$ 37,077
2007	21,628
Total minimum lease payments	<u>58,705</u>
Less amount representing interest	<u>(1,864)</u>
Present value of net minimum lease payments	<u>\$ 56,841</u>

The book value of the asset acquired under the capital lease totaled \$74,864 at June 30, 2005.

Payments under the capital lease purchase agreement for the year ended June 30, 2005 totaled \$75,967.

General Obligation Capital Loan Notes

A summary of the County's June 30, 2005 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 1995			Series 1999			Series 2001		
	Issued March 28, 1995			Issued April 1, 1999			Issued July 26, 2001		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2006	6.00%	\$ 50,000	6,575	4.20%	\$ 85,000	11,265	5.00%	\$ 50,000	62,995
2007	6.50	55,000	3,575	4.25	90,000	7,695	5.00	55,000	60,495
2008		-	-	4.30	90,000	3,870	5.00	55,000	57,745
2009		-	-		-	-	5.00	60,000	54,995
2010		-	-		-	-	5.00	65,000	51,995
2011-2015		-	-		-	-	5.00-5.20	360,000	209,223
2016-2020		-	-		-	-	5.25-5.45	460,000	105,093
2021		-	-		-	-	5.50	105,000	5,775
Total		<u>\$ 105,000</u>	<u>10,150</u>		<u>\$ 265,000</u>	<u>22,830</u>		<u>\$ 1,210,000</u>	<u>608,316</u>

Year Ending June 30,	Series 2003					
	Issued May 16, 2003			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2006	3.625%	\$ 45,000	14,306	\$ 230,000	95,141	325,141
2007	4.250	45,000	12,675	245,000	84,440	329,440
2008	4.500	45,000	10,763	190,000	72,378	262,378
2009	4.750	45,000	8,738	105,000	63,733	168,733
2010	4.875	45,000	6,600	110,000	58,595	168,595
2011-2015	5.125-5.250	85,000	6,506	445,000	215,729	660,729
2016-2020		-	-	460,000	105,093	565,093
2021		-	-	105,000	5,775	110,775
Total		\$ 310,000	59,588	\$ 1,890,000	700,884	2,590,884

During the year ended June 30, 2005, the County retired \$220,000 of general obligation capital loan notes.

General Obligation Bonds

A summary of the County's June 30, 2005 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2003		
	Issued Nov 1, 2003		
	Interest Rates	Principal	Interest
2006	2.50%	\$ 215,000	228,410
2007	2.50	230,000	223,035
2008	2.50	240,000	217,285
2009	2.50	250,000	211,285
2010	3.00	265,000	205,035
2011-2015	3.65-4.50	1,515,000	863,328
2016-2020	3.85-4.30	1,860,000	534,947
2021-2023	4.40-4.50	1,325,000	120,400
Total		\$ 5,900,000	2,603,725

Year Ending June 30,	Series 2005					
	Issued Mar 1, 2005			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2006	3.00%	\$ 385,000	268,278	\$ 600,000	496,688	1,096,688
2007	3.20	455,000	203,073	685,000	426,108	1,111,108
2008	3.30	470,000	188,513	710,000	405,798	1,115,798
2009	3.30	490,000	173,003	740,000	384,288	1,124,288
2010	3.30	505,000	156,832	770,000	361,867	1,131,867
2011-2015	3.40-3.75	2,815,000	508,580	4,330,000	1,371,908	5,701,908
2016-2020	3.60-3.95	615,000	155,370	2,475,000	690,317	3,165,317
2021-2023	4.00-4.05	415,000	34,018	1,740,000	154,418	1,894,418
Total		\$ 6,150,000	1,687,667	\$ 12,050,000	4,291,392	16,341,392

During the year ended June 30, 2005, the County issued \$6,150,000 and retired \$100,000 of general obligation bonds.

(7) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$410,131, \$401,105 and \$384,475, respectively, equal to the required contributions for each year.

(8) Risk Management

Jasper County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 509 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2005 were \$199,237.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2005, no liability has been recorded in the County's financial statements. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

(9) Designated Fund Equity

The County has designated \$124,193 from the General Fund for special projects. At June 30, 2005, the amounts designated are as follows:

Description	Amount
Courthouse roof, chiller and dome windows	\$ 17,282
Chichaqua bike trail maintenance	58,000
GIS project	16,229
Computer system upgrades	32,682
Total	<u>\$ 124,193</u>

(10) Pending Litigation

The County is involved in several lawsuits and unasserted claims as of June 30, 2005. The probability and amount of loss, if any, is undeterminable.

(11) Other Employee Benefits

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

Option 1: An incentive payment in an amount equal to payment for all unused days of sick leave times the employee's current per diem rate or \$17,500, whichever is greater. Payment of the incentive amount without interest is to be made in equal annual installments over a

three year period. In the event of the death of the participant prior to all payments being received, the balance will be paid to the former employee's estate.

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

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

During the year ended June 30, 2005, the Board of Supervisors approved a plan whereby an employee who is eligible to remain on the Employer's Group Health Plan (EGHP) at retirement may convert accrued sick leave hours, up to 720 hours, and use them to pay for continued health care coverage through the EGHP. Five employees participated in this program during the year ended June 30, 2005. The County accounts for the activity in a Fiduciary, Other Employee Benefit Trust Fund. The County contributed \$71,647 to the fund for continued health care coverage.

(12) Construction Commitment

The County has entered into contracts totaling \$7,649,200 for construction of a law enforcement center. As of June 30, 2005, costs of \$7,572,589 have been incurred on the project. The remaining balance on the contract will be paid as work on the project progresses.

The County entered into a contract for \$3,246,742 for road improvements located within the urban renewal areas. As of June 30, 2005, costs of \$1,635,708 have been incurred on the project. The remaining balance on the contract will be paid as work on the project progresses.

(13) Deficit Fund Balance

The Capital Projects Fund had a deficit balance of \$230,351 at June 30, 2005. The deficit balance was a result of the law enforcement center project costs incurred prior to availability of funds. The deficit will be eliminated through the issuance of additional debt.

(14) Subsequent Event

In February 2006, the County issued \$435,000 of general obligation capital loan notes to pay costs of constructing and equipping the law enforcement center.

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, 2005

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 10,604,262	-	10,604,262
Interest and penalty on property tax	112,553	-	112,553
Intergovernmental	7,986,779	-	7,986,779
Licenses and permits	112,586	-	112,586
Charges for service	999,240	-	999,240
Use of money and property	261,028	-	261,028
Miscellaneous	412,816	-	412,816
Total receipts	20,489,264	-	20,489,264
Disbursements:			
Public safety and legal services	3,332,260	-	3,332,260
Physical health and social services	1,704,915	-	1,704,915
Mental health	3,350,108	-	3,350,108
County environment and education	1,003,115	-	1,003,115
Roads and transportation	5,416,378	-	5,416,378
Governmental services to residents	820,478	-	820,478
Administration	1,880,785	-	1,880,785
Non-program	-	-	-
Debt service	791,053	-	791,053
Capital projects	9,229,718	-	9,229,718
Total disbursements	27,528,810	-	27,528,810
Deficiency of receipts under disbursements	(7,039,546)	-	(7,039,546)
Other financing sources, net	6,260,208	-	6,260,208
Deficiency of receipts and other financing sources under disbursements and other financing uses	(779,338)	-	(779,338)
Balance beginning of year	9,414,290	60,347	9,353,943
Balance end of year	\$ 8,634,952	60,347	8,574,605

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
10,766,011	10,745,011	(140,749)
70,000	70,000	42,553
11,631,041	7,931,852	54,927
93,300	92,800	19,786
1,015,051	955,651	43,589
228,370	180,170	80,858
320,950	368,910	43,906
24,124,723	20,344,394	144,870
3,580,536	3,706,536	374,276
1,873,118	1,973,238	268,323
3,967,657	3,891,157	541,049
939,247	1,016,969	13,854
5,006,780	5,867,792	451,414
861,583	889,323	68,845
2,210,858	2,217,928	337,143
500	5,000	5,000
790,660	791,660	607
9,480,862	12,333,216	3,103,498
28,711,801	32,692,819	5,164,009
(4,587,078)	(12,348,425)	5,308,879
20,000	6,204,025	56,183
(4,567,078)	(6,144,400)	5,365,062
8,474,647	9,260,194	93,749
3,907,569	3,115,794	5,458,811

Jasper County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2005

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 20,489,264	(209,905)	20,279,359
Expenditures	27,528,810	(233,740)	27,295,070
Net	(7,039,546)	23,835	(7,015,711)
Other financing sources, net	6,260,208	-	6,260,208
Beginning fund balances	9,414,290	(899,035)	8,515,255
Ending fund balances	\$ 8,634,952	(875,200)	7,759,752

See accompanying independent auditor's report.

Jasper County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2005

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 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$3,981,018. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2005, disbursements did not exceed the amounts budgeted. However, disbursements in the debt service function exceeded the amount budgeted prior to the May 2005 budget amendment.

Jasper County

Other Supplementary Information

Jasper County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2005

	County	Special
	Recorder's Records Management	Resource Enhance- ment Conservation Land Acquisition
Assets		
Cash and pooled investments	\$ 64,085	62,257
Receivables:		
Succeeding year tax increment financing	-	-
Total assets	\$ 64,085	62,257
Liabilities and Fund Equity		
Liabilities:		
Deferred revenue:		
Succeeding year tax increment financing	\$ -	-
Fund equity:		
Fund balances:		
Reserved for dental care of county residents	-	-
Unreserved	64,085	62,257
Total fund equity	64,085	62,257
Total liabilities and fund equity	\$ 64,085	62,257

See accompanying independent auditor's report.

Revenue				
Drainage Districts	Tax Increment Financing	Other	Permanent	Total
60,347	22,828	81,231	17,060	360,211
-	247,000	-	-	247,000
60,347	269,828	81,231	17,060	607,211
-	247,000	-	-	247,000
-	-	-	17,060	17,060
60,347	22,828	81,231	-	343,151
60,347	22,828	81,231	17,060	360,211
60,347	269,828	81,231	17,060	607,211

Jasper County

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

Year ended June 30, 2005

	Special		
	County Recorder's Records Management	Resource Enhance- ment	Conservation Land Acquisition
Revenues:			
Property and other county tax	\$ -	-	-
Intergovernmental	-	15,596	-
Charges for service	8,919	-	-
Use of money and property	1,311	1,119	763
Miscellaneous	-	-	1,155
Total revenues	10,230	16,715	1,918
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
Physical health and social services	-	-	-
County environment and education	-	-	-
Governmental services to residents	458	-	-
Administration	-	-	-
Capital projects	-	-	-
Total expenditures	458	-	-
Excess (deficiency) of revenues over (under) expenditures	9,772	16,715	1,918
Other financing sources (uses):			
Operating transfers in	-	-	24,868
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	24,868
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	9,772	16,715	26,786
Fund balances beginning of year	54,313	45,542	25,617
Fund balances end of year	\$ 64,085	62,257	52,403

See accompanying independent auditor's report.

Drainage Districts	Tax Increment Financing	Other	Permanent	Total
-	171,439	-	-	171,439
-	-	4,454	-	20,050
-	-	14,196	-	23,115
-	-	7,513	843	11,549
-	-	27,426	-	28,581
-	171,439	53,589	843	254,734
-	-	14,516	-	14,516
-	-	-	648	648
-	16,053	322	-	16,375
-	-	37,536	-	37,994
-	-	12,840	-	12,840
-	-	1,000	-	1,000
-	16,053	66,214	648	83,373
-	155,386	(12,625)	195	171,361
-	-	-	-	24,868
-	(132,762)	-	-	(132,762)
-	(132,762)	-	-	(107,894)
-	22,624	(12,625)	195	63,467
60,347	204	93,856	16,865	296,744
60,347	22,828	81,231	17,060	360,211

Jasper County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2005

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	2,663	150,277	304,504
Other County officials	70,080	-	-	-
Receivables:				
Property tax:				
Delinquent	-	1,008	2,102	116,205
Succeeding year	-	156,000	363,000	17,130,000
Special assessments	-	-	-	-
Accounts	11,475	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 81,555	159,671	515,379	17,550,709
Liabilities				
Accounts payable	\$ -	-	2,944	-
Salaries and benefits payable	-	-	5,069	-
Due to other governments	21,294	159,671	489,521	17,550,709
Trusts payable	60,261	-	-	-
Compensated absences	-	-	17,845	-
Total liabilities	\$ 81,555	159,671	515,379	17,550,709

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
11,593	137,676	3,812	10,534	665,887	564,956	1,851,902
-	-	-	-	-	6	70,086
4,513	24,539	2,167	-	-	2,668	153,202
734,000	7,472,000	246,000	-	-	3,225,000	29,326,000
-	-	-	291,695	-	-	291,695
-	-	-	-	-	61,767	73,242
-	-	-	-	-	11,126	11,126
750,106	7,634,215	251,979	302,229	665,887	3,865,523	31,777,253
-	-	-	-	-	85,993	88,937
-	-	-	-	-	1,929	6,998
750,106	7,634,215	251,979	302,229	665,887	3,710,637	31,536,248
-	-	-	-	-	61,167	121,428
-	-	-	-	-	5,797	23,642
750,106	7,634,215	251,979	302,229	665,887	3,865,523	31,777,253

Jasper County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2005

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 30,757	153,701	526,395	17,486,668	663,083
Additions:					
Property and other county tax	-	157,078	364,951	17,203,874	737,340
E911 surcharge	-	-	-	-	-
State tax credits	-	8,316	17,346	939,230	35,952
Drivers license fees	-	-	-	-	-
Office fees and collections	891,244	-	-	-	-
Electronic transaction fees	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	376,513	-	-	-	-
Miscellaneous	-	-	431	-	-
Total additions	1,267,757	165,394	382,728	18,143,104	773,292
Deductions:					
Agency remittances:					
To other funds	579,783	-	-	-	-
To other governments	298,990	159,424	393,744	18,079,063	686,269
Trusts paid out	338,186	-	-	-	-
Total deductions	1,216,959	159,424	393,744	18,079,063	686,269
Balances end of year	\$ 81,555	159,671	515,379	17,550,709	750,106

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
7,685,267	239,418	302,471	650,829	3,328,426	31,067,015
7,404,254	249,668	-	-	3,136,180	29,253,345
-	-	-	-	242,488	242,488
388,777	13,688	-	-	75,647	1,478,956
-	-	-	162,472	-	162,472
-	-	-	-	-	891,244
-	-	-	-	8,919	8,919
-	-	-	7,801,957	-	7,801,957
-	-	58,374	-	-	58,374
-	-	-	-	422,807	799,320
-	-	-	-	1,204,968	1,205,399
7,793,031	263,356	58,374	7,964,429	5,091,009	41,902,474
-	-	-	320,078	-	899,861
7,844,083	250,795	58,616	7,629,293	4,151,281	39,551,558
-	-	-	-	402,631	740,817
7,844,083	250,795	58,616	7,949,371	4,553,912	41,192,236
7,634,215	251,979	302,229	665,887	3,865,523	31,777,253

Schedule 5

Jasper County

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

For the Last Four Years

	Modified Accrual Basis			
	2005	2004	2003	2002
Revenues:				
Property and other county tax	\$ 10,604,853	8,741,449	8,655,221	9,522,849
Interest and penalty on property tax	113,364	142,490	95,570	100,809
Intergovernmental	7,765,029	7,588,530	7,180,507	7,734,924
Licenses and permits	112,586	104,919	68,371	72,772
Charges for service	1,004,702	1,065,016	1,071,297	953,013
Use of money and property	265,129	157,559	168,858	284,837
Miscellaneous	413,696	686,770	651,622	399,740
Total	\$ 20,279,359	18,486,733	17,891,446	19,068,944
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,350,867	3,129,432	3,058,425	2,919,333
Physical health and social services	1,707,344	1,547,630	1,682,536	1,752,734
Mental health	3,469,165	3,745,451	3,780,377	3,858,862
County environment and education	1,004,377	821,661	1,035,423	1,008,646
Roads and transportation	5,601,722	6,080,708	6,388,078	4,736,532
Governmental services to residents	822,015	690,879	654,019	669,898
Administration	1,906,315	1,808,403	1,802,173	1,784,915
Debt service	791,053	330,233	265,146	209,588
Capital projects	8,642,212	5,416,138	2,391,818	2,237,536
Total	\$ 27,295,070	23,570,535	21,057,995	19,178,044

See accompanying independent auditor's report.

Jasper County

Schedule 6

Jasper County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		\$ 1,575
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants			
for Food Stamp Program	10.561		24,000
Iowa Department of Elder Affairs:			
Aging Resources of Central Iowa:			
Nutrition Services Incentive	10.570		57,764
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228	01-WS-049	192,469
Community Development Block Grants/State's Program	14.228	03-WS-010	9,971
			202,440
U.S. Department of Justice:			
Polk County Sheriff's Office:			
Byrne Formula Grant Program	16.579		42,909
Iowa Department of Public Safety:			
Edward Byrne Memorial State and Local Law Enforcement			
Assistance Discretionary Grants Program	16.580		1,140
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-ES-E-CO50(63)--8T-50	46,091
Iowa Department of Public Safety - Governor's Traffic			
Safety Bureau:			
State and Community Highway Safety	20.600	PAP-04-04 Task 34	1,583
State and Community Highway Safety	20.600	PAP-05-04 Task 34	2,005
			3,588
Safety Incentives to Prevent Operation of			
Motor Vehicles by Intoxicated Persons	20.605	PAP-04-163 Task 38	1,817
Safety Incentives to Prevent Operation of			
Motor Vehicles by Intoxicated Persons	20.605	PAP-05-163 Task 38	1,757
			3,574
Iowa Department of Public Defense:			
Interagency Hazardous Materials Public Sector			
Training and Planning Grants	20.703		2,745
U. S. Department of Education:			
Iowa Department of Vocational Rehabilitation Services:			
Rehabilitation Services - Vocational Rehabilitation			
Grants to States	84.126	04-CPSE-09	6,799
Rehabilitation Services - Vocational Rehabilitation			
Grants to States	84.126	05-CPSE-09	10,295
			17,094

Jasper County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U. S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health and Social Services Emergency Fund	93.003	5885EM170	6,486
Public Health and Social Services Emergency Fund	93.003	5885EM108	3,830
			<u>10,316</u>
Iowa Department of Elder Affairs:			
Aging Resources of Central Iowa:			
Special Programs for the Aging - Title III, Part D-Disease Prevention and Health Promotion Services	93.043		1,012
Special Programs for the Aging - Title III, Part C-Nutrition Services	93.045		55,000
Grinnell Regional Medical Center:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5885BT01	27,310
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		31,741
Refugee and Entrant Assistance - State Administered Programs	93.566		40
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		6,167
Foster Care - Title IV-E	93.658		16,716
Adoption Assistance	93.659		3,907
Medical Assistance Program	93.778		34,386
Social Services Block Grant	93.667		21,509
Social Services Block Grant	93.667		113,493
			<u>135,002</u>
U. S. Department of Homeland Security:			
Iowa Department of Public Defense -			
Iowa Homeland Security and Emergency Management Division:			
State Domestic Preparedness Equipment Support Program	97.004		256,247
Public Assistance Grants	97.036	FEMA-DR-1518-1A	22,226
Pre-Disaster Mitigation	97.047	PDM-2003-0012	4,061
Community Emergency Response Teams	97.054		3,054
Homeland Security Grant Program	97.067		16,477
			<u>1,025,007</u>
Total indirect			1,025,007
Total			<u>\$ 1,026,582</u>

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

See accompanying independent auditor's report.

Jasper County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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

To the Officials of Jasper County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 14, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items II-A-05 and II-B-05 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jasper County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and,

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2005 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.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 14, 2006

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

Jasper County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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

To the Officials of Jasper County:

Compliance

We have audited the compliance of Jasper County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Jasper County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Jasper County's management. Our responsibility is to express an opinion on Jasper County's compliance based on our audit.

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

In our opinion, Jasper County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

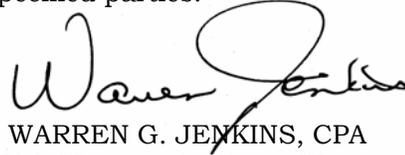
We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Jasper County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grant agreements. Reportable conditions are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described, we believe items III-A-05, III-B-05, III-C-05 and III-D-05 are material weaknesses.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 14, 2006

Jasper County
Schedule of Findings and Questioned Costs
Year ended June 30, 2005

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Reportable conditions in internal control over major programs were disclosed, including material weaknesses.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows
 - CFDA Number 14.228 – Community Development Block Grants/State's Program
 - CFDA Number 93.667 – Social Services Block Grant
 - CFDA Number 97.004 – State Domestic Preparedness Equipment Support Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Jasper County did not qualify as a low-risk auditee.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-05 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

County Treasurer

1. The person responsible for depositing, reconciling and recording receipts is also the custodian of the change fund.
2. The individuals performing bank reconciliations also sign checks and handle and record cash.
3. Bank reconciliations are not reviewed by an independent person with no responsibility for receipts and disbursements.
4. The person responsible for the detailed record keeping of investments is also the custodian of the investments.
5. Investments are not periodically inspected, confirmed and reconciled to the investment records by an independent person having no responsibility for investments.
6. There is not an independent verification of investment earnings or a reconciliation of earnings to financial records.
7. There is not an independent review or approval of special assessment rates.

County Sheriff – All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is not prepared. The mail is not forwarded to the accounting personnel for processing. The same listing is not compared to the cash receipt and deposit records.

County Extension Office –

1. Certain invoices and supporting documentation were not marked paid to help prevent duplicate payment.
2. One individual opens the mail, collects funds, prepares the deposit and is responsible for the change fund.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

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

Responses –

County Treasurer -

1. The Senior Clerk performs these duties and the Tax Deputy rechecks all and initials.
2. Treasurer reconciles the bank statements. Checks are signed by this person only if both deputies are out of the office. Treasurer only handles and records cash when both the deputy and clerk are absent from the office which does not happen very often.
3. As of January 2006, we plan to have one person in the drivers license department review the bank reconciliations.
4. This will be reviewed by someone in our office that does not work on investments. This could also be assigned to someone within the courthouse to review.
5. In January 2006, an independent person will start reviewing investments periodically.
6. We will make sure verifications are done and documented by signature of that person.
7. The person in charge of the special assessments will deliver this information to the other deputy for review.

County Sheriff – We will list mail receipts and trace to receipt and deposit on a spot check basis.

County Extension Office –

1. We will stamp invoices with paid.
2. Another employee will open the mail.

Conclusions –

County Treasurer – Response acknowledged for item 1. The staff member involved in this review should be independent of the depositing, reconciling and recording of receipts and not be the custodian of the change fund.

Responses accepted for items 2 through 7.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

County Sheriff – Response accepted.

County Extension Office – Response accepted.

- II-B-05 Bank Reconciliation – Bank reconciliations were not prepared by the County Treasurer or reconciled to the general ledger timely. For the months of March 2005 through June 2005, the bank reconciliations were not completed until November 2005.

Recommendation – The bank reconciliations should be prepared and reconciled to the general ledger timely.

Response – Due to personal and physical occurrences and also the new Iowa Department of Transportation system, I tried to complete the reconciliations by myself and also other daily routines, but time did not allow. Finding the problems why the bank was off balance became impossible. Having a formula for balancing since November 2005, the bank should be reconciled smoothly and on time as in the past.

Conclusion – Response accepted.

- II-C-05 Treasurer's Miscellaneous Receipts – The numeric sequence of the Treasurer's miscellaneous receipts distributed to and issued by various departments in the County is not properly accounted for.

Recommendation – The Treasurer's Office should account for the numeric sequence of miscellaneous receipts when receipt books are returned by the various departments. In addition, the Treasurer's Office should ensure all receipts issued were properly remitted and deposited.

Response – A member of the tax department will log in each receipt book as it is returned and will check the miscellaneous receipt numbers to ensure each has been used.

Conclusion – Response accepted.

- II-D-05 County Recorder – Copy collections are not deposited timely and are kept in an unlocked drawer until deposited.

Recommendation – Collections should be deposited in a timely manner and undeposited collections should be adequately secured to prevent loss from theft.

Response – We have moved the copy money into a locked drawer. Any check that is issued for copies is cashiered the same day. I will do a better job of cashiering other monies taken in for copies.

Conclusion – Response accepted.

- II-E-05 Vehicle Titles – Titles to County owned vehicles are kept at individual departments and offices rather than at a centralized location.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

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

Response – The Board of Supervisors will pass a resolution requiring all titles to be brought to the County Auditor's office as a centralized location.

Conclusion – Response accepted.

II-F-05 Capital Assets – The following conditions were noted:

- Additions and deletions were not recorded timely in the capital asset records. The County does not have a formal process for reporting capital asset additions and deletions to the County Auditor's Office.
- The County does not have a written policy regarding the disposal of capital assets, including approval of asset disposals.
- Capital assets are not tagged for proper identification.
- A physical inventory is not performed periodically by someone independent of the individuals responsible for the custody of the assets.

Recommendation – A written capital asset policy should be adopted by the County to require departments to provide documentation to the County Auditor's Office for all capital asset additions and deletions. The policy should also require approval of all asset disposals as well as asset tags be placed on all capital assets. An independent person should periodically test the capital assets listing by comparing the listing to asset observations.

Response – The Board of Supervisors will develop a capital asset policy which will include procedures for disposal of assets. The County Auditor has ordered tags and will apply them to all assets. The County Auditor's office will be given the responsibility of doing a periodic physical test comparing the listing to asset observations.

Conclusion – Response accepted.

II-G-05 Timesheets - Salaried personnel of the County do not prepare and file timesheets.

Recommendation - Timesheets should be prepared by all personnel in all departments, salaried as well as hourly, and should be submitted to the County Auditor's Office prior to the processing of payroll each pay period. The timesheets should be signed by the employee and reviewed and signed by the employee's immediate supervisor or the County officer or department head prior to submission. The timesheets should support all hours worked and all hours taken as vacation, sick leave, compensatory time and holiday hours.

Response – The Board of Supervisors are taking the State's recommendation under advisement and will be establishing a policy for the future.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

II-H-05 Compensated Absences Records – Compensatory time records are kept by various departments and balances are reported to the County Auditor’s office at the end of the year.

Recommendation – The compensated absences records for all offices and departments should be maintained by the County Auditor’s office in the centralized payroll records.

Response – All compensated absences records will be maintained by the County Auditor’s office for all departments. All vacation, sick leave and comp time activity will be included in the centralized payroll records.

Conclusion – Response accepted.

II-I-05 Vacation Balances – Certain employees have accumulated unused vacation hours in excess of the maximum hours allowed under the County’s current personnel policy.

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

Response – The Board of Supervisors is looking into upgrading the computer software for payroll to ensure this does not occur in the future.

Conclusion – Response accepted.

II-J-05 Employment Status – In January 2002, the County entered into a “technical services agreement” with an individual who provided services as a voting machine repair technician. The contract does not have a specific termination date, but is cancelable by either party at any time by providing written notice of cancellation. The County considered these services to be those of an independent contractor and issued Form 1099 to this individual for services provided.

In November 2002, this individual was elected to the Jasper County Board of Supervisors and took office in January 2003. The individual was paid wages by Jasper County, as an elected official, and also continued to perform services for the County under the “technical services agreement.” The County continued to issue Form 1099 for the services performed under the service agreement.

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

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Recommendation – The County should complete IRS Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding, to determine whether the Supervisor’s services as a voting machine repair technician constitute services of an independent contractor or employee of the County. The County may submit this form to the IRS, free of charge, so a determination can be made by an independent party.

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

Response – We have purchased new voting machines. We will implement a complete review of our procedures dealing with voting machine set up. The County Supervisor that currently assists in the delivery of voting machines will no longer be compensated monetarily for that service. He will only be reimbursed for mileage if there is an occasion that he needs to use his own vehicle to assist the County Auditor’s office with an election.

Conclusion – Response accepted.

II-K-05 Credit Cards – The County has credit cards for use by various employees while on County business. The County has not adopted a policy to regulate the use of the credit cards.

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

Response – The County Auditor made recommendations to the Board of Supervisors pertaining to a written policy regulating the use of County credit cards. The Board of Supervisors passed these on to the County Attorney for legal response and are still waiting for his approval.

Conclusion – Response accepted.

II-L-05 Law Enforcement Center Project – The following items were noted related to the law enforcement center project:

- Five change orders for Taylor Construction, the general contractor on the project, were not properly supported. Three of the five change orders did not provide a detailed, line item accounting of the additional dollars incurred and/or saved by the revisions outlined in the change order.
- A scope change proposal prepared by the construction manager was approved and signed by the Chairman of the Board of Supervisors one week prior to the Board’s action to approve the change order. The change order form was signed after Board approval.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

- Four contracts and two change orders signed by the Chairman of the Board of Supervisors were not dated. As a result, we were unable to determine if the Board of Supervisors took action to approve the documents prior to signing.

Recommendation – All change orders should be itemized and reflect the dollars saved/incurred for each line item revision to properly support the changes made to the original contract. Change orders should be approved by the Board prior to being signed by the Chairman of the Board of Supervisors. All contract documents should be dated when signed to properly document the date entered into.

Response – The law enforcement center project is now complete. The Board of Supervisors now understands all requirements. On all future capital projects, they will follow correct procedures.

Conclusion – Response accepted.

II-M-05 Secondary Roads Department – Certain comments affecting the Secondary Roads Department were made during the fiscal year 2002, 2003 and 2004 audits. However, the County has not taken corrective action. As a result, the recommendations remain as follows:

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

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

Response – The Board of Supervisors has hired a new County Engineer. The Secondary Roads Department is now in compliance with the overtime policies outlined in the Jasper County Human Resources Manual.

Conclusion – Response accepted.

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

Response – The Board of Supervisors has hired a new County Engineer. The Secondary Roads Department has reduced the number of vehicles assigned to certain individuals to only three.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

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

Response – The Board of Supervisors has hired a new County Engineer. The County Engineer will develop a written policy to ensure consistency with other County policies for procurement of goods and services subject to the review and approval by the Board of Supervisors. In addition, the County Engineer no longer contracts for services to wash county vehicles and equipment.

Conclusion – Response accepted.

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

The County Board of Supervisors should approve all construction contracts and related change orders. In addition, written policies and procedures should be developed for the bidding of construction projects and approval of change orders to ensure consistency for all projects.

Response – The Board of Supervisors has hired a new County Engineer. The County Engineer will develop written policies and procedures for the bidding of construction projects and approval for change orders pursuant to Iowa Code Sections 309.40 and 309.41 and documentation will be maintained supporting such activities.

Conclusion – Response accepted.

- II-N-05 E-911 Mileage Claim – One mileage claim tested was not properly itemized to include the dates and destinations traveled.

Recommendation – Mileage claims should include details of dates, destinations and purpose of the trip in order to properly support the amount claimed for reimbursement.

Response – I usually do itemize. This was one trip to Fulton, Missouri for a class. I will ensure future claims are properly itemized.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

II-O-05 EMA Coordinator Compensation – The following items were noted related to additional compensation paid to the Emergency Management Agency (EMA) Coordinator for Bio-Terrorism grant planning and course instruction during the year ended June 30, 2005:

- The Emergency Management Coordinator was paid \$1,840 for 52 hours of work performed during April and May 2005 paid at hourly rates of \$20 and \$25. The hourly rates were not approved by the County or the Emergency Management Commission.
- The payments were made by County claim rather than through County payroll and the County did not report the payments on Internal Revenue Service Form W-2 or Form 1099.
- The compensation was in addition to the Coordinator's regular salary.
- We were unable to determine if the grant work was performed during the Coordinator's normal work schedule because the Coordinator does not prepare timesheets to document his normal work hours. For example, on May 9 through May 11 2005, the Coordinator was paid for three nine hour days for instruction of a terrorism course. The course was taught during the Coordinator's normal office hours. The Coordinator indicated he worked additional hours to make up for these hours but he did not maintain any records to document the additional hours worked.
- The Chairman of the Emergency Management Commission indicated the Commission had informally given the Coordinator permission to be compensated for the additional work which was to be performed outside the Coordinator's normal office hours.
- The Coordinator does not maintain records of vacation or sick leave usage.

Recommendation – The County should pay all compensation to employees through payroll in order to comply with all withholding and reporting requirements. The Emergency Management Commission should approve all rates of pay for Commission employees. Also, as recommended in II-D-05, the County should require timesheets to support all hours worked and all hours taken as vacation, sick leave, compensatory time and holiday hours.

Responses –

County – The County will forward the State Auditor's recommendations to the Emergency Management Commission and request they comply.

Emergency Management - This item was a contract between the Board of Health and EMA. Believe it should not be included in payroll since it is work by EMA in addition to that required by Chapter 21C of the Code of Iowa. The amount of pay needs to be derived by the Board of Health and EMA Commission. Standard hourly pay for a planner is \$45 per hour for private companies who do planning.

Conclusions –

County – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Emergency Management – Response acknowledged. All compensation paid to employees should be included in payroll. The Emergency Management Commission should require timesheets for employees and approve rates of pay.

II-P-05 EMA Shopping Card – The Emergency Management Agency (EMA) Coordinator received an \$800 shopping card from a local discount store in August 2005 due to an overpayment of a purchase. The Coordinator subsequently used the shopping card but did not retain receipts to document the purchases made. Based on documentation obtained from the local vendor, \$298 of the shopping card was used for office and other supplies. The remaining \$502 is unsupported. None of the purchases were approved by the Board of Supervisors. The County paid sales tax of \$184 on the initial purchase and on subsequent purchases made with the shopping card.

Recommendation – The County warrant should have been voided and reissued at the proper amount. All disbursements should be made through the County claim process and be approved by the Board of Supervisors. Invoices or receipts should be provided to support the purchases totaling \$502 or the EMA Coordinator should repay this amount to the Emergency Management Fund. The County should establish procedures to prohibit the use of County funds to pay sales tax since the County is a tax exempt organization.

Response – I do agree with the statement that the warrant should have been cancelled and rerun on claim. I will look for the remaining receipts and if not found, repay the amount to EMA. We are making an effort for looking at the tax issue on invoices.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

CDFA Number: 14.228 – Community Development Block Grants/State’s Program

Pass-through Agency Number: 01-WS-049

Federal Award Year: 2001

U.S. Department of Housing and Urban Development

Passed through the Iowa Department of Economic Development

III-A-05 Lack of Compliance with Grant Administration – The County received a federal grant for improvements to a sanitary sewer collection system. The County entered into an agreement with a subrecipient for construction of the improvements. The County also hired a grant administrator to oversee the project and to ensure compliance with all federal and state requirements.

During the year ended June 30, 2005, the subrecipient prepared and submitted a requisition for grant funds to the State on behalf of the County. The subrecipient bypassed the grant administrator and did not give the grant administrator an opportunity to review or approve the requisition and supporting documentation. As a result, the grant administrator could not determine if the County was in compliance with federal requirements for allowability, matching and reporting.

Recommendation – The County should have required the subrecipient to follow the grant administrator’s procedures for submission of requisitions for grant funds. The grant administrator should have reviewed and approved the subrecipient’s requisition and related documentation to determine if the information was in compliance with federal grant requirements.

Response and Corrective Action Planned – The Board of Supervisors understands there was an error. In the future, they will make sure the grant administrator is not bypassed and that the administrator reviews and approves the subrecipient’s requisition and related documentation to determine if the information is in compliance with federal grant requirements.

Conclusion – Response accepted.

CDFA Number: 97.004 – State Domestic Preparedness Equipment Support Program

Federal Award Years: 2003 and 2004

U.S. Department of Homeland Security

Passed through the Iowa Department of Public Defense – Iowa Homeland Security and Emergency Management Division

III-B-05 Segregation of Duties – The Emergency Management Coordinator prepares claims and approves grant disbursements. The grant disbursements and related documentation are not reviewed and approved by an independent person prior to payment.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Recommendation – An independent person should review and approve all claims and supporting documentation for grant disbursements prior to payment.

Response and Corrective Action Planned – We will have the operation officer prepare the claims and the Coordinator review and sign them.

Conclusion – Response accepted.

III-C-05 Requests for Reimbursement – The County’s “Request for Advance or Reimbursement of Funds” indicated all grant funds were being requested on a reimbursement basis. However, for three of ten requests tested, funds totaling \$53,945 were requested and received in advance of the grant disbursements. For two of these requests, the funds received were held for 45 and 181 days. Funds received under the third request were received by the County in June 2005 and have not been disbursed as of January 2006. According to Iowa Department of Public Defense personnel, advances of funds are not allowed.

Also, the “Requests for Advance or Reimbursement of Funds” were prepared by the Emergency Management Coordinator and certified and signed by the County Auditor. However, no documentation was provided by the Emergency Management Coordinator in support of the amounts being claimed.

Recommendation – The County should contact the Iowa Department of Public Defense to determine the disposition of requesting grant funds in advance of disbursements.

Also, supporting documentation should be provided by the Emergency Management Coordinator and reviewed for propriety by the County Auditor prior to certifying and signing the “Requests for Advance or Reimbursement Funds” form.

Response and Corrective Action Planned – The amounts were held due to broken items or poor installation of items. The State HLS/EMA knew about this and approved this. Documentation is now being provided to the County Auditor.

Conclusion – Response acknowledged. The County should contact the Iowa Department of Public Defense to determine the disposition of requesting grant funds in advance of disbursements and obtain written documentation of their approval for this.

III-D-05 Equipment Management – The Emergency Management Agency did not maintain a complete listing of equipment and other items purchased under the federal grant. Also, the location and/or recipient of certain items was not documented.

Recommendation – A complete listing of equipment and other items purchased under the federal grant should be maintained to ensure items purchased are properly controlled, monitored and accounted for.

Response and Corrective Action Planned – It was difficult to determine where the equipment was located using the prior Coordinator’s information. However, we will attempt to identify all recipients of this equipment. Under the new Coordinator, the listing of equipment from the State’s database includes the location of the equipment.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

III-E-05 Procurement – The Emergency Management Coordinator represented either State contracts prices were used for equipment purchases or bids were obtained for items purchased locally. We were unable to determine if the County complied with these procurement policies since the Emergency Management Coordinator did not maintain records to document how grant purchases were handled (State contract or locally purchased) or the bids received from local vendors.

Recommendation – The County should implement procedures to ensure appropriate procurement policies are followed and documentation is maintained to support bids taken, if any, for items purchased locally.

Response and Corrective Action Planned – We will keep copies of bids. The State needs to make State bid numbers more available.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-05 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005, except as follows:

Office	Depository	Maximum Authorized Deposit
County Treasurer	First Newton National	\$25,000,000

Recommendation – A new resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted by the Board in a timely manner.

Response – In January 2006, the appointed Treasurer will take a new depository resolution to the Board to increase the amounts for each bank. The amount that went over was for a very short period of time before it was moved.

Conclusion – Response accepted.

IV-B-05 Certified Budget – Disbursements during the year ended June 30, 2005 did not exceed the amounts budgeted. However, disbursements in the debt service function exceeded the amount budgeted prior to the May 2005 budget amendment.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – This will be monitored closer in the future.

Conclusion – Response accepted.

IV-C-05 Questionable Expenditures – Certain expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

Paid for	Department	Purpose	Amount
HyVee	Emergency Management	Food for safety fair volunteers	\$ 158
Sodexo	County Extension Office	Meeting refreshments	1,812

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

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

The Emergency Management Commission and County Extension Office should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, written policies and procedures should be established, including the requirement for proper documentation of public purpose.

Responses –

Emergency Management – This was done prior to my arrival. I only pay for meals for exercises and for meetings if they fall during meal time.

County Extension – Council will review and pass a motion stating that it is acceptable to pay for refreshments.

Conclusions –

Emergency Management – Response accepted.

County Extension – Response acknowledged. The Council should document the public purpose served by providing refreshments.

IV-D-05 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-05 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-F-05 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-G-05 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not except as noted in comments IV-J -05, IV-P-05 and IV-Q-05.

IV-H-05 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 except as follows:

The interest rate on three time certificates of deposit did not meet the minimum rate of interest set by the State Rate Setting Committee.

The interest earned on the investment of funds being accumulated for the payment of principal and interest were not credited to the Debt Service Fund as required by Chapter 12C.9 of the Code of Iowa.

Recommendation – Public fund time certificates of deposit, when renewed, shall be renewed at a rate of interest which conforms with current rates for public funds on date of renewal. The County should seek reimbursement of the additional interest due on this certificate of deposit. In addition, the County should be aware of the current allowable rates to ensure that at least the minimum allowable rate is received for all investments.

Interest earned on the investment of funds being accumulated for the payment of principal and interest should be credited to the Debt Service Fund as required.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Response – I have learned to get the rates from the State Treasurer’s web site every month, not every other month. I do realize the importance. The Treasurer fulfilling my term will be aware to investigate this with the bank involved.

We will break out and properly log the interest earned on the Debt Service Fund as required by 12C.9 of the Iowa Code.

Conclusion – Response accepted.

IV-I-05 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-J-05 Tax Suspension – The County Treasurer suspended certain taxes without approval from the Board of Supervisors as required by Chapters 427.8 and 427.9 of the Code of Iowa.

Recommendation – All tax suspensions should be ordered by the Board of Supervisors as required.

Response – The error is being corrected as I am responding to this. Board approval will be completed before the end of the year. In the future, Treasurer suspensions will be approved by the Board in a timely manner.

Conclusion – Response accepted.

IV-K-05 E911 Loan – During the year ended June 30, 2005, the Jasper County Joint E911 Service Board entered into a loan agreement with State Savings Bank to borrow \$140,020 for operating funds. The Jasper E911 Service Board does not appear to have the authority to enter into such an agreement based upon guidance from the Attorney General’s Office.

Recommendation – The E911 Service Board should consult legal counsel to determine the disposition of this matter.

Response – This note is being paid in full as soon as we can amend the 05-06 budget. This has been referred to our legal counsel.

Conclusion – Response accepted.

IV-L-05 Emergency Projects – An emergency project for the Secondary Roads Department was deemed necessary by the Board of Supervisors and the Board waived the advertisement and bidding process required by Chapter 309.40A of the Code of Iowa.

Chapter 309.40A states the County may contract for an emergency project if all of the following are met: (1) the emergency was caused by an unforeseen event or where immediate action is necessary to prevent further damage or loss; (2) the County solicited written bids from three or more contractors; (3) the necessary work can be done for less than \$100,000 and (4) the County notifies the appropriate Iowa highway contractor’s associations of the proposed work, if possible.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

The County could not provide documentation to support that written bids were solicited from three or more contractors. Also, since the project's cost was \$111,315, it exceeded the \$100,000 limit to be considered an emergency project.

Recommendation – The County should comply with Chapter 309.40A of the Code of Iowa when a project is deemed an emergency by Secondary Roads.

Response – The Board of Supervisors has hired a new County Engineer. The Board of Supervisors and County Engineer will comply with Chapter 309.40A of the Code of Iowa when a project is deemed an emergency.

Conclusion – Response accepted.

- IV-M-05 Public Hearings – Chapter 309.40 of the Code of Iowa states “All contracts for road or bridge construction work and materials for which the engineer’s estimate exceeds fifty thousand dollars, except surfacing materials obtained from local pits or quarries, shall be advertised and let at a public letting.” Chapter 384.102 requires the “governing body shall not enter into a contract for the improvement until it has held a public hearing on the proposed plans, specifications, and form of contract, and estimated cost for the improvement” including notice of the hearing.

The County did not publish notice of or hold public hearings for two Secondary Road projects (L-JAIL05-73-50 and L-HMAO405-73-50).

Recommendation – The County should hold public hearings as required. In addition, the County should implement procedures to ensure compliance with the statutory requirements of the Code of Iowa in the future.

Response – The Board of Supervisors is aware of the error. They have hired a new County Engineer and will comply with Chapter 309.40 in the future.

Conclusion – Response accepted.

- IV-N-05 Economic Development – During the year ended June 30, 2005, the County contributed \$64,303 to the Jasper Economic Development Corporation. The contribution may not be an appropriate expenditure of public funds since the public benefits to be derived have not been clearly documented.

According to Chapter 15A of the Code of Iowa and an Attorney General's opinion dated August 28, 1986, government financing of economic development may, in appropriate circumstances, serve a public purpose. The opinion advises that the governing body should evaluate the public benefits to be obtained and discusses specific criteria to be considered in documenting the public purpose.

Recommendation – The Board should evaluate and document the public purpose served by the expenditure before authorizing further payments and should require documentation of how the funds were used to accomplish economic development activities.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Response – The Board of Supervisors will have the Jasper Economic Development Corporation give written and oral regular monthly reports showing how funds were used. The Board of Supervisors will evaluate the public benefits and the minutes of the Board of Supervisors meetings will document the public purpose.

Conclusion – Response accepted.

IV-O-05 Performance Bond – The County did not require a contractor bond from the general contractor for the Law Enforcement Center project as required by Chapter 331.341(4) of the Code of Iowa.

Recommendation – The County should obtain contractor bonds for contracts for public improvements of \$15,000 or greater as required by Chapter 331.341(4) of the Code of Iowa.

Response – Under the advice of Durant (the architectural firm), Taylor Construction (the contractor) and Ahlers Law Firm (the County's bonding attorney), the Board of Supervisors did not require a contractor bond. The County has retained approximately \$450,000 of Taylor's payment for this purpose. In the future, the County will obtain contractor bonds.

Conclusion – Response accepted.

IV-P-05 Use of County Property – During the year ended June 30, 2005, the Chairman of the Board of Supervisors authorized Jasper County Transit to use a County owned building at no charge. This arrangement was not discussed in an open session or approved by the full Board.

This action appears to violate Chapter 331.302(1) of the Code of Iowa which requires the Board exercise power or perform a duty only by passage of a motion, a resolution, an amendment or an ordinance.

Recommendation – All decisions of the Board of Supervisors should be made in accordance with Chapter 331.302(1) of the Code of Iowa.

Response – In order to alleviate a problem and ensure Jasper County's elderly maintain adequate transportation, the Chairman of the Board of Supervisors gave the Jasper County Transit approval to use a County owned building at no charge. Jasper County Transit occupied this building for approximately six weeks. Once the Chairman realized his error and the full Board of Supervisors did not give approval, he asked Jasper County Transit to leave. In the future, the Chairman will ensure Chapter 331.302(1) of the Code of Iowa is followed.

Conclusion – Response accepted.

IV-Q-05 Water and Sanitary Sewer Projects for the Law Enforcement Center – Due to the construction of the law enforcement center (LEC), the County needed to construct water and sanitary sewer lines from the LEC to Central Iowa Water Association's (CIWA) water system and the City of Newton's sanitary sewer system.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

A portion of the Sewer line crossed over private property, known as Metro East Corporate Park II (Metro), which was owned by the CEO of CIWA.

In September 2004, the Board of Supervisors initially accepted a proposal from CIWA for construction of both the water and sewer lines for the LEC. However, the County Attorney advised the Board of their failure to comply with bidding requirements under Chapter 331.341 of the Code of Iowa. The Board then rescinded the action taken involving CIWA's proposal.

Since CIWA would own and service the water meters and fire hydrants located at the LEC, the County could not bid the work for construction of the water lines. The County's only other option for water service was to drill a well. The County chose to have CIWA construct the necessary water lines for the LEC to connect to CIWA's water system.

The Board and CIWA then sought the advice of legal counsel to assist in development of a plan for construction of the sanitary sewer line. The following plan was developed and implemented:

- (1) CIWA constructed the sanitary sewer line on County property at a cost of \$24,995. This sewer line connected to an existing private sanitary sewer line which extended across private property owned by the CEO of CIWA and connected to the City of Newton's sanitary sewer system. The existing private sanitary sewer line first had to be extended 500 feet in order to connect to the sewer line built on County property. The County did not bid for this construction work because it was thought to fall under the bid threshold of \$25,000 required by Chapter 331.341 of the Code of Iowa.
- (2) The County paid CIWA \$64,000 under an "Access Agreement" which allowed the County the right to use a private sewer line constructed, maintained and operated by CIWA.

The following conditions were noted:

- (a) The County did not have a written contract with CIWA for construction of the sanitary sewer line on County property and the Board minutes do not reflect the Board's approval of this project. In addition, the County did not require a contractor bond from CIWA as required by Chapter 331.341(4) of the Code of Iowa for public improvements of \$15,000 or more.
- (b) The "Access Agreement" with CIWA was approved by the Board of Supervisors at the July 28, 2005 board meeting. However, the agreement was dated July 19, 2005 and was signed by the Chairman of the Board of Supervisors. We were unable to determine if the agreement was signed prior to Board approval because the Chairman's signature was not dated.
- (c) Construction of the extension to the existing private sanitary sewer line was performed by CIWA. The private sanitary sewer line extension was dedicated to the City of Newton on July 20, 2005 by the CEO of CIWA and his wife. The County's sanitary sewer line was dedicated to the City on July 21, 2005.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

It appears the County, in effect, paid for construction of the extension to the private sanitary sewer line by entering into the Access Agreement with CIWA. The Chairman of the Board of Supervisors stated the County did not bid for this work since it was done on private property and that the County had indirectly paid for these construction costs through the Access Agreement.

It is unclear why the County would enter into an Access Agreement with CIWA when CIWA did not own the property or the private sanitary sewer line. The sanitary sewer line on the Metro property was owned by the CEO of CIWA and his wife.

- (d) Legal counsel for the County reviewed a copy of the Access Agreement dated July 19, 2005 and asked CIWA's legal counsel to make a number of changes to the agreement. It is unclear whether the recommended changes were ever made. If the revisions were not made to the Access Agreement, the County's legal counsel suggests an amended and restated agreement be prepared and approved by the Board.
- (e) McClure Engineering was hired by the County to design and oversee construction of the sanitary sewer line for the LEC. McClure's design appears to include plans and specifications not only for the sanitary sewer line constructed on County property, but also for the extension of the sanitary sewer line located on property owned by the CEO of CIWA. Also, the Board minutes do not reflect the Board's approval of this engineering contract.

Recommendation – Contracts and agreements should not be entered into or signed until the Board of Supervisors has taken action to authorize such contracts/agreements in accordance with Chapter 331.302(1) of the Code of Iowa and such actions should be documented in the minutes.

The Board should ensure the changes recommended by legal counsel were made to the Access Agreement.

The Board of Supervisors should require contractor bonds for all public improvements in excess of \$15,000 as required by Chapter 331.341(4) of the Code of Iowa.

The Board should have taken bids for construction of the sanitary sewer line from the law enforcement center to the City's sanitary sewer system. A separate agreement should have been negotiated with the property owners whose land was affected by construction of the sanitary sewer line.

Response – In the future, the Chairman of the Board of Supervisors will ensure Chapter 331.302(1) of the Code of Iowa is followed.

The Board of Supervisors will require contractor bonds for all public improvements.

The Chairman followed the advice of the County's bonding attorney, William Noth, and the attorney for CIWA, Frank Smith, stating the County did not need to take bids. However, in the future bids will be taken.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Conclusion – Response acknowledged. The Board should determine if changes to the Access Agreement are still necessary.

IV-R-05 Board of Health Minutes – Certain minutes of the meetings of the Board of Health were not signed.

Recommendation – The Board of Health should ensure minutes are signed as required to authenticate the record.

Response – We will take this issue to the Board of Health at our next meeting. If the Secretary is not present at meetings, another member of the Board of Health will sign the minutes.

Conclusion – Response accepted.

IV-S-05 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, 2005 for the County Extension Office did not exceed the amount budgeted.

Jasper County

Staff

This audit was performed by:

Cynthia L. Weber, CPA, Manager
Donna F. Kruger, CPA, Senior Auditor II
Timothy D. Houlette, CPA, Senior Auditor
Stephanie A. Bernard, Staff Auditor
Jennifer R. Edgar, CPA, Staff Auditor
Philip J. Cloos, Assistant Auditor
Carey L. Fraise, Assistant Auditor
Nathan H. Kalkwarf, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State