



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

March 25, 2008

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

The County had local tax revenue of \$44,505,471 for the year ended June 30, 2007, which included \$1,959,380 in tax credits from the state. The County forwarded \$32,048,918 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$12,456,553 of the local tax revenue to finance County operations, a 1 percent increase over the prior year. Other revenues included charges for service of \$2,030,465, operating grants, contributions and restricted interest of \$6,527,611, capital grants, contributions and restricted interest of \$1,022,485, tax increment financing of \$294,204, local option sales tax of \$1,056,192, unrestricted investment earnings of \$576,885 and other general revenues of \$310,706.

Expenses for County operations totaled \$22,489,177, a 12 percent increase over the prior year. Expenses included \$6,796,810 for roads and transportation, \$4,200,346 for public safety and legal services and \$3,937,255 for mental health.

The significant increase in expenses is due primarily to sanitary sewer improvements and an economic development grant to a private developer.

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>.

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JASPER COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007

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Jasper County

Officials

(Before January 2007)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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
Doug Bishop	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

(After January 2007)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Max Worthington	Board of Supervisors	Jan 2009
John Parsons	Board of Supervisors	Jan 2011
Richard Tiedje	Board of Supervisors	Jan 2011
Dennis Parrott	County Auditor	Jan 2009
Doug Bishop	County Treasurer	Jan 2011
Nancy Parrott	County Recorder	Jan 2011
Mike Balmer	County Sheriff	Jan 2009
Steve Johnson	County Attorney	Jan 2011
John Deegan	County Assessor	Jan 2010

Jasper County



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Independent Auditor's Report

To the Officials of Jasper County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County, Iowa, as of and for the year ended June 30, 2007, 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.

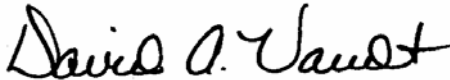
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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, 2007, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

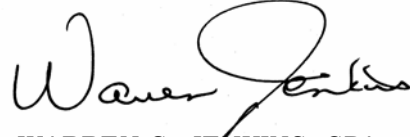
In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2008 on our consideration of Jasper County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other 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 44 through 47 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 five years ended June 30, 2006 (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

March 3, 2008

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, 2007. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 4.3%, or approximately \$990,000, from fiscal 2006 to fiscal 2007. Local option sales tax increased approximately \$1,056,000, property tax increased approximately \$211,000, charges for service increased approximately \$50,000, unrestricted investment earnings increased approximately \$173,000 and capital grants, contributions and restricted interest decreased approximately \$588,000.
- Program expenses of the County's governmental activities increased 11.9%, or approximately \$2,394,000, from fiscal 2006 to fiscal 2007. Expenses increased approximately \$368,000 in the public safety and legal services function, \$258,000 in the mental health function, \$943,000 in the county environment and education function and \$689,000 in the roads and transportation function.
- The County's net assets increased 5.3%, or approximately \$1,786,000, from June 30, 2006 to June 30, 2007.
- Jasper County issued \$975,000 in general obligation capital loan notes during the year ended June 30, 2007. \$745,000 of the notes will be used to complete construction of a sanitary sewer system to the new bio-diesel plant northeast of Newton. \$230,000 of the notes will be used as an economic development grant for a hotel at the Colfax I-80 Interchange.

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 auto license and use tax, emergency management services and the County Assessor, to name a few.

The required financial statements for fiduciary funds include a statement of fiduciary net 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 \$33,622,000 to approximately \$35,408,000. The analysis that follows focuses on the changes in the net assets of governmental activities.

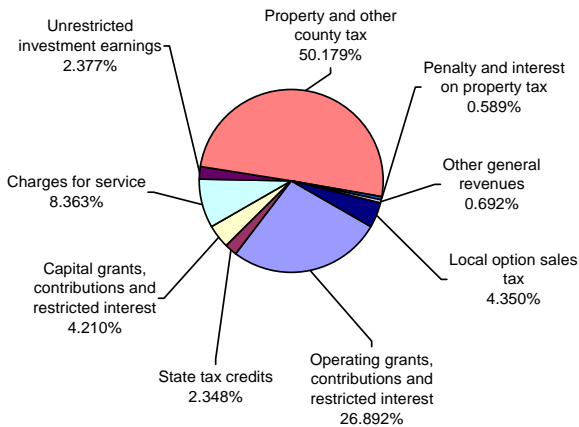
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2007	2006
Current and other assets	\$ 24,236	21,512
Capital assets	38,667	39,264
Total assets	<u>62,903</u>	<u>60,776</u>
Long-term liabilities	14,039	14,068
Other liabilities	13,456	13,086
Total liabilities	<u>27,495</u>	<u>27,154</u>
Net assets:		
Invested in capital assets, net of related debt	27,014	25,697
Restricted	6,456	5,667
Unrestricted	1,938	2,258
Total net assets	<u>\$ 35,408</u>	<u>33,622</u>

Net assets of Jasper County's governmental activities increased \$1,786,000 (\$33,622,000 compared to \$35,408,000). 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 \$2,258,000 at June 30, 2006 to approximately \$1,938,000 at the end of this year, a decrease of 14%. This decrease of approximately \$320,000 in unrestricted net assets was a result of the issuance of \$975,000 of general obligation capital loan notes offset by additional revenues from higher interest rates on investments and additional property taxes.

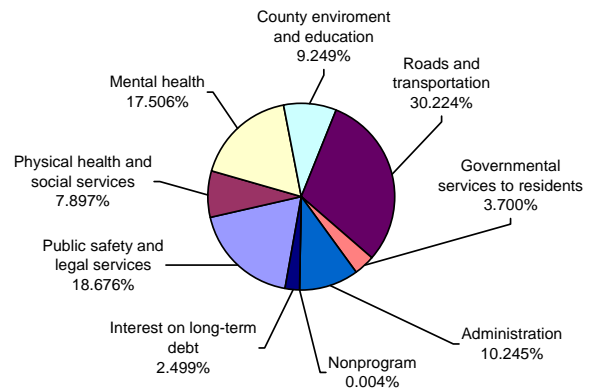
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2007	2006
Revenues:		
Program revenues:		
Charges for service	\$ 2,030	1,980
Operating grants, contributions and restricted interest	6,528	6,435
Capital grants, contributions and restricted interest	1,022	1,610
General revenues:		
Property and other county tax	12,181	11,970
Penalty and interest on property tax	143	144
State tax credits	570	586
Local option sales tax	1,056	-
Unrestricted investment earnings	577	404
Other general revenues	168	156
Total revenues	24,275	23,285
Program expenses:		
Public safety and legal services	4,200	3,832
Physical health and social services	1,776	1,687
Mental health	3,937	3,679
County environment and education	2,080	1,137
Roads and transportation	6,797	6,108
Governmental services to residents	832	941
Administration	2,304	2,161
Nonprogram	1	6
Interest on long-term debt	562	544
Total expenses	22,489	20,095
Increase in net assets	1,786	3,190
Net assets beginning of year	33,622	30,432
Net assets end of year	\$ 35,408	33,622

Revenues by Source



Expenses by Function



Jasper County's net assets of governmental activities increased approximately \$1,786,000 during the year. Revenues for governmental activities increased approximately \$990,000 over the prior year, with property and other county tax revenue up from the prior year approximately \$211,000, or 1.8%. Unrestricted investment earnings also increased approximately \$173,000, or 42.8%, due to increases in interest rates. The County also received for the first time approximately \$1,056,000 in local option sales tax. These increases were offset by a decrease in capital grants, contributions and restricted interest of approximately \$588,000 due to less farm-to-market projects being contributed to the County by the Iowa Department of Transportation.

The County increased property tax rates for 2007 by an average of 0.57%. This increase raised the County's property tax revenue approximately \$85,000 in 2007. This increase was used to support normal operating expenses of the County.

The cost of all governmental activities this year was \$22.5 million compared to \$20.1 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was only \$12.9 million because some of the cost was paid by those directly benefited from the programs (\$2,030,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$7,550,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in 2007 from approximately \$10,025,000 to approximately \$9,580,000, principally due to fewer farm-to-market road projects being contributed to the County by the Iowa DOT as discussed previously. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$12,181,000 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 \$10,524,009, an increase of \$2,341,002 over last year's total of \$8,183,007. 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 \$547,000, or 5.9%, 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 \$474,000, an intergovernmental revenue decrease of approximately \$132,000, an increase of approximately \$210,000 for use of money and property and a decrease of approximately \$70,000 for all other income resulted in a net increase of approximately \$482,000, or 4.8%, for General Fund revenues. After transferring funds out for the State Road Use Tax local match and funding for capital projects, the ending fund balance increased \$595,734 over the prior year to \$3,553,124.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$3,935,254, an increase of approximately \$240,000, or 6.5%, over the prior year. Revenues decreased approximately \$476,000, or 11.3%, due to less state funds and a property tax decrease. The Mental Health Fund balance at year end decreased approximately \$202,000 to \$983,450. Fund balance was used instead of increasing property tax for the year.
- The Rural Services Fund had an increase in expenditures of approximately \$33,000, mainly due to additional funding for library services. Revenues decreased approximately \$24,000, or 1.1%, due to a one time building permit for construction of a bio-diesel plant the previous year. At year end, the fund balance was \$213,930 compared to the prior year ending balance of \$227,770. The \$13,840 decrease was due to additional library funding.

- Secondary Roads Fund revenues increased approximately \$28,000, or 0.7%, principally due to sale of commodities. Expenditures decreased approximately \$1,278,000, or 19.8%, from the prior year due to less capital projects being executed. The fund balance at June 30, 2007 was \$3,624,599 compared to the prior year ending balance of \$3,156,626, an increase of \$467,973. This increase was due to not implementing any new spending for capital projects.
- During the year ended June 30, 2007, the County issued \$975,000 of general obligation capital loan notes to help finance construction of a sanitary sewer system to the new bio-diesel plant northeast of Newton and an economic development grant for a hotel at the Colfax I-80 Interchange. The proceeds from the notes were placed in two capital projects funds. Along with the sewer and hotel projects, repairing surfaces on two bike trails and remodeling a newly purchased building for a combined community center and congregate meals site comprised the majority of expenditures from the Capital Projects Fund.
- Debt Service Fund revenues increased approximately \$455,000 while expenditures increased approximately \$193,000. Both increases were a result of the City of Newton reimbursing the County \$547,555 for debt in the Southeast Interchange Tax Increment Financing District and the County using the funds to pay off the outstanding loan balance of \$131,090 early. The June 30, 2007 ending fund balance increased approximately \$344,000 due to the previously mentioned reimbursement.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jasper County amended its budget two times. The first amendment was made in January 2007 and resulted in an increase in budgeted disbursements related to the Colfax Interchange hotel project, the Northeast Sanitary Sewer project, computer software upgrade, and the purchase and remodeling of a building for a combined community center and congregate meals site. The January 2007 amendment also included capital loan note proceeds for funding the Northeast Sanitary Sewer and the Colfax Interchange hotel projects.

The second amendment was made in May 2007. This amendment increased receipts, primarily for new local option sales tax received, reimbursement of the Southeast Interchange TIF debt and additional interest earned on investments, while increasing disbursements for a new requirement the County pay for state mental health clients and then be reimbursed, additional road expenses, such as culverts, fuel and rock, and the early payoff of the Southeast Interchange debt.

The County's receipts were \$239,559 less than budgeted. Intergovernmental receipts were \$555,248 less than budgeted due to federal bridge replacement grant money of \$600,000 not being received because the project never materialized. However, this variance was offset by certain receipts in excess of amounts budgeted, including intergovernmental receipts of \$140,218, sheriff fees of \$25,000, donations of \$22,806 and interest on investments of \$169,276.

Total disbursements were \$4,840,093 less than budgeted. Actual disbursements for the mental health, roads and transportation and capital projects functions were \$967,019, \$1,389,525 and \$1,019,254, respectively, less than budgeted. These differences were due to clients needing less expensive mental health services than anticipated, less road maintenance being performed than expected, a bridge project not done, the bio-diesel sanitary sewer project not completed in this fiscal year and the Colfax Interchange hotel project moved to next fiscal year.

The County did not exceed the budgeted amounts in any of the function areas for the year ended June 30, 2007.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, Jasper County had approximately \$38,667,000 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$597,000, or 1.5%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2007	2006
Land	\$ 830	689
Construction in progress	612	130
Buildings and improvements	9,968	9,967
Equipment and vehicles	2,558	2,843
Infrastructure	24,699	25,635
Total	\$ 38,667	39,264

The County had depreciation expense of \$2,370,253 in FY07 and total accumulated depreciation of \$16,290,370 at June 30, 2007.

The County's fiscal year 2007 capital budget included approximately \$1,192,000 for capital projects, principally repairing surfaces on two bike trails, remodeling a building for a combined community center and congregate meals site, construction of a sanitary sewer system to a new bio-diesel plant northeast of Newton and an economic development grant for a hotel at the Colfax I-80 Interchange. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2007, Jasper County had approximately \$13,470,000 in general obligation bonds and capital loan notes outstanding, compared to approximately \$13,566,000 at June 30, 2006, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2007	2006
General obligation bonds and capital loan notes	\$ 13,470	13,545
Capital lease purchase agreement	-	21
Total	\$ 13,470	13,566

Debt decreased slightly as a result of payments on the capital lease purchase agreement and the reduction of principal on all general obligation bonds and capital loan notes exceeded the issuance of \$975,000 of general obligation capital loan notes. As noted previously, the County issued \$745,000 of notes for a sanitary sewer system to a new bio-diesel plant and \$230,000 of notes for an economic development grant for a hotel.

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% of the assessed value of all taxable property within the County's corporate limits. Jasper County's outstanding general obligation debt of \$13.5 million is significantly below its constitutional debt limit of \$96 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 2008 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.

As of July 1, 2006, a one cent Local Option Sales and Services Tax (LOSST) was implemented. The County did not start receiving funds from this source until September 2006. The Jasper County Board of Supervisors have stated they are determined to use all of these funds for property tax relief. Therefore, in the fiscal year 2008 budget, all of the LOSST money estimated to be received in fiscal year 2007 (approximately \$758,000) was used to offset a property tax increase in fiscal year 2008.

Amounts available for appropriation in the operating budget are approximately \$22,215,000, a decrease of 5.0% from the final 2007 budget. Intergovernmental receipts are expected to lead the decrease due to a federal bridge project that did not materialize in FY07. Budgeted disbursements are expected to increase approximately \$471,000. Increased wage and cost-of-living adjustments, Social Security and IPERS match requirements and increases in health insurance premiums represent the main causes for the increase. The County has added no major new programs or initiatives to the 2008 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of 2008.

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, 2007

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 10,407,326
Receivables:	
Property tax:	
Delinquent	69,137
Succeeding year	11,764,000
Succeeding year tax increment financing	277,000
Interest and penalty on property tax	164,012
Accounts	66,647
Accrued interest	22,307
Special assessments	69,208
Due from other governments	800,606
Inventories	411,482
Prepaid expense	183,697
Capital assets (net of accumulated depreciation)	38,667,253
Total assets	<u>62,902,675</u>
Liabilities	
Accounts payable	523,907
Accrued interest payable	45,779
Salaries and benefits payable	195,139
Due to other governments	619,781
Deferred revenue:	
Succeeding year property tax	11,764,000
Succeeding year tax increment financing	277,000
Other	30,035
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	244,000
General obligation bonds	710,000
Compensated absences	442,549
Portion due or payable after one year:	
General obligation capital loan notes	2,461,000
General obligation bonds	10,055,000
Compensated absences	126,810
Total liabilities	<u>27,495,000</u>
Net Assets	
Invested in capital assets, net of related debt	27,014,413
Restricted for:	
Supplemental levy purposes	712,093
Mental health purposes	997,127
Secondary roads purposes	2,635,588
Debt service	419,041
Capital projects	80,126
Other purposes	1,612,023
Unrestricted	1,937,264
Total net assets	<u>\$ 35,407,675</u>

See notes to financial statements.

Jasper County
 Statement of Activities
 Year ended June 30, 2007

	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	\$ 4,200,346	776,959	24,841	-	(3,398,546)
Physical health and social services	1,776,262	225,028	483,389	180,822	(887,023)
Mental health	3,937,255	5,176	1,507,205	-	(2,424,874)
County environment and education	2,080,434	51,408	42,340	54,320	(1,932,366)
Roads and transportation	6,796,810	221,760	3,912,125	787,343	(1,875,582)
Governmental services to residents	831,856	611,581	774	-	(219,501)
Administration	2,303,677	85,628	9,382	-	(2,208,667)
Non-program	798	52,925	-	-	52,127
Interest on long-term debt	561,739	-	547,555	-	(14,184)
Total	\$ 22,489,177	2,030,465	6,527,611	1,022,485	(12,908,616)
General Revenues:					
Property and other county tax levied for:					
General purposes					11,216,649
Debt service					670,202
Tax increment financing					294,204
Penalty and interest on property tax					142,833
State tax credits					569,702
Local option sales tax					1,056,192
Unrestricted investment earnings					576,885
Gain on disposal of capital assets					63,888
Miscellaneous					103,985
Total general revenues					14,694,540
Change in net assets					1,785,924
Net assets beginning of year					33,621,751
Net assets end of year					\$ 35,407,675

See notes to financial statements.

Jasper County
Balance Sheet
Governmental Funds

June 30, 2007

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 3,382,004	1,733,529	231,071	3,092,540
Receivables:				
Property tax:				
Delinquent	34,597	16,509	14,948	-
Succeeding year	6,221,000	2,969,000	1,970,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	164,012	-	-	-
Accounts	30,724	-	-	32,898
Accrued interest	22,307	-	-	-
Special assessments	-	-	-	69,208
Due from other governments	200,726	3,813	-	370,014
Inventories	65,087	-	-	346,395
Prepaid expense	182,101	-	175	1,421
Total assets	\$ 10,302,558	4,722,851	2,216,194	3,912,476
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 164,851	141,384	2,996	166,293
Salaries and benefits payable	140,969	1,646	2,083	50,441
Due to other governments	24,464	580,983	12,399	1,935
Deferred revenue:				
Succeeding year property tax	6,221,000	2,969,000	1,970,000	-
Succeeding year tax increment financing	-	-	-	-
Other	198,150	46,388	14,786	69,208
Total liabilities	6,749,434	3,739,401	2,002,264	287,877
Fund balances:				
Reserved for:				
Supplemental levy purposes	743,530	-	-	-
Dental care of county residents	-	-	-	-
Debt service	-	-	-	-
Cemetery levy	4,996	-	-	-
Unreserved:				
Designated for special projects	71,366	-	-	-
Undesignated, reported in:				
General fund	2,733,232	-	-	-
Special revenue funds	-	983,450	213,930	3,624,599
Capital projects fund	-	-	-	-
Total fund balances	3,553,124	983,450	213,930	3,624,599
Total liabilities and fund balances	\$ 10,302,558	4,722,851	2,216,194	3,912,476

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
461,737	127,779	1,378,666	10,407,326
3,083	-	-	69,137
604,000	-	-	11,764,000
-	-	277,000	277,000
-	-	-	164,012
-	-	3,025	66,647
-	-	-	22,307
-	-	-	69,208
-	-	226,053	800,606
-	-	-	411,482
-	-	-	183,697
1,068,820	127,779	1,884,744	24,235,422
-	47,653	730	523,907
-	-	-	195,139
-	-	-	619,781
604,000	-	-	11,764,000
-	-	277,000	277,000
3,054	-	-	331,586
607,054	47,653	277,730	13,711,413
-	-	-	743,530
-	-	18,299	18,299
461,766	-	-	461,766
-	-	-	4,996
-	-	-	71,366
-	-	-	2,733,232
-	-	1,588,715	6,410,694
-	80,126	-	80,126
461,766	80,126	1,607,014	10,524,009
1,068,820	127,779	1,884,744	24,235,422

Jasper County

Jasper County

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

June 30, 2007

Total governmental fund balances (page 19) \$ 10,524,009

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 \$54,957,623 and the accumulated depreciation is \$16,290,370. 38,667,253

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 301,551

Long-term liabilities, including general obligation capital loan notes payable, general obligation bonds 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. (14,085,138)

Net assets of governmental activities (page 16) \$ 35,407,675

See notes to financial statements.

Jasper County

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

Year ended June 30, 2007

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 7,084,428	2,105,172	2,009,339	-
Interest and penalty on property tax	111,155	-	-	-
Intergovernmental	1,431,890	1,612,371	102,481	3,973,790
Licenses and permits	19,492	-	41,628	11,430
Charges for service	968,386	5,176	3,375	-
Use of money and property	600,312	-	-	-
Miscellaneous	216,739	10,137	45	170,127
Total revenues	10,432,402	3,732,856	2,156,868	4,155,347
Expenditures:				
Operating:				
Public safety and legal services	3,927,947	-	7,107	-
Physical health and social services	1,733,289	-	-	-
Mental health	-	3,935,254	-	-
County environment and education	721,336	-	393,214	-
Roads and transportation	-	-	-	4,976,047
Governmental services to residents	798,300	-	-	-
Administration	2,578,503	-	-	-
Non-program	798	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	200,688
Total expenditures	9,760,173	3,935,254	400,321	5,176,735
Excess (deficiency) of revenues over (under) expenditures	672,229	(202,398)	1,756,547	(1,021,388)
Other financing sources (uses):				
Operating transfers in	161,228	-	-	1,958,110
Operating transfers out	(237,723)	-	(1,770,387)	(468,749)
General obligation capital loan notes issued	-	-	-	-
Total other financing sources (uses)	(76,495)	-	(1,770,387)	1,489,361
Net change in fund balances	595,734	(202,398)	(13,840)	467,973
Fund balances beginning of year	2,957,390	1,185,848	227,770	3,156,626
Fund balances end of year	\$ 3,553,124	983,450	213,930	3,624,599

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
669,971	-	1,350,396	13,219,306
-	-	-	111,155
579,569	-	19,564	7,719,665
-	-	-	72,550
-	-	7,982	984,919
25,794	-	18,529	644,635
-	-	211,470	608,518
1,275,334	-	1,607,941	23,360,748
-	-	12,857	3,947,911
-	-	31,235	1,764,524
-	-	-	3,935,254
-	-	20,634	1,135,184
-	-	-	4,976,047
-	-	-	798,300
-	-	4,115	2,582,618
-	-	-	798
1,615,440	-	-	1,615,440
-	1,024,106	13,876	1,238,670
1,615,440	1,024,106	82,717	21,994,746
(340,106)	(1,024,106)	1,525,224	1,366,002
695,528	50,000	-	2,864,866
(11,228)	-	(376,779)	(2,864,866)
-	975,000	-	975,000
684,300	1,025,000	(376,779)	975,000
344,194	894	1,148,445	2,341,002
117,572	79,232	458,569	8,183,007
461,766	80,126	1,607,014	10,524,009

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, 2007

Net change in fund balances - Total governmental funds (page 23) \$ 2,341,002

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

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

Expenditures for capital assets	\$ 868,377	
Capital assets contributed by the Iowa Department of Transportation and others	841,663	
Depreciation expense	<u>(2,370,253)</u>	(660,213)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 63,888

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	(6,085)	
Other	<u>14,887</u>	8,802

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 repayments exceeded issues, as follows:

Issued	(975,000)	
Repaid	<u>1,071,351</u>	96,351

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

Compensated absences	(67,607)	
Interest on long-term debt	<u>3,701</u>	<u>(63,906)</u>

Change in net assets of governmental activities (page 17) \$ 1,785,924

See notes to financial statements.

Jasper County
Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2007

	Other Employee Benefit Trust	Private Purpose Trust	Agency
Assets			
Cash and pooled investments:			
County Treasurer	\$ 54,769	52,966	1,765,746
Other County officials	-	-	70,112
Receivables:			
Property tax:			
Delinquent	-	-	137,701
Succeeding year	-	-	30,500,000
Special assessments	-	-	387,911
Accounts	-	-	72,162
Due from other governments	-	-	25,926
Total assets	54,769	52,966	32,959,558
Liabilities			
Accounts payable	-	2,672	51,848
Salaries and benefits payable	-	-	11,909
Due to other governments	-	-	32,728,008
Trusts payable	-	-	127,616
Compensated absences	-	-	40,177
Total liabilities	-	2,672	32,959,558
Net assets			
Held in trust for employee benefits and other	\$ 54,769	50,294	-

See notes to financial statements.

Jasper County
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund

Year ended June 30, 2007

	Other Employee Benefit Trust	Private Purpose Trust
Additions:		
Donations and contributions	\$ 36,189	2,131
Deductions:		
Distribution to participants and others	32,010	2,672
Change in net assets held in trust	4,179	(541)
Net assets beginning of year	50,590	50,835
Net assets end of year	\$ 54,769	50,294

See notes to financial statements.

Jasper County

Notes to Financial Statements

June 30, 2007

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

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

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 financial statements:

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2006.

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 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 acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net 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 and unspent grant proceeds.

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, 2007. 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, 2007, disbursements did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2007 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 no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Debt Service	\$ 11,228
	Special Revenue:	
	Other	150,000
		<u>161,228</u>
Special Revenue:		
Secondary Roads	General	187,723
	Special Revenue:	
	Rural Services	1,770,387
		<u>1,958,110</u>
Debt Service	Special Revenue:	
	Secondary Roads	468,749
	Tax Increment Financing	226,779
		<u>695,528</u>
Capital Projects	General	50,000
		<u>50,000</u>
	Total	<u>\$ 2,864,866</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, 2007 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 688,736	140,920	-	829,656
Construction in progress	129,593	959,321	476,852	612,062
Total capital assets not being depreciated	818,329	1,100,241	476,852	1,441,718
Capital assets being depreciated:				
Buildings	11,313,991	238,400	-	11,552,391
Improvements other than buildings	387,345	-	-	387,345
Machinery, equipment and vehicles	7,246,916	436,754	308,100	7,375,570
Infrastructure, road network	33,723,747	476,852	-	34,200,599
Total capital assets being depreciated	52,671,999	1,152,006	308,100	53,515,905
Less accumulated depreciation for:				
Buildings	1,705,131	227,724	-	1,932,855
Improvements other than buildings	29,033	9,719	-	38,752
Machinery, equipment and vehicles	4,404,211	719,960	306,633	4,817,538
Infrastructure, road network	8,088,375	1,412,850	-	9,501,225
Total accumulated depreciation	14,226,750	2,370,253	306,633	16,290,370
Total capital assets being depreciated, net	38,445,249	(1,218,247)	1,467	37,225,535
Governmental activities capital assets, net	\$ 39,263,578	(118,006)	478,319	38,667,253

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 232,787
Physical health and social services	15,779
Mental health	1,380
County environment and education	70,886
Roads and transportation	1,947,827
Governmental services to residents	34,407
Administration	67,187
Total depreciation expense - governmental activities	<u>\$ 2,370,253</u>

(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	\$ 24,464
Special Revenue:		
Mental Health	Services	580,983
Rural Services		12,399
Secondary Roads		1,935
		<u>595,317</u>
Total for governmental funds		<u>\$ 619,781</u>
Agency:		
County Assessor	Collections	\$ 537,799
Schools		17,769,982
Community Colleges		741,250
Corporations		7,856,110
Auto License and Use Tax		636,668
All other		5,186,199
Total for agency funds		<u>\$ 32,728,008</u>

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Capital Lease Purchase Agreement	General Obligation Capital Loan Notes	General Obligation Bonds	Compensated Absences	Total
Balance beginning of year	\$ 21,351	2,095,000	11,450,000	501,752	14,068,103
Increases	-	975,000	-	489,688	1,464,688
Decreases	21,351	365,000	685,000	422,081	1,493,432
Balance end of year	<u>\$ -</u>	<u>2,705,000</u>	<u>10,765,000</u>	<u>569,359</u>	<u>14,039,359</u>
Due within one year	<u>\$ -</u>	<u>244,000</u>	<u>710,000</u>	<u>442,549</u>	<u>1,396,549</u>

General Obligation Capital Loan Notes

A summary of the County's June 30, 2007 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 2001			Series 2003		
	Issued July 26, 2001			Issued May 16, 2003		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2008	5.00%	\$ 55,000	57,745	4.500%	\$ 45,000	10,763
2009	5.00	60,000	54,995	4.750	45,000	8,738
2010	5.00	65,000	51,995	4.875	45,000	6,600
2011	5.00	65,000	48,745	5.125	45,000	4,406
2012	5.00	70,000	45,495	5.250	40,000	2,100
2013-2017	5.10-5.30	400,000	171,326		-	-
2018-2021	5.35-5.50	390,000	54,525		-	-
Total		<u>\$ 1,105,000</u>	<u>484,826</u>		<u>\$ 220,000</u>	<u>32,607</u>

Year Ending June 30,	Series 2006			Series 2006A		
	Issued February 15, 2006			Issued October 31, 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2008	4.00%	\$ 40,000	16,200	6.15%	\$ 14,000	14,145
2009	4.00	40,000	14,600	6.15	14,000	13,284
2010	4.00	40,000	13,000	6.15	16,000	12,423
2011	4.00	45,000	11,400	6.15	16,000	11,439
2012	4.00	45,000	9,600	6.15	17,000	10,455
2013-2017	4.00	195,000	19,800	6.15	103,000	35,178
2018-2021		-	-	6.15	50,000	4,674
Total		<u>\$ 405,000</u>	<u>84,600</u>		<u>\$ 230,000</u>	<u>101,598</u>

Year Ending June 30,	Series 2006B					
	Issued October 31, 2006					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2008	6.00%	\$ 90,000	44,700	\$ 244,000	143,553	387,553
2009	6.00	95,000	39,300	254,000	130,917	384,917
2010	6.00	100,000	33,600	266,000	117,618	383,618
2011	6.00	105,000	27,600	276,000	103,590	379,590
2012	6.00	110,000	21,300	282,000	88,950	370,950
2013-2017	6.00	245,000	22,200	943,000	248,504	1,191,504
2018-2021		-	-	440,000	59,199	499,199
		<u>\$ 745,000</u>	<u>188,700</u>	<u>\$ 2,705,000</u>	<u>892,331</u>	<u>3,597,331</u>

During the year ended June 30, 2007, the County issued \$975,000 and retired \$365,000 of general obligation capital loan notes.

General Obligation Bonds

A summary of the County's June 30, 2007 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2003		
	Issued Nov 1, 2003		
	Interest Rates	Principal	Interest
2008	2.50%	\$ 240,000	217,285
2009	2.50	250,000	211,285
2010	3.00	265,000	205,035
2011	4.00	275,000	197,085
2012	4.50	290,000	186,085
2013-2017	3.65-4.50	1,650,000	737,750
2018-2022	4.10-4.50	2,025,000	377,055
2023	4.50	460,000	20,700
Total		\$ 5,455,000	2,152,280

Year Ending June 30,	Series 2005			Total		
	Issued Mar 1, 2005			Principal	Interest	Total
	Interest Rates	Principal	Interest			
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	3.40	520,000	140,168	795,000	337,253	1,132,253
2012	3.50	545,000	122,487	835,000	308,572	1,143,572
2013-2017	3.40-3.75	1,985,000	321,560	3,635,000	1,059,310	4,694,310
2018-2022	3.75-4.00	650,000	107,880	2,675,000	484,935	3,159,935
2023	4.05	145,000	5,873	605,000	26,573	631,573
Total		\$ 5,310,000	1,216,316	\$ 10,765,000	3,368,596	14,133,596

During the year ended June 30, 2007, the County retired \$685,000 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, 2007, 2006 and 2005 were \$443,939, \$429,180 and \$410,131, 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 whose 556 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property 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, 2007 were \$207,386.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 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, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, 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 \$71,366 from the General Fund for special projects. At June 30, 2007, the amounts designated are as follows:

Description	Amount
Courthouse roof, chiller and dome windows	\$ 17,282
Chichaqua bike trail maintenance	44,544
Computer system upgrades	9,540
Total	\$ 71,366

(10) 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.

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. The County accounts for the activity in a Fiduciary, Other Employee Benefit Trust Fund. Two more employees began participating in this program during the year ended June 30, 2007 and the County contributed \$36,189 to the fund for continued health care coverage.

(11) Lessor Operating Leases

The County leases two parcels of land, a piece of farm ground and a pasture. The following is a schedule by year of minimum future rentals on these operating leases as of June 30, 2007:

<u>Year ending June 30,</u>	<u>Amount</u>
2008	<u>\$ 26,530</u>

(12) Commitment

On April 24, 2007, the County and the City of Colfax entered into a 28E agreement providing for the City to extend municipal water services to the Microtel project, along with paving 2,750 feet of Federal Avenue which leads to the Microtel project. As a source of funding for the project, the County agreed to provide funding of \$200,000 to the City.

(13) Subsequent Events

Debt Issuance

On July 6, 2007, the County issued \$200,000 of general obligation capital loan notes to provide funding to the City of Colfax for the Microtel project.

Private Redevelopment and Debt Issuance

On July 16, 2007, the County entered into a private redevelopment agreement with G & L Properties, LLC (G & L) and Alpha Products International. G & L is a development company which will construct two 25,000 square foot warehouses that will be leased to Alpha Products. The County agrees to make two economic development grants available to Alpha Products totaling \$200,000. The County is required to make the economic development grant in installments at various stages of construction of the warehouses. The parties also entered into a minimum assessment agreement, whereas upon completion of the two warehouses the minimum assessed value shall not be less than \$1,000,000. Alpha Products agrees to create and retain 10 full time employment units paying an average wage of not less than \$8 per hour until at least January 31, 2019.

On November 16, 2007, the County issued \$200,000 of general obligation capital loan notes to fund the economic development grants.

Private Redevelopment and Employer Incentives Agreements and Debt Issuance

In November 2007, the County approved the sale of \$4,825,000 of general obligation urban renewal bonds. The proceeds of this issuance will be used to provide grants to Jasper County Economic Development Corporation (JEDCO), TPI Iowa, LLC (TPI) and Opus Northwest, LLC (Opus). Opus is a development company which will construct a manufacturing facility to be leased to TPI. TPI agrees to employ at least 500 full-time employees (FTE) until at least December 31, 2012. The project consists of two distinct agreements.

The County entered into a private redevelopment agreement with Opus, the City of Newton and JEDCO. The agreement calls for Opus to construct a building on a 33 acre site with a minimum assessed value of \$13,500,000. The County will provide \$800,000 to JEDCO to purchase the site and transfer it to Opus and will provide \$3,000,000 in economic development grants to OPUS. The County is required to make the economic development grant at various stages of construction of the facility.

Jasper County also entered into an employer incentive agreement with TPI and the City of Newton. The agreement provides for \$600,000 of the bond proceeds to satisfy the County and City share of local match requirements associated with an Iowa Department of Economic Development grant of \$2,000,000 awarded to TPI. Also, if TPI maintains the FTE units required during calendar year 2011, TPI will receive tax rebate payments funded from the tax increment revenues generated from the improvements. If TPI fails to maintain the required FTE units, the tax rebate payments will be reduced proportionally to the percentage of FTE units achieved. For calendar years 2012 through 2017, TPI is entitled to receive additional economic development grant payments subject to TPI maintaining the FTE units.

Jasper County

Required Supplementary Information

Jasper County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2007

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 12,992,691	-	12,992,691
Interest and penalty on property tax	111,069	-	111,069
Intergovernmental	7,738,037	-	7,738,037
Licenses and permits	65,378	-	65,378
Charges for service	972,578	-	972,578
Use of money and property	659,258	-	659,258
Miscellaneous	597,070	-	597,070
Total receipts	<u>23,136,081</u>	-	<u>23,136,081</u>
Disbursements:			
Public safety and legal services	3,904,840	-	3,904,840
Physical health and social services	1,733,715	-	1,733,715
Mental health	3,729,500	-	3,729,500
County environment and education	1,133,131	-	1,133,131
Roads and transportation	4,970,926	-	4,970,926
Governmental services to residents	821,085	-	821,085
Administration	2,603,289	-	2,603,289
Non-program	798	-	798
Debt service	1,615,440	-	1,615,440
Capital projects	1,191,707	-	1,191,707
Total disbursements	<u>21,704,431</u>	-	<u>21,704,431</u>
Excess (deficiency) of receipts over (under) disbursements	1,431,650	-	1,431,650
Other financing sources, net	<u>975,000</u>	-	<u>975,000</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,406,650	-	2,406,650
Balance beginning of year	<u>8,000,676</u>	60,347	<u>7,940,329</u>
Balance end of year	<u>\$ 10,407,326</u>	60,347	<u>10,346,979</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
12,093,914	12,941,264	51,427
60,000	90,000	21,069
7,372,250	8,293,285	(555,248)
64,725	59,225	6,153
977,271	918,271	54,307
275,320	511,475	147,783
326,570	562,120	34,950
<u>21,170,050</u>	<u>23,375,640</u>	<u>(239,559)</u>
4,114,673	4,151,973	247,133
1,874,920	1,973,520	239,805
4,179,798	4,696,519	967,019
1,134,192	1,419,992	286,861
5,382,540	6,360,451	1,389,525
828,705	839,505	18,420
2,389,518	3,056,918	453,629
5,000	5,100	4,302
1,493,905	1,829,585	214,145
1,213,395	2,210,961	1,019,254
<u>22,616,646</u>	<u>26,544,524</u>	<u>4,840,093</u>
(1,446,596)	(3,168,884)	4,600,534
<u>10,000</u>	<u>1,385,000</u>	<u>(410,000)</u>
(1,436,596)	(1,783,884)	4,190,534
<u>5,092,962</u>	<u>7,789,937</u>	<u>150,392</u>
<u><u>3,656,366</u></u>	<u><u>6,006,053</u></u>	<u><u>4,340,926</u></u>

Jasper County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2007

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 23,136,081	224,667	23,360,748
Expenditures	21,704,431	290,315	21,994,746
Net	1,431,650	(65,648)	1,366,002
Other financing sources, net	975,000	-	975,000
Beginning fund balances	8,000,676	182,331	8,183,007
Ending fund balances	<u>\$ 10,407,326</u>	<u>116,683</u>	<u>10,524,009</u>

See accompanying independent auditor's report.

Jasper County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

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, two budget amendments increased budgeted disbursements by \$3,927,878. 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, 2007, disbursements did not exceed the amounts budgeted.

Jasper County

Other Supplementary Information

Jasper County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2007

	Special Revenue			
	County Recorder's Records Management	Resource Enhance- ment	Conservation Land Acquisition	Local Option Sales/Service Tax
Assets				
Cash and pooled investments	\$ 23,393	95,492	51,918	830,139
Receivables:				
Succeeding year tax increment financing	-	-	-	-
Accounts	-	-	-	-
Due from other governments	-	-	-	226,053
Total assets	\$ 23,393	95,492	51,918	1,056,192
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	-	-	-
Deferred revenue:				
Succeeding year tax increment financing	-	-	-	-
Total liabilities	-	-	-	-
Fund equity:				
Fund balances:				
Reserved for dental care of county residents	-	-	-	
Unreserved	23,393	95,492	51,918	1,056,192
Total fund equity	23,393	95,492	51,918	1,056,192
Total liabilities and fund equity	\$ 23,393	95,492	51,918	1,056,192

See accompanying independent auditor's report.

Drainage Districts	Tax Increment Financing	Other	Permanent	Total
60,347	78,408	220,670	18,299	1,378,666
-	277,000	-	-	277,000
-	-	3,025	-	3,025
-	-	-	-	226,053
60,347	355,408	223,695	18,299	1,884,744
-	-	730	-	730
-	277,000	-	-	277,000
-	277,000	730	-	277,730
-	-	-	18,299	18,299
60,347	78,408	222,965	-	1,588,715
60,347	78,408	222,965	18,299	1,607,014
60,347	355,408	223,695	18,299	1,884,744

Jasper County

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

Year ended June 30, 2007

	Special Revenue			
	County Recorder's Records Management	Resource Enhance- ment	Conservation Land Acquisition	Local Option Sales/Service Tax
Revenues:				
Property and other county tax	\$ -	-	-	1,056,192
Intergovernmental	-	19,564	-	-
Charges for service	7,982	-	-	-
Use of money and property	775	3,724	7,788	-
Miscellaneous	-	-	-	-
Total revenues	<u>8,757</u>	<u>23,288</u>	<u>7,788</u>	<u>1,056,192</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	-	-	-
County environment and education	-	-	-	-
Administration	-	-	-	-
Capital projects	-	-	10,000	-
Total expenditures	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	8,757	23,288	(2,212)	1,056,192
Other financing uses:				
Operating transfers out	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	8,757	23,288	(2,212)	1,056,192
Fund balances beginning of year	<u>14,636</u>	<u>72,204</u>	<u>54,130</u>	<u>-</u>
Fund balances end of year	<u>\$ 23,393</u>	<u>95,492</u>	<u>51,918</u>	<u>1,056,192</u>

See accompanying independent auditor's report.

Drainage Districts	Tax Increment Financing	Other	Permanent	Total
-	294,204	-	-	1,350,396
-	-	-	-	19,564
-	-	-	-	7,982
-	-	5,019	1,223	18,529
-	-	211,470	-	211,470
-	294,204	216,489	1,223	1,607,941
-	-	12,857	-	12,857
-	-	30,842	393	31,235
-	18,459	2,175	-	20,634
-	-	4,115	-	4,115
-	-	3,876	-	13,876
-	18,459	53,865	393	82,717
-	275,745	162,624	830	1,525,224
-	(226,779)	(150,000)	-	(376,779)
-	48,966	12,624	830	1,148,445
60,347	29,442	210,341	17,469	458,569
60,347	78,408	222,965	18,299	1,607,014

Jasper County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	2,486	168,439	259,334	10,832
Other County officials	69,439	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	899	2,254	98,648	4,418
Succeeding year	-	162,000	406,000	17,412,000	726,000
Special assessments	-	-	-	-	-
Accounts	19,291	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 88,730	165,385	576,693	17,769,982	741,250
Liabilities					
Accounts payable	\$ -	-	516	-	-
Salaries and benefits payable	-	-	8,695	-	-
Due to other governments	39,818	165,385	537,799	17,769,982	741,250
Trusts payable	48,912	-	-	-	-
Compensated absences	-	-	29,683	-	-
Total liabilities	\$ 88,730	165,385	576,693	17,769,982	741,250

See accompanying independent auditor's report.

Corporations	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
143,064	3,224	24,141	636,668	517,558	1,765,746
-	-	-	-	673	70,112
26,046	2,122	-	-	3,314	137,701
7,687,000	282,000	-	-	3,825,000	30,500,000
-	-	387,911	-	-	387,911
-	-	-	-	52,871	72,162
-	-	-	-	25,926	25,926
7,856,110	287,346	412,052	636,668	4,425,342	32,959,558
-	-	-	-	51,332	51,848
-	-	-	-	3,214	11,909
7,856,110	287,346	412,052	636,668	4,281,598	32,728,008
-	-	-	-	78,704	127,616
-	-	-	-	10,494	40,177
7,856,110	287,346	412,052	636,668	4,425,342	32,959,558

Jasper County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 91,598	174,267	548,624	17,909,701	759,437
Additions:					
Property and other county tax	-	163,393	410,586	17,534,427	730,827
E911 surcharge	-	-	-	-	-
State tax credits	-	8,405	20,156	860,938	36,548
Drivers license fees	-	-	-	-	-
Office fees and collections	1,370,523	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	624,601	-	-	-	-
Miscellaneous	-	-	3,417	-	-
Total additions	1,995,124	171,798	434,159	18,395,365	767,375
Deductions:					
Agency remittances:					
To other funds	1,006,642	-	-	-	-
To other governments	341,333	180,680	406,090	18,535,084	785,562
Trusts paid out	650,017	-	-	-	-
Total deductions	1,997,992	180,680	406,090	18,535,084	785,562
Balances end of year	\$ 88,730	165,385	576,693	17,769,982	741,250

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
7,978,440	264,500	309,128	592,675	3,865,345	32,493,715
7,637,352	287,737	-	-	3,894,918	30,659,240
-	-	-	-	258,492	258,492
369,189	12,974	-	-	81,468	1,389,678
-	-	-	69,305	-	69,305
-	-	-	-	7,979	1,378,502
-	-	-	7,808,568	-	7,808,568
-	-	161,849	-	-	161,849
-	-	-	-	646,172	1,270,773
-	-	-	-	1,084,677	1,088,094
8,006,541	300,711	161,849	7,877,873	5,973,706	44,084,501
-	-	-	307,040	-	1,313,682
8,128,871	277,865	58,925	7,526,840	4,767,958	41,009,208
-	-	-	-	645,751	1,295,768
8,128,871	277,865	58,925	7,833,880	5,413,709	43,618,658
7,856,110	287,346	412,052	636,668	4,425,342	32,959,558

Schedule 5

Jasper County

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

For the Last Six Years

	Modified Accrual Basis					
	2007	2006	2005	2004	2003	2002
Revenues:						
Property and other county tax	\$ 13,219,306	11,944,465	10,604,853	8,741,449	8,655,221	9,522,849
Interest and penalty on property tax	111,155	106,187	113,364	142,490	95,570	100,809
Intergovernmental	7,719,665	7,518,337	7,765,029	7,588,530	7,180,507	7,734,924
Licenses and permits	72,550	104,297	112,586	104,919	68,371	72,772
Charges for service	984,919	1,034,993	1,004,702	1,065,016	1,071,297	953,013
Use of money and property	644,635	466,665	265,129	157,559	168,858	284,837
Miscellaneous	608,518	424,392	413,696	686,770	651,622	399,740
Total	\$ 23,360,748	21,599,336	20,279,359	18,486,733	17,891,446	19,068,944
Expenditures:						
Operating:						
Public safety and legal services	\$ 3,947,911	3,707,359	3,350,867	3,129,432	3,058,425	2,919,333
Physical health and social services	1,764,524	1,681,600	1,707,344	1,547,630	1,682,536	1,752,734
Mental health	3,935,254	3,694,993	3,469,165	3,745,451	3,780,377	3,858,862
County environment and education	1,135,184	1,046,555	1,004,377	821,661	1,035,423	1,008,646
Roads and transportation	4,976,047	4,773,484	5,601,722	6,080,708	6,388,078	4,736,532
Governmental services to residents	798,300	1,121,043	822,015	690,879	654,019	669,898
Administration	2,582,618	2,138,150	1,906,315	1,808,403	1,802,173	1,784,915
Non-program	798	6,320	-	-	-	-
Debt service	1,615,440	1,422,630	791,053	330,233	265,146	209,588
Capital projects	1,238,670	2,065,874	8,642,212	5,416,138	2,391,818	2,237,536
Total	\$ 21,994,746	21,658,008	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, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		\$ 17,960
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C050(75)-8J-50	33,716
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP-06-04 Task 23	641
State and Community Highway Safety	20.600	PAP-07-04 Task 23	2,564
			<u>3,205</u>
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	PAP-06-163 Task 34	167
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	PAP-07-163 Task 41	7,651
			<u>7,818</u>
U.S. Department of Health and Human Services:			
Iowa Department of Elder Affairs:			
Aging Resources of Central Iowa:			
Special Programs for the Aging Cluster:			
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045		99,600
Nutrition Services Incentive Program	93.053		60,103
			<u>159,703</u>
Iowa Department of Public Health:			
Grinnell Regional Medical Center:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5887BT01	10,949

Jasper County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		24,137
Refugee and Entrant Assistance - State Administered Programs	93.566		43
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		5,265
Foster Care - Title IV-E	93.658		13,538
Adoption Assistance	93.659		2,706
State Children's Insurance Program	93.767		172
Medical Assistance Program	93.778		31,659
Social Services Block Grant	93.667		15,867
Social Services Block Grant	93.667		119,026
			<u>134,893</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1688 DR IA	53,745
Emergency Management Performance Grants	97.042		34,318
Homeland Security Region I:			
Homeland Security Grant Program	97.067		26,578
Total			<u>\$ 560,405</u>

* - Includes \$34,000 of non-cash awards.

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Jasper County and is presented on the modified accrual basis of accounting. The information 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, 2007, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 3, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Jasper County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jasper County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including a deficiency we consider to be a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Jasper County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Jasper County's financial statements that is more than inconsequential will not be prevented or detected by Jasper County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Jasper County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-07 is a material weakness.

Compliance and Other Matters

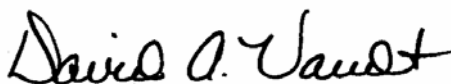
As part of obtaining reasonable assurance about whether Jasper County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material 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, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

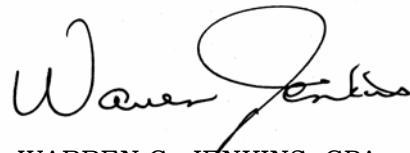
Jasper County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Jasper County's responses and accordingly, we express no opinion on them.

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

March 3, 2008

**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

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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, 2007. 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, 2007.

Internal Control Over Compliance

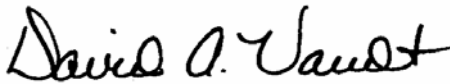
The management of Jasper County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Jasper County's internal 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jasper County's internal control over compliance.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

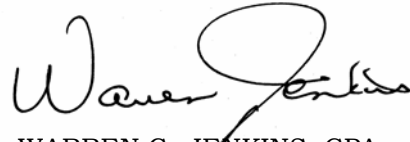
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

March 3, 2008

Jasper County
Schedule of Findings and Questioned Costs
Year ended June 30, 2007

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit did not disclose any 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 20.205 – Highway Planning and Construction
 - Special Programs for the Aging – Cluster:
 - CFDA Number 93.045 – Special Programs for the Aging – Title III, Part C - Nutrition Services
 - CFDA Number 93.053 – Nutrition Services Incentive Program
 - CFDA Number 93.667 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Jasper County did not qualify as a low-risk auditee.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-07 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. Bank reconciliations are not reviewed by an independent person with no responsibility for receipts and disbursements.
3. The person responsible for the detailed record keeping of investments is also the custodian of the investments.
4. Investments are not periodically inspected, confirmed and reconciled to the investment records by an independent person having no responsibility for investments.
5. An independent verification of investment earnings or a reconciliation of earnings to financial records is not performed.
6. An independent review or approval of special assessment rates is not performed.
7. An initial listing is not prepared by the mail opener.
8. The responsibility for collection, deposit preparation and reconciliation functions are not segregated from recording and accounting for cash receipts.

County Sheriff – All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.

County Recorder – 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, forwarded to the accounting personnel for processing and later compared to the cash receipt records.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

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. 3. and 8. A small staff makes it difficult to totally segregate all duties. We will continue to look at ways to improve the process.
2. We will attempt to have the Driver License Deputy check the reconciliations in the future.
4. and 5. We will have the Drivers License Deputy check and verify the investments including the miscellaneous receipts for the interest earned investments.
6. The Tax Deputy will check and verify the assessment rates.
7. The mail opening duties are shared at this time. We will attempt to put an initial listing procedure in place.

County Sheriff – The office manager physically opens and distributes the mail. The accounting clerk prepares and receipts all incoming mail. Office manager does spot checks to ensure all moneys received/receipted are deposited. Small staff (total of 4) limits segregation of duties, as all four clerks are cross trained to handle each other's duties so operations can continue when one is absent.

County Recorder – Only one employee in the office does not have access to the accounting records. On a periodic basis she will open the mail, prepare a list of cash and checks received, forward it to the accounting personnel for processing and later compare it to the cash receipt records.

Conclusions – Responses accepted.

II-B-07 Vehicle Titles – Titles to County owned vehicles are kept at individual departments and offices rather than at a centralized location.

Recommendation – 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 consider establishing a centralized location of all the title of all county owned vehicles.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

II-C-07 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 Fair Labor Standards Act defines two classes of employees, exempt and non-exempt. Non-exempt employees' hours are tracked for the purpose of overtime. Exempt employees are not eligible for overtime and/or compensatory time off and therefore are not required under the law to track their hours. In an opinion received on May 8, 2006 from of the County's employment law attorneys, Brian L. Gruhn:

“Employees satisfying the test for being exempt from the FLSA are therefore not required to trace their hours. The rationale is that exempt employees are paid to get the job done – they are not paid for actual time which may include overtime. Thus, there is no reason under the FLSA, to track the hours of an exempt employee.

The County does agree vacation and sick time should be accounted for by exempt employees. There is a form that employees should complete and sign that deducts these times from the employee's accrual bank. The use of the form for County employees under the County's accrual system is a matter of enforcement by the respective elected County official.

Conclusion – Response acknowledged. At a minimum, the County should ensure employee leave time is documented appropriately, including supervisory approval. The use of a timesheet to record all time worked or not worked is still encouraged.

II-D-07 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 Board of Supervisors will consider implementing a written policy regulating the use of credit cards.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

II-E-07 Capital Assets – The following conditions were noted:

- A physical inventory has not been performed periodically by someone independent of the individuals responsible for the custody of the assets.
- Capital assets have not been tagged to facilitate identification.

Recommendation – An independent person should periodically test the capital assets listing by comparing the listing to asset observations and asset tags should be placed on all capital assets.

Response – Each department is in the process of tagging their capital assets according to the capital assets policy. The County Auditor will establish a schedule for the periodic testing of the capital assets listings.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

No matters were noted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-07 Certified Budget – Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted.

IV-B-07 Questionable Expenditures – Certain expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These expenditures are detailed as follows:

Paid for	Department	Purpose	Amount
Hendricksen Greenhouse	Board of Health	Plant for Funeral	\$ 30
Domino's	County Extension Office	Pizza and refreshments	114
Sodexo	County Extension Office	Food and refreshments	1,154

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.

The Board of Health Department 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 –

Board of Health Department – The plant was for the memorial service of a physician who served on the Jasper County Board of Health for five years. A policy has been drafted for consideration at the next Board of Health meeting.

County Extension Office – We will develop a policy for providing food and refreshments at meetings including documentation of the public purpose.

Conclusions – Responses accepted.

IV-C-07 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-07 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-07 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-07 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not, except as follows:

The publication of claims did not include the reason for the claim as required by Chapter 349.18 of the Code of Iowa.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Recommendation – The County should publish the reason for the claims as required.

Response – We will begin publishing the reason for the claim as required by Iowa Code Chapter 349.18.

Conclusion – Response accepted.

IV-G-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-07 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-07 Public Improvement – During the year ended June 30, 2007, the County expended in excess of \$100,000 to remodel the Community Center building. The County did not have a licensed engineer or architect prepare plans and specifications or calculate the estimated total cost of the improvement in accordance with Chapter 26.3(2) of the Code of Iowa. In addition, the County did not advertise for sealed bids or hold a public hearing as required by Chapters 26.3(1) and 26.12 of the Code of Iowa.

In addition, the County did not publish notice to bidders more than 20 days but not more than 45 days before the date of letting for a secondary roads project as required by Chapter 26.3(2) of the Code of Iowa. Effective July 1, 2007, the publication requirements were amended to allow publication not less than 4 days or more than 45 days before the date of letting.

Recommendation – The County should follow the public improvement project requirements in Chapter 26 of the Code of Iowa.

Response – On all future projects the County will follow the public improvement project requirements as stated in Iowa Code Chapter 26.

Conclusion – Response accepted.

IV-J-07 County Assessor – Disbursements during the year ended June 30, 2007 exceeded the amount budgeted in the Special Appraisers Fund.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We should have amended the budget to reflect the amount of overage. We will not let this happen again.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

IV-K-07 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.

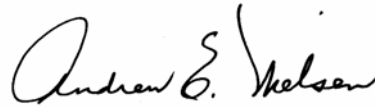
Disbursements during the year ended June 30, 2007 for the County Extension Office did not exceed the amount budgeted.

Jasper County

Staff

This audit was performed by:

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