



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

March 23, 2007

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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 \$44,051,489 for the year ended June 30, 2006, which included \$1,984,147 in tax credits from the state. The County forwarded \$31,733,480 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$12,318,009 of the local tax revenue to finance County operations, an 11.8 percent increase over the prior year. The increase in local tax revenue is due to increases in the general, mental health and debt service tax levies. Other revenues included charges for service of \$1,980,007, operating grants, contributions and restricted interest of \$6,434,793, capital grants, contributions and restricted interest of \$1,609,779, tax increment financing of \$238,561, unrestricted investment earnings of \$403,883 and other general revenues of \$299,833.

Expenses for County operations totaled \$20,095,089, a 3.3 percent increase over the prior year. Expenses included \$6,108,233 for roads and transportation, \$3,831,921 for public safety and legal services and \$3,678,389 for mental health.

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, 2006

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Jasper County

Officials

<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
Jana Lust	County Treasurer	(Retired Dec 2005)
Doug Bishop (Appointed)	County Treasurer	Nov 2006
Nancy Parrott	County Recorder	Jan 2007
Mike Balmer	County Sheriff	Jan 2009
Steve Johnson	County Attorney	Jan 2007
John Deegan	County Assessor	Jan 2010

Jasper County



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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, 2006, 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.

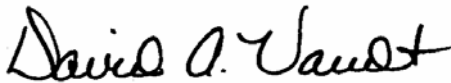
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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, 2006, 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 December 21, 2006 on our consideration of Jasper County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jasper County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2005 (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

December 21, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Jasper County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

During fiscal year 2006, the County retroactively reported road infrastructure acquired prior to July 1, 2002, not previously reported. The County has delayed reporting this infrastructure as permitted by U.S. generally accepted accounting principles. This restatement increased the beginning balance in governmental activities by \$9,370,632. To facilitate and enhance comparability in this discussion and analysis, fiscal year 2005 amounts have been revised to reflect the changes as if they had been made in the prior year.

2006 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 1.8%, or approximately \$420,000, from fiscal 2005 to fiscal 2006. Property tax increased approximately \$1,350,000, charges for service increased approximately \$292,000, operating grants, contributions and restricted interest increased approximately \$333,000 and capital grants, contributions and restricted interest decreased approximately \$1,836,000.
- Program expenses of the County's governmental activities increased 3.3%, or approximately \$636,000, from fiscal 2005 to fiscal 2006. Roads and transportation expenses decreased approximately \$276,000 while public safety and legal services increased approximately \$465,000 and mental health services increased approximately \$210,000.
- The County's net assets increased 10.5%, or approximately \$3,190,000, from June 30, 2005 as restated to June 30, 2006.
- Jasper County issued \$435,000 in general obligation capital loan notes during the year ended June 30, 2006. The notes will be used to complete construction of a law enforcement center.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Jasper County's combined net assets strengthened from a year ago, increasing from approximately \$30,432,000 to approximately \$33,622,000. The analysis that follows focuses on the changes in the net assets of governmental activities.

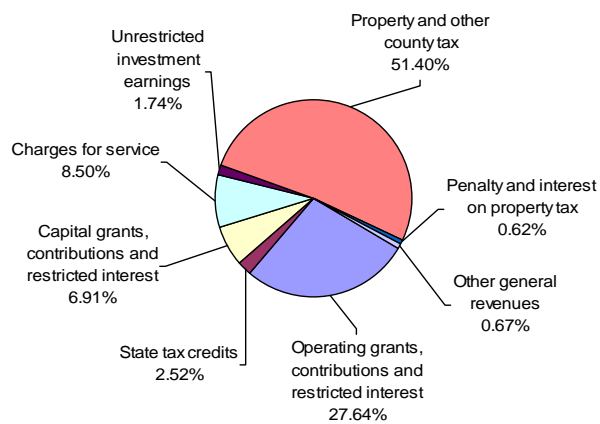
Net Assets of Governmental Activities		
(Expressed in Thousands)		
	June 30,	
	2006	2005
Current and other assets	\$ 21,512	21,789
Capital assets, as restated	39,264	37,023
Total assets, as restated	60,776	58,812
Long-term liabilities	14,068	14,518
Other liabilities	13,086	13,862
Total liabilities	27,154	28,380
Net assets:		
Invested in capital assets, net of related debt, as restated	25,697	25,520
Restricted	5,667	3,054
Unrestricted	2,258	1,858
Total net assets, as restated	\$ 33,622	30,432

Net assets of Jasper County's governmental activities increased by \$3,190,000 (\$30,432,000 compared to \$33,622,000). 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—increased from approximately \$1,858,000 at June 30, 2005 to approximately \$2,258,000 at the end of this year, an increase of 21.5%. This increase of approximately \$400,000 in unrestricted net assets was a result of higher interest rates on our investments and additional property taxes.

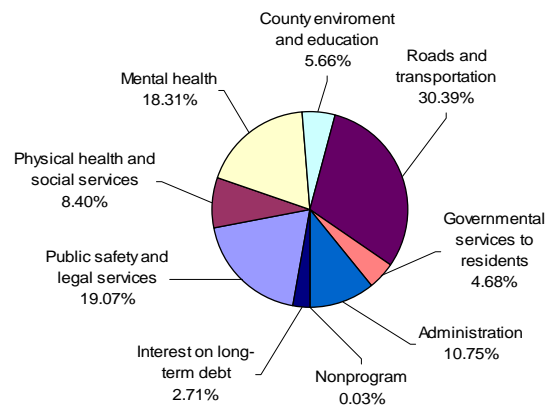
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2006	2005
Revenues:		
Program revenues:		
Charges for service	\$ 1,980	1,688
Operating grants, contributions and restricted interest	6,435	6,102
Capital grants, contributions and restricted interest	1,610	3,446
General revenues:		
Property and other county tax	11,970	10,620
Penalty and interest on property tax	144	138
State tax credits	586	567
Unrestricted investment earnings	404	204
Other general revenues	156	100
Total revenues	23,285	22,865
Program expenses:		
Public safety and legal services	3,832	3,367
Physical health and social services	1,687	1,707
Mental health	3,679	3,469
County environment and education	1,137	1,317
Roads and transportation	6,108	6,384
Governmental services to residents	941	816
Administration	2,161	2,005
Nonprogram	6	-
Interest on long-term debt	544	394
Total expenses	20,095	19,459
Increase in net assets	3,190	3,406
Net assets beginning of year, as restated	30,432	27,026
Net assets end of year	\$ 33,622	30,432

Revenues by Source



Expenses by Function



Jasper County's net assets of governmental activities increased by approximately \$3,190,000 during the year. Revenues for governmental activities increased by approximately \$420,000 over the prior year, with property and other county tax revenue up from the prior year by approximately \$1,350,000, or 12.7% .

The County increased property tax rates for 2006 by an average of 9.52% . This increase raised the County's property tax revenue by approximately \$1,274,000 in 2006. Of this increase, \$169,650 was for the first year repayment of the Law Enforcement Center general Obligation bonds issued in 2005. Also during 2005, the State issued an equalization order to decrease agricultural property valuations by 21.2%. With this adjustment and a further residential rollback requirement, the County experienced an overall decrease of \$81,948,612 in taxable valuations. Based on these decreases in the total taxable valuation, a slow growth of \$5,933,127 in taxable valuations over the following two years and fund balances being reduced in prior fiscal years to avoid a tax increase, property tax revenue is budgeted to increase by an additional \$85,002 next year.

The cost of all governmental activities this year was \$20.1 million compared to \$19.5 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was only \$10.1 million because some of the cost was paid by those directly benefited from the programs (\$1,980,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$8,045,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in 2006 from approximately \$11,236,000 to approximately \$10,025,000, principally due to farm-to-market road projects not being contributed to the County by the Iowa DOT. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$11,970,000 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 \$8,183,007, an increase of \$423,255 over last year's total of \$7,759,752. 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 \$818,000, or 9.7%, 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 \$544,000, an intergovernmental revenue increase of approximately \$542,000 and an increase of approximately \$224,000 for all other income resulted in a net increase of approximately \$1,310,000, or 15.2%, 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 \$297,061 over the prior year to \$2,957,390.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$3,694,993, an increase of approximately \$226,000, or 6.5%, over the prior year. Revenues increased approximately \$865,000, or 25.9%, due to additional state funds and a property tax increase. Most property owners wait to pay their taxes until the September 30th deadline. Therefore, the County must use cash on hand to pay expenses for the first three months of the year. This is why we try to maintain a cash balance of 25% of expenditures in this fund. Twenty-five percent of approximately \$3,695,000 of expenditures is approximately \$924,000. This is the reason for increasing the Mental Health Fund balance at year end by approximately \$513,000, or 76.3%, over the prior year.
- The Rural Services Fund had an increase in expenditures of approximately \$54,000, mainly due to additional funding for library services. Revenues increased approximately \$28,000, or 1.3%, due to a property tax increase. At year end, the fund balance was

\$227,770 compared to the prior year ending balance of \$171,812. The \$55,958 increase was a combination of increased property taxes and a building permit in the amount of \$16,073 for the construction of a biodiesel plant.

- Secondary Roads Fund revenues decreased approximately \$373,000, or 8.3%, principally due to less federal bridge replacement monies. Expenditures decreased approximately \$1,515,000, or 19%, from the prior year due to a major road project being completed in the prior year and less road maintenance work being performed. The fund balance at June 30, 2006 was \$3,156,626 compared to the prior year ending balance of \$4,009,420, a decrease of \$852,794. This decrease was due to the balance of bonds used in the current year to finish a resurfacing project in the unincorporated towns and small subdivisions within the County.
- During the year ended June 30, 2006, the County issued \$435,000 of general obligation capital loan notes to help finance the completion of the new Law Enforcement Center. The proceeds from the loan were placed in a Capital Projects Fund. Along with the Law Enforcement Center project, the completion of a major road resurfacing project, remodeling the County Annex building for office space and repairing and resurfacing the roads within Mariposa Park comprised the majority of expenditures from the Capital Projects Fund.
- Debt Service Fund revenues increased approximately \$109,000 due to a property tax increase while expenditures increased approximately \$632,000. Both increases are primarily attributable to the first year installment of principal and interest on \$1,990,000 of general obligation bonds used for the new Law Enforcement Center and \$4,160,000 of general obligation bonds used for a major road resurfacing project. The June 30, 2006 ending fund balance increased approximately \$1,600 due to interest earned on the balance of bond proceeds invested until needed for expenditure.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jasper County amended its budget two times. The first amendment was made in December 2005 and resulted in an increase in budgeted disbursements related to the Law Enforcement Center capital project, the remodeling project of the County Annex building, the purchase of computer hardware and software for the Recorder's office and the purchase of voting machines. The December 2005 amendment also increased revenues for capital loan note proceeds for the completion of the new Law Enforcement Center capital project.

The second amendment was made in May 2006. This amendment increased receipts, primarily for additional state mental health funding, a dividend on workers compensation insurance, additional interest earned on bonds and the sale of capital assets, and decreased disbursements for juvenile detention and shelter care expenses, substance abuse treatment and mental health services not used and a major road project that finished earlier than expected.

The County's receipts were \$674,037 less than budgeted. Federal bridge replacement money of \$879,304 was not received because the project never materialized. However, this decrease was offset by additional intergovernmental receipts of \$80,502 and additional interest earned of \$127,042.

Total disbursements were \$3,595,199 less than budgeted. Actual disbursements for the mental health, roads and transportation and capital projects functions were \$394,415, \$1,229,302 and \$1,084,688, 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 and a bridge project that was never done.

The County did not exceed the budgeted amounts in any of the function areas for the year ended June 30, 2006.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2006, Jasper County had approximately \$39,264,000 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$2,241,000, or 6%, over last year, as restated.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2006	2005
Land	\$ 689	689
Construction in progress	130	10,699
Buildings and improvements	9,967	1,679
Equipment and vehicles	2,843	2,954
Infrastructure, as restated	25,635	21,002
Total	\$ 39,264	37,023

The County had depreciation expense of \$1,876,836 in FY06 and total accumulated depreciation of \$14,226,750 at June 30, 2006.

The County's fiscal year 2006 capital budget included approximately \$2,613,000 for capital projects, principally for completion of the construction of a new Law Enforcement Center, remodeling of the County Annex building for office space, road repair at Mariposa Park and part of a major road resurfacing project in the unincorporated towns and small subdivisions within the County. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2006, Jasper County had approximately \$13,566,000 in general obligation bonds and capital loan notes and other debt outstanding, compared to approximately \$13,997,000 at June 30, 2005, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2006	2005
General obligation bonds and capital loan notes	\$ 13,545	13,940
Capital lease purchase agreements	21	57
Total	\$ 13,566	13,997

Debt decreased as a result of payments on capital lease purchase agreements and reduction of principal on all general obligation bonds and capital loan notes.

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 \$13.6 million is significantly below its constitutional debt limit of \$93 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 2007 budget, tax rates and fees charged for various County activities. In an ongoing effort to maintain County services, the Jasper County Board of Supervisors is committed to limiting expenditure increases, using excess fund balances and reducing funding to non-mandated programs to provide essential services for the citizens of Jasper County.

Amounts available for appropriation in the operating budget are approximately \$21,180,000, a decrease of 6.6% from the final 2006 budget. Intergovernmental receipts are expected to lead the decrease due to a federal bridge project that did not materialize in FY05. Budgeted disbursements are expected to decrease by approximately \$3,614,000. The completion of the new Law Enforcement Center and a major road resurfacing project represent the main causes for the decrease. The County has added no major new programs or initiatives to the 2007 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of 2007.

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, 2006

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 8,000,676
Receivables:	
Property tax:	
Delinquent	74,661
Succeeding year	11,775,000
Succeeding year tax increment financing	304,000
Interest and penalty on property tax	132,248
Accounts	41,503
Accrued interest	38,370
Special assessments	85,999
Due from other governments	555,635
Inventories	377,222
Prepaid expense	126,973
Capital assets (net of accumulated depreciation)	39,263,578
Total assets	<u>60,775,865</u>
Liabilities	
Accounts payable	286,975
Accrued interest payable	49,480
Salaries and benefits payable	173,132
Due to other governments	497,424
Deferred revenue:	
Succeeding year property tax	9,986,000
Succeeding year tax increment financing	2,093,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	21,351
General obligation capital loan notes	275,000
General obligation bonds	685,000
Compensated absences	402,178
Portion due or payable after one year:	
General obligation capital loan notes	1,820,000
General obligation bonds	10,765,000
Compensated absences	99,574
Total liabilities	<u>27,154,114</u>
Net Assets	
Invested in capital assets, net of related debt	25,697,227
Restricted for:	
Supplemental levy purposes	807,270
Mental health purposes	1,198,012
Secondary roads purposes	3,046,959
Debt service	72,103
Capital projects	79,232
Other purposes	463,553
Unrestricted	2,257,395
Total net assets	<u>\$ 33,621,751</u>

See notes to financial statements.

Jasper County
Statement of Activities
Year ended June 30, 2006

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 3,831,921	621,773	52,387	-	(3,157,761)
Physical health and social services	1,687,147	303,973	432,288	-	(950,886)
Mental health	3,678,389	6,280	1,699,777	-	(1,972,332)
County environment and education	1,137,117	85,063	21,094	-	(1,030,960)
Roads and transportation	6,108,233	151,061	3,958,603	1,609,779	(388,790)
Governmental services to residents	940,943	666,383	254,579	-	(19,981)
Administration	2,161,474	145,474	16,065	-	(1,999,935)
Non-program	6,320	-	-	-	(6,320)
Interest on long-term debt	543,545	-	-	-	(543,545)
Total	\$ 20,095,089	1,980,007	6,434,793	1,609,779	(10,070,510)
General Revenues:					
Property and other county tax levied for:					
General purposes					11,007,298
Debt service					724,001
Tax increment financing					238,561
Penalty and interest on property tax					144,108
State tax credits					586,710
Unrestricted investment earnings					403,883
Gain on sale of capital assets					49,082
Miscellaneous					106,643
Total general revenues					13,260,286
Change in net assets					3,189,776
Net assets beginning of year, as restated					30,431,975
Net assets end of year					\$33,621,751

See notes to financial statements.

Jasper County
Balance Sheet
Governmental Funds

June 30, 2006

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 2,704,364	1,700,717	243,722	2,693,499
Receivables:				
Property tax:				
Delinquent	39,571	14,237	16,836	-
Succeeding year	7,042,000	2,093,000	1,974,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	132,248	-	-	-
Accounts	27,843	331	5	13,324
Accrued interest	38,370	-	-	-
Special assessments	-	-	-	85,999
Due from other governments	239,146	3,039	-	313,450
Inventories	72,825	-	-	304,397
Prepaid insurance	125,789	-	-	1,184
Total assets	\$ 10,422,156	3,811,324	2,234,563	3,411,853
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 103,027	59,296	2,781	118,864
Salaries and benefits payable	119,928	1,968	2,239	48,997
Due to other governments	28,100	456,993	10,964	1,367
Deferred revenue:				
Succeeding year property tax	7,042,000	2,093,000	1,974,000	-
Succeeding year tax increment financing	-	-	-	-
Other	171,711	14,219	16,809	85,999
Total liabilities	7,464,766	2,625,476	2,006,793	255,227
Fund balances:				
Reserved for:				
Supplemental levy purposes	833,940	-	-	-
Dental care of county residents	-	-	-	-
Debt service	-	-	-	-
Cemetery levy	4,970	-	-	-
Unreserved:				
Designated for special projects	95,047	-	-	-
Undesignated, reported in:				
General fund	2,023,433	-	-	-
Special revenue funds	-	1,185,848	227,770	3,156,626
Capital projects fund	-	-	-	-
Total fund balances	2,957,390	1,185,848	227,770	3,156,626
Total liabilities and fund balances	\$ 10,422,156	3,811,324	2,234,563	3,411,853

See notes to financial statements.

Capital Projects	Debt Service	Nonmajor	Total
82,009	117,566	458,799	8,000,676
-	4,017	-	74,661
-	666,000	-	11,775,000
-	-	304,000	304,000
-	-	-	132,248
-	-	-	41,503
-	-	-	38,370
-	-	-	85,999
-	-	-	555,635
-	-	-	377,222
-	-	-	126,973
82,009	787,583	762,799	21,512,287
2,777	-	230	286,975
-	-	-	173,132
-	-	-	497,424
-	666,000	-	11,775,000
-	-	304,000	304,000
-	4,011	-	292,749
2,777	670,011	304,230	13,329,280
-	-	-	833,940
-	-	17,469	17,469
-	117,572	-	117,572
-	-	-	4,970
-	-	-	95,047
-	-	-	2,023,433
-	-	441,100	5,011,344
79,232	-	-	79,232
79,232	117,572	458,569	8,183,007
82,009	787,583	762,799	21,512,287

Jasper County

Jasper County

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

June 30, 2006

Total governmental fund balances (page 19) \$ 8,183,007

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 \$53,490,328 and the accumulated depreciation is \$14,226,750. 39,263,578

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 292,749

Long-term liabilities, including capital lease purchase agreement payable, general obligation bonds payable, general obligation capital loan notes payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. (14,117,583)

Net assets of governmental activities (page 16) \$ 33,621,751

See notes to financial statements.

Jasper County

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

Year ended June 30, 2006

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 6,610,101	2,377,804	1,995,591	-
Interest and penalty on property tax	106,187	-	-	-
Intergovernmental	1,563,639	1,823,784	106,969	3,980,086
Licenses and permits	23,589	-	74,758	5,950
Charges for service	1,006,970	6,280	3,250	9,786
Use of money and property	390,804	-	-	-
Miscellaneous	248,701	606	128	131,864
Total revenues	9,949,991	4,208,474	2,180,696	4,127,686
Expenditures:				
Operating:				
Public safety and legal services	3,672,961	-	6,900	-
Physical health and social services	1,680,957	-	-	-
Mental health	-	3,694,993	-	-
County environment and education	665,667	-	360,840	-
Roads and transportation	-	-	-	4,773,484
Governmental services to residents	1,061,043	-	-	-
Administration	2,125,937	-	-	-
Non-program	6,320	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	1,680,812
Total expenditures	9,212,885	3,694,993	367,740	6,454,296
Excess (deficiency) of revenues over (under) expenditures	737,106	513,481	1,812,956	(2,326,610)
Other financing sources (uses):				
Sale of capital assets	50	-	-	46,877
Operating transfers in	32,572	-	-	1,943,872
Operating transfers out	(472,667)	-	(1,756,998)	(516,933)
General obligation capital loan notes issued	-	-	-	-
Total other financing sources (uses)	(440,045)	-	(1,756,998)	1,473,816
Net change in fund balances	297,061	513,481	55,958	(852,794)
Fund balances beginning of year	2,660,329	672,367	171,812	4,009,420
Fund balances end of year	\$ 2,957,390	1,185,848	227,770	3,156,626

See notes to financial statements.

Capital Projects	Debt Service	Nonmajor	Total
-	722,408	238,561	11,944,465
-	-	-	106,187
-	36,165	7,694	7,518,337
-	-	-	104,297
-	-	8,707	1,034,993
-	62,045	13,816	466,665
1,927	-	41,166	424,392
1,927	820,618	309,944	21,599,336
-	-	27,498	3,707,359
-	-	643	1,681,600
-	-	-	3,694,993
-	-	20,048	1,046,555
-	-	-	4,773,484
-	-	60,000	1,121,043
-	-	12,213	2,138,150
-	-	-	6,320
-	1,422,630	-	1,422,630
381,965	-	3,097	2,065,874
381,965	1,422,630	123,499	21,658,008
(380,038)	(602,012)	186,445	(58,672)
-	-	-	46,927
282,793	603,620	125,461	2,988,318
(28,172)	-	(213,548)	(2,988,318)
435,000	-	-	435,000
689,621	603,620	(88,087)	481,927
309,583	1,608	98,358	423,255
(230,351)	115,964	360,211	7,759,752
79,232	117,572	458,569	8,183,007

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, 2006

Net change in fund balances - Total governmental funds (page 23) \$ 423,255

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

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

Expenditures for capital assets	\$ 2,506,129	
Capital assets contributed by the Iowa Department of Transportation and others	1,609,779	
Depreciation expense	<u>(1,876,836)</u>	2,239,072

In the Statement of Activities, the gain on the sale of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources. 2,155

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	298	
Other	<u>26,370</u>	26,668

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	(435,000)	
Repaid	<u>865,490</u>	430,490

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	19,050	
Interest on long-term debt	<u>49,086</u>	<u>68,136</u>

Change in net assets of governmental activities (page 17) \$ 3,189,776

See notes to financial statements.

Jasper County
Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2006

	Other		
	Employee Benefit Trust	Private Purpose Trust	Agency
Assets			
Cash and pooled investments:			
County Treasurer	\$ 50,590	50,835	1,614,624
Other County officials	-	-	82,560
Receivables:			
Property tax:			
Delinquent	-	-	140,206
Succeeding year	-	-	30,264,000
Special assessments	-	-	297,296
Accounts	-	-	77,431
Due from other governments	-	-	17,598
Total assets	50,590	50,835	32,493,715
Liabilities			
Accounts payable	-	-	38,400
Salaries and benefits payable	-	-	11,353
Due to other governments	-	-	32,275,266
Trusts payable	-	-	143,845
Compensated absences	-	-	24,851
Total liabilities	-	-	32,493,715
Net assets			
Held in trust for employee benefits and other	\$ 50,590	50,835	-

See notes to financial statements.

Jasper County
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund

Year ended June 30, 2006

	Other Employee Benefit Trust	Private Purpose Trust
Additions:		
Donations and contributions	\$ 18,072	1,600
Deductions:		
Distribution to participants	42,694	-
Change in net assets held in trust	(24,622)	1,600
Net assets beginning of year	75,212	49,235
Net assets end of year	<u>\$ 50,590</u>	<u>50,835</u>

See notes to financial statements.

Jasper County

Notes to Financial Statements

June 30, 2006

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

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

Additionally, the County reports the following funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the 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 the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2005.

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

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets 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.

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, 2006. 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, 2006, disbursements did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2006 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, 2006 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Capital Projects	\$ 28,172
	Special Revenue:	
	Tax Increment Financing	4,400
		<u>32,572</u>
Special Revenue:		
Secondary Roads	General	186,874
	Special Revenue:	
	Rural Services	1,756,998
		<u>1,943,872</u>
LMI Housing Set-Aside	Special Revenue:	
	Secondary Roads	<u>122,461</u>
Nuisance and Zoning Abatement	General	<u>3,000</u>
Capital Projects	General	<u>282,793</u>
Debt Service	Special Revenue:	
	Secondary Roads	394,472
	Tax Increment Financing	209,148
		<u>603,620</u>
Total		<u>\$ 2,988,318</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, 2006 was as follows:

	Balance Beginning of Year, as restated	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 688,736	-	-	688,736
Construction in progress	10,698,889	3,464,455	14,033,751	129,593
Total capital assets not being depreciated	11,387,625	3,464,455	14,033,751	818,329
Capital assets being depreciated:				
Buildings	3,082,796	8,231,195	-	11,313,991
Improvements other than buildings	98,017	289,328	-	387,345
Machinery, equipment and vehicles	7,106,135	616,179	475,398	7,246,916
Infrastructure, road network	28,164,247	5,559,500	-	33,723,747
Total capital assets being depreciated	38,451,195	14,696,202	475,398	52,671,999
Less accumulated depreciation for:				
Buildings	1,482,175	222,956	-	1,705,131
Improvements other than buildings	19,314	9,719	-	29,033
Machinery, equipment and vehicles	4,152,202	718,565	466,556	4,404,211
Infrastructure, road network	7,162,779	925,596	-	8,088,375
Total accumulated depreciation	12,816,470	1,876,836	466,556	14,226,750
Total capital assets being depreciated, net	25,634,725	12,819,366	8,842	38,445,249
Governmental activities capital assets, net	\$ 37,022,350	16,283,821	14,042,593	39,263,578

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 221,071
Physical health and social services	13,898
Mental health	1,380
County environment and education	67,663
Roads and transportation	1,473,771
Government services to residents	33,371
Administration	65,682
Total depreciation expense - governmental activities	<u>\$ 1,876,836</u>

As permitted by U.S. generally accepted accounting principles, the County added prior year road infrastructure during fiscal year 2006.

(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	\$ 28,100
Special Revenue:		
Mental Health	Services	456,993
Rural Services		10,964
Secondary Roads		1,367
		<u>469,324</u>
Total for governmental funds		<u>\$ 497,424</u>
Agency:		
County Assessor	Collections	\$ 523,952
Schools		17,909,701
Community Colleges		759,437
Corporations		7,978,440
Auto License and Use Tax		592,675
All other		4,511,061
		<u>32,275,266</u>
Total for agency funds		<u>\$ 32,275,266</u>

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2006 is as follows:

	Capital Lease Purchase Agreement	General Obligation Capital Loan Notes	General Obligation Bonds	Compensated Absences	Total
Balance beginning of year	\$ 56,841	1,890,000	12,050,000	520,802	14,517,643
Increases	-	435,000	-	447,609	882,609
Decreases	35,490	230,000	600,000	466,659	1,332,149
Balance end of year	<u>\$ 21,351</u>	<u>2,095,000</u>	<u>11,450,000</u>	<u>501,752</u>	<u>14,068,103</u>
Due within one year	<u>\$ 21,351</u>	<u>275,000</u>	<u>685,000</u>	<u>402,178</u>	<u>1,383,529</u>

Capital Lease Purchase Agreement

The County has entered into a capital lease purchase agreement to lease a motorgrader. The following is a schedule of the future minimum lease payments, including interest at the rate of 3.9% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2006:

Year Ending June 30,	Motorgrader
2007	\$ 21,628
Less amount representing interest	(277)
Present value of net minimum lease payments	<u>\$ 21,351</u>

The book value of the asset acquired under the capital lease totaled \$59,891 at June 30, 2006.

Payments under the capital lease purchase agreement for the year ended June 30, 2006 totaled \$37,077.

General Obligation Capital Loan Notes

A summary of the County's June 30, 2006 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 1995			Series 1999		
	Issued March 28, 1995			Issued April 1, 1999		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2007	6.50%	\$ 55,000	3,575	4.25%	\$ 90,000	7,695
2008		-	-	4.30	90,000	3,870
2009		-	-		-	-
2010		-	-		-	-
2011		-	-		-	-
2012-2016		-	-		-	-
2017-2021		-	-		-	-
Total		<u>\$ 55,000</u>	<u>3,575</u>		<u>\$ 180,000</u>	<u>11,565</u>

Year Ending June 30,	Series 2001			Series 2003		
	Issued July 26, 2001			Issued May 16, 2003		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2007	5.00%	\$ 55,000	60,495	4.250%	\$ 45,000	12,675
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
2012-2016	5.00-5.25	380,000	190,881	5.250	40,000	2,100
2017-2021	5.30-5.50	480,000	80,465		-	-
Total		<u>\$ 1,160,000</u>	<u>545,321</u>		<u>\$ 265,000</u>	<u>45,282</u>

Year Ending June 30,	Series 2006					
	Issued February 15, 2006			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2007	4.00%	\$ 30,000	22,523	\$ 275,000	106,963	381,963
2008	4.00	40,000	16,200	230,000	88,578	318,578
2009	4.00	40,000	14,600	145,000	78,333	223,333
2010	4.00	40,000	13,000	150,000	71,595	221,595
2011	4.00	45,000	11,400	155,000	64,551	219,551
2012-2016	4.00	240,000	29,400	660,000	222,381	882,381
2017-2021		-	-	480,000	80,465	560,465
Total		\$435,000	107,123	\$ 2,095,000	712,866	2,807,866

During the year ended June 30, 2006, the County issued \$435,000 and retired \$230,000 of general obligation capital loan notes.

General Obligation Bonds

A summary of the County's June 30, 2006 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2003		
	Issued Nov 1, 2003		
	Interest Rates	Principal	Interest
2007	2.50%	\$ 230,000	223,035
2008	2.50	240,000	217,285
2009	2.50	250,000	211,285
2010	3.00	265,000	205,035
2011	4.00	275,000	197,085
2012-2016	3.85-4.50	1,585,000	801,680
2017-2021	4.00-4.40	1,940,000	458,710
2022-2023	4.50	900,000	61,200
Total		\$ 5,685,000	2,375,315

Year Ending June 30,	Series 2005					
	Issued Mar 1, 2005			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2007	3.20%	\$ 455,000	203,073	\$ 685,000	426,108	1,111,108
2008	3.30	470,000	188,513	710,000	405,798	1,115,798
2009	3.30	490,000	173,003	740,000	384,288	1,124,288
2010	3.30	505,000	156,832	770,000	361,867	1,131,867
2011	3.40	520,000	140,168	795,000	337,253	1,132,253
2012-2016	3.50-3.60	2,410,000	408,300	3,995,000	1,209,980	5,204,980
2017-2021	3.70-4.00	630,000	132,155	2,570,000	590,865	3,160,865
2022-2023	4.00-4.05	285,000	17,345	1,185,000	78,545	1,263,545
Total		\$5,765,000	1,419,389	\$ 11,450,000	3,794,704	15,244,704

During the year ended June 30, 2006, the County retired \$600,000 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, 2006, 2005 and 2004 were \$429,180, \$410,131 and \$401,105, 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 531 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, 2006 were \$197,595.

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 \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2006, no liability has been recorded in the County's financial statements. As of June 30, 2006, 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 \$95,047 from the General Fund for special projects. At June 30, 2006, the amounts designated are as follows:

Description	Amount
Courthouse roof, chiller and dome windows	\$ 17,282
Chichaqua bike trail maintenance	56,402
GIS project	887
Computer system upgrades	20,476
Total	\$ 95,047

(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. One more employee began participating in this program during the year ended June 30, 2006 and the County contributed \$18,072 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, 2006:

Year ending June 30,	Amount
2007	\$ 53,060
2008	<u>26,530</u>
Total	<u>\$ 79,590</u>

(12) Restatement for Prior Years' Road Network Infrastructure

Beginning net assets for governmental activities have been restated by \$9,370,632 to \$30,431,975 to retroactively report road network infrastructure acquired prior to July 1, 2002, not previously reported. The County delayed reporting this infrastructure as permitted by U.S. generally accepted accounting principles. This also restates the infrastructure, road network beginning balance by \$15,431,083 to \$28,164,247 and the accumulated depreciation balance by \$6,060,451 to \$7,162,779.

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, 2006

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 11,945,412	-	11,945,412
Interest and penalty on property tax	107,180	-	107,180
Intergovernmental	7,465,953	-	7,465,953
Licenses and permits	104,267	-	104,267
Charges for service	1,036,653	-	1,036,653
Use of money and property	440,455	-	440,455
Miscellaneous	416,289	-	416,289
Total receipts	<u>21,516,209</u>	-	<u>21,516,209</u>
Disbursements:			
Public safety and legal services	3,708,847	-	3,708,847
Physical health and social services	1,648,523	-	1,648,523
Mental health	3,654,778	-	3,654,778
County environment and education	1,042,126	-	1,042,126
Roads and transportation	5,264,765	-	5,264,765
Governmental services to residents	1,109,325	-	1,109,325
Administration	2,165,407	-	2,165,407
Non-program	6,320	-	6,320
Debt service	1,422,630	-	1,422,630
Capital projects	2,612,892	-	2,612,892
Total disbursements	<u>22,635,613</u>	-	<u>22,635,613</u>
Deficiency of receipts under disbursements	(1,119,404)	-	(1,119,404)
Other financing sources, net	485,128	-	485,128
Deficiency of receipts and other financing sources under disbursements and other financing uses	(634,277)	-	(634,277)
Balance beginning of year	8,634,952	60,347	8,574,605
Balance end of year	<u>\$ 8,000,676</u>	<u>60,347</u>	<u>7,940,329</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
11,998,899	11,988,899	(43,487)
30,000	60,000	47,180
11,757,711	8,350,506	(884,553)
93,840	87,840	16,427
960,101	997,601	39,052
262,965	322,735	117,720
321,530	382,665	33,624
25,425,046	22,190,246	(674,037)
3,765,372	3,934,172	225,325
1,900,365	1,853,565	205,042
4,082,203	4,049,193	394,415
1,059,570	1,087,245	45,119
5,596,545	6,494,067	1,229,302
978,694	1,196,194	86,869
2,229,021	2,432,601	267,194
500	50,000	43,680
970,195	1,436,195	13,565
5,089,655	3,697,580	1,084,688
25,672,120	26,230,812	3,595,199
(247,074)	(4,040,566)	2,921,162
10,000	482,100	3,028
(237,074)	(3,558,466)	2,924,190
8,479,882	8,479,882	94,723
8,242,808	4,921,416	3,018,913

Jasper County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2006

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 21,516,209	83,127	21,599,336
Expenditures	22,635,613	(977,605)	21,658,008
Net	(1,119,404)	1,060,732	(58,672)
Other financing sources, net	485,128	(3,201)	481,927
Beginning fund balances	8,634,952	(875,200)	7,759,752
Ending fund balances	\$ 8,000,676	182,331	8,183,007

See accompanying independent auditor's report.

Jasper County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2006

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 \$558,692. 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, 2006, disbursements did not exceed the amounts budgeted.

Jasper County

Other Supplementary Information

Jasper County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2006

	Special		
	County		
	Recorder's Records Management	Resource Enhance- ment	Conservation Land Acquisition
Assets			
Cash and pooled investments	\$ 14,636	72,204	54,130
Succeeding year tax increment financing receivable	-	-	-
Total assets	\$ 14,636	72,204	54,130
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	14,636	72,204	54,130
Total fund equity	14,636	72,204	54,130
Total liabilities and fund equity	\$ 14,636	72,204	54,130

See accompanying independent auditor's report.

Revenue				
Drainage Districts	Tax Increment Financing	Other	Permanent	Total
60,347	29,442	210,571	17,469	458,799
-	304,000	-	-	304,000
60,347	333,442	210,571	17,469	762,799
-	-	230	-	230
-	304,000	-	-	304,000
-	304,000	230	-	304,230
-	-	-	17,469	17,469
60,347	29,442	210,341	-	441,100
60,347	29,442	210,341	17,469	458,569
60,347	333,442	210,571	17,469	762,799

Jasper County

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

Year ended June 30, 2006

	Special		
	County Recorder's Records Management	Resource Enhance- ment	Conservation Land Acquisition
Revenues:			
Property and other county tax	\$ -	-	-
Intergovernmental	-	7,694	-
Charges for service	8,707	-	-
Use of money and property	1,844	2,253	1,727
Miscellaneous	-	-	-
Total revenues	10,551	9,947	1,727
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
Physical health and social services	-	-	-
County environment and education	-	-	-
Governmental services to residents	60,000	-	-
Administration	-	-	-
Capital projects	-	-	-
Total expenditures	60,000	-	-
Excess (deficiency) of revenues over (under) expenditures	(49,449)	9,947	1,727
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(49,449)	9,947	1,727
Fund balances beginning of year	64,085	62,257	52,403
Fund balances end of year	\$ 14,636	72,204	54,130

See accompanying independent auditor's report.

Revenue				
Drainage Districts	Tax Increment Financing	Other	Permanent	Total
-	238,561	-	-	238,561
-	-	-	-	7,694
-	-	-	-	8,707
-	-	6,940	1,052	13,816
-	-	41,166	-	41,166
-	238,561	48,106	1,052	309,944
-	-	27,498	-	27,498
-	-	-	643	643
-	18,399	1,649	-	20,048
-	-	-	-	60,000
-	-	12,213	-	12,213
-	-	3,097	-	3,097
-	18,399	44,457	643	123,499
-	220,162	3,649	409	186,445
-	-	125,461	-	125,461
-	(213,548)	-	-	(213,548)
-	(213,548)	125,461	-	(88,087)
-	6,614	129,110	409	98,358
60,347	22,828	81,231	17,060	360,211
60,347	29,442	210,341	17,469	458,569

Jasper County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2006

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	2,327	137,438	253,820
Other County officials	81,422	-	-	-
Receivables:				
Property tax:				
Delinquent	-	940	2,186	103,881
Succeeding year	-	171,000	409,000	17,552,000
Special assessments	-	-	-	-
Accounts	10,176	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 91,598	174,267	548,624	17,909,701
Liabilities				
Accounts payable	\$ -	-	204	-
Salaries and benefits payable	-	-	6,708	-
Due to other governments	26,035	174,267	523,952	17,909,701
Trusts payable	65,563	-	-	-
Compensated absences	-	-	17,760	-
Total liabilities	\$ 91,598	174,267	548,624	17,909,701

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
10,939	103,246	3,509	11,832	592,675	498,838	1,614,624
-	-	-	-	-	1,138	82,560
4,498	24,194	1,991	-	-	2,516	140,206
744,000	7,851,000	259,000	-	-	3,278,000	30,264,000
-	-	-	297,296	-	-	297,296
-	-	-	-	-	67,255	77,431
-	-	-	-	-	17,598	17,598
759,437	7,978,440	264,500	309,128	592,675	3,865,345	32,493,715
-	-	-	-	-	38,196	38,400
-	-	-	-	-	4,645	11,353
759,437	7,978,440	264,500	309,128	592,675	3,737,131	32,275,266
-	-	-	-	-	78,282	143,845
-	-	-	-	-	7,091	24,851
759,437	7,978,440	264,500	309,128	592,675	3,865,345	32,493,715

Jasper County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2006

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 81,555	159,671	515,379	17,550,709
Additions:				
Property and other county tax	-	172,080	411,770	17,630,165
E911 surcharge	-	-	-	-
State tax credits	-	7,987	18,585	872,564
Drivers license fees	-	-	-	-
Office fees and collections	1,207,886	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	725,048	-	-	-
Miscellaneous	-	-	3,770	-
Total additions	1,932,934	180,067	434,125	18,502,729
Deductions:				
Agency remittances:				
To other funds	900,516	-	-	-
To other governments	303,941	165,471	400,880	18,143,737
Trusts paid out	718,434	-	-	-
Total deductions	1,922,891	165,471	400,880	18,143,737
Balances end of year	\$ 91,598	174,267	548,624	17,909,701

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
750,106	7,634,215	251,979	302,229	665,887	3,865,523	31,777,253
748,293	7,785,793	262,440	-	-	3,325,502	30,336,043
-	-	-	-	-	254,575	254,575
37,608	363,093	12,970	-	-	84,630	1,397,437
-	-	-	-	116,802	-	116,802
-	-	-	-	-	8,707	1,216,593
-	-	-	-	7,763,342	-	7,763,342
-	-	-	63,709	-	-	63,709
-	-	-	-	-	657,086	1,382,134
-	-	-	-	-	1,046,117	1,049,887
785,901	8,148,886	275,410	63,709	7,880,144	5,376,617	43,580,522
-	-	-	-	323,664	-	1,224,180
776,570	7,804,661	262,889	56,810	7,629,692	4,736,790	40,281,441
-	-	-	-	-	640,005	1,358,439
776,570	7,804,661	262,889	56,810	7,953,356	5,376,795	42,864,060
759,437	7,978,440	264,500	309,128	592,675	3,865,345	32,493,715

Schedule 5

Jasper County

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

For the Last Five Years

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of the Interior - U.S. Fish and Wildlife Service			
Unknown Title	15.000		\$ 2,500
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		22,982
Iowa Department of Elder Affairs:			
Aging Resources of Central Iowa:			
Nutrition Services Incentive	10.570		61,937
U.S. Department of Justice:			
Iowa Department of Public Safety:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		430
U.S. Department of Transportation:			
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP-05-04 Task 34	2,294
State and Community Highway Safety	20.600	PAP-06-04 Task 23	6,678
			8,972
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	PAP-05-163 Task 38	8,969
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	PAP-06-163 Task 34	8,283
			17,252
Iowa Department of Public Defense:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		1,192
U.S. Election Assistance Commission:			
Iowa Secretary of State:			
Help America Vote Act Requirements Payments	90.401	06-HAVA-50-100	236,825
Help America Vote Act Requirements Payments	90.401	06-HAVA-50-SA1	5,302
			242,127
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health and Social Services Emergency Fund	93.003	5885EM170	1,189
National Bioterrorism Hospital Preparedness Program	93.889	5886EM149	5,780

Jasper County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Elder Affairs:			
Aging Resources of Central Iowa:			
Special Programs for the Aging - Title III, Part C-Nutrition Services	93.045		60,730
Grinnell Regional Medical Center:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		26,057
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		27,851
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		6,579
Foster Care - Title IV-E	93.658		14,239
Adoption Assistance	93.659		3,523
Medical Assistance Program	93.778		37,134
Social Services Block Grant	93.667		18,115
Social Services Block Grant	93.667		111,546
			<u>129,661</u>
Iowa Secretary of State:			
Voting Access for Individuals with Disabilities - Grants to States	93.617	06-HAVA-50-001,2,3,4,5,6	10,608
U.S. Department of Homeland Security:			
Iowa Department of Public Defense -			
Iowa Homeland Security and Emergency Management Division:			
State Domestic Preparedness Equipment Support Program	97.004		163,404
Emergency Management Performance Grants	97.042		7,428
Total indirect			849,075
Total			<u>\$ 851,575</u>

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

See accompanying independent auditor's report.

Jasper County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

To the Officials of Jasper County:

We have audited 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, 2006, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated December 21, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-06 is a material weakness.

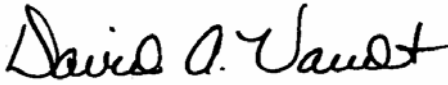
Compliance and Other Matters

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.

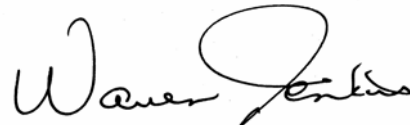
Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 21, 2006

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

Jasper County



OFFICE OF AUDITOR OF STATE
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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, 2006. 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, 2006.

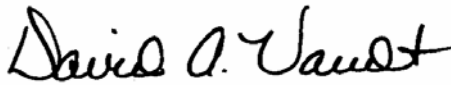
Internal Control Over Compliance

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

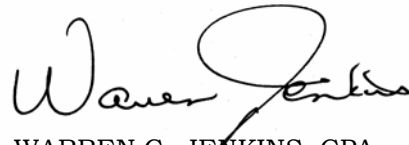
We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance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

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described, we believe items III-A-06, III-B-06 and III-C-06 are material weaknesses.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 21, 2006

Jasper County
Schedule of Findings and Questioned Costs
Year ended June 30, 2006

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Reportable conditions in internal control over major programs were disclosed, including material weaknesses.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows
 - CFDA Number 90.401 – Help America Vote Act Requirements Payments
 - CFDA Number 93.667 – Social Services Block Grant
 - CFDA Number 97.004 – State Domestic Preparedness Equipment Support Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Jasper County did not qualify as a low-risk auditee.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Part II: Findings Related to the Financial Statements:

REPORTABLE CONDITIONS:

II-A-06 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

County Treasurer

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

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

County Extension Office – One individual opens the mail, collects funds, prepares the deposit and is responsible for the change fund.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

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. and 2. Segregation of duties is very difficult with a limited number of staff.
3. The bank reconciliations will be reviewed by an individual who is not responsible for the receipts and disbursements.
- 4.5. and 6. The investment revenue checks will be opened by the Drivers License Deputy. They will be receipted in by a member of the motor vehicle department. The Drivers License Deputy will then verify the check was receipted into the system and log the receipts, purchase/sale of investments, into the investment register. The Deputy will also verify investments on hand on a monthly basis.
7. The Drivers License Deputy will check all assessments.
8. The Drivers License Deputy will periodically tag and monitor random checks to maintain the integrity of the process.

County Sheriff – The office manager physically opens and distributes the mail. Accounting clerk prepares and receipts all incoming mail. Office manager does spot checks to ensure all moneys 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 Extension Office – We will review our procedures and try to separate the fiscal duties as best we can.

Conclusions –

County Treasurer – Response acknowledged for items 1 and 2. Duties should be segregated to the extent possible.

Response accepted for items 3 through 8.

County Sheriff – Response accepted.

County Extension Office – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

II-B-06 County Recorder – Copy collections are not deposited timely.

Recommendation – Collections should be deposited in a timely manner.

Response – We have taken steps to see that copy monies are deposited more timely. Any checks received for copies are deposited with the days receipts received.

Conclusion – Response accepted.

II-C-06 Vehicle Titles – Titles to County owned vehicles are kept at individual departments and offices rather than at a centralized location.

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

Response – Two new board members were elected in November. The County will consider a policy that will establish a centralized location for all vehicle titles.

Conclusion – Response accepted.

II-D-06 Capital Assets – The following conditions were noted:

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

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

Response – The County will update its capital assets policy including provisions for reporting additions and deletions and the disposal of capital assets. The assets will be tagged and a physical inventory will be taken by someone independent of the individuals responsible for the custody of the assets.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

II-E-06 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 employee's 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 one of the County's employment 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 that vacation and sick time should be accounted for by exempt employees and there is a form that all employees should complete and sign that deducts these times from the employee's accrual bank. A copy of that form is attached with this response. 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-F-06 Vacation Balances – Certain employees have accumulated unused vacation hours in excess of the maximum hours allowed under the County's current personnel policy.

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

Response – The County is close to purchasing a new computer software package for payroll to assist in tracking unused vacation time and will do a better job of monitoring and enforcing personnel policy concerning employees unused vacation hours.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

II-G-06 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 – Two new board members were elected in November. The County will again look into developing a written policy regulating the use of county credit cards.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

CDFA Number: 97.004 – State Domestic Preparedness Equipment Support Program

Federal Award Years: 2003 and 2004

U.S. Department of Homeland Security

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

III-A-06 Segregation of Duties – The Emergency Management Coordinator prepares claims and approves grant disbursements. The grant disbursements and related documentation are not reviewed and approved by an independent person prior to payment.

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

Response and Corrective Action Planned – State/Federal requests for reimbursement forms presently require two signatures, typically the Coordinator and the County Auditor or the EMA Commission Chair. In addition, State Homeland Security Grant Program funds will be dispersed through the Region 1 Fiscal Agency (Story County Auditor) and will follow the 2005 SHSGP reimbursement map (version .2 – 1/05/07) which includes independent review and the procedures as outlined in the County Auditor’s document of November 9, 2006.

Conclusion – Response accepted.

III-B-06 Requests for Reimbursement – The County was unable to locate three out of five requests for reimbursement tested. For two out of five requests tested, funds totaling \$81,613 were requested and received in advance of the grant disbursements and held for 13 and 225 days. According to Iowa Department of Public Defense personnel, advances are not allowed.

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

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

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

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Response and Corrective Action Planned – Any requests for advance reimbursement forms will have all supporting documentation attached prior to submitting to the County Auditor and/or the County Commission Chair for verification and signature.

Conclusion – Response accepted.

III-C-06 Equipment Management – The Emergency Management Agency (EMA) did not maintain a complete listing of equipment and other items purchased under the federal grant. Also, the location and/or recipient of certain items was not documented.

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

Response and Corrective Action Planned – Jasper County EMA will be creating a data base to coincide with State Homeland Security/Emergency management to account for all equipment and deliverables that are received and/or pass through the County EMA. This will be an integral of our grant tracking spreadsheet. Final disposition of all deliverables will be documented.

Conclusion – Response accepted.

III-D-06 Procurement – The Emergency Management Coordinator represented either State contracts prices were used for equipment purchases or bids were obtained for items purchased locally. We were unable to determine if the County complied with these procurement policies since the Emergency Management Coordinator did not maintain records to document how grant purchases were handled (State contract or locally purchased) or the bids received from local vendors.

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

Response and Corrective Action Planned – All major purchases with grant dollars will be made by and through the Region fiscal agent. The equipment and purchase procedures will follow those outlined in the Authorized Equipment List (AEL) as handed down through the State. Purchases that do not meet the threshold, or are exceptions to the AEL, will follow the guidelines as implemented through the Story County Auditor's office acting as fiscal agent for Region 1.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-06 Certified Budget – Disbursements during the year ended June 30, 2006 did not exceed the amounts budgeted.

IV-B-06 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
Domino’s	County Extension Office	Pizza and refreshments	\$ 240
Pizza Hut	County Extension Office	Pizza and refreshments	119

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 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.

Response – We will write a policy stating refreshments can be used for meetings and program planning.

Conclusions – Response acknowledged. The Council should include the requirement to document the public purpose served by providing refreshments in the policy.

IV-C-06 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-06 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-06 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-06 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

The County Board of Supervisors went into closed sessions on September 26, 2006 and October 4, 2006 during the fiscal year ending June 30, 2007. For both closed sessions, the Board minutes did not include the vote of each member on the question of holding the closed session and did not reference a specific Code exemption as required by Chapter 21.5 of the Code of Iowa.

Recommendation – The Board minutes for closed sessions should state the vote of each individual Board Member and reference a specific Code exemption as required by Chapter 21.5 of the Code of Iowa.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Response – In the future, the Board of Supervisors will make sure there is a motion and vote to go into closed session and that it references the Iowa Code chapter that permits the closed session.

Conclusions – Response accepted.

IV-G-06 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-06 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-06 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, 2006 for the County Extension Office did not exceed the amount budgeted.

IV-J-06 Economic Development – During the year ended June 30, 2006, the County contributed \$61,731 to the Jasper Economic Development Corporation (JEDCO). The contribution may not be an appropriate expenditure of public funds since the public benefits to be derived have not been clearly documented.

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

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

Response – The Jasper County Economic Development Director currently presents an annual report of his activities to the Board of Supervisors. A member of the Board of Supervisors is a member of the JEDCO Director's board and has input on the economic development activities of JEDCO. Every year at budget time the Board of Supervisors thoroughly inquires into the reasons that county tax dollars are being spent by JEDCO for economic development purposes. The Board will continue to evaluate the public benefits to be obtained by funding JEDCO and ask that the JEDCO Director's annual report document how property tax dollars are used to accomplish JEDCO's economic development activities. The report will be a written report.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

IV-K-06 Board of Health Minutes – Certain minutes of the meetings of the Board of Health were not signed.

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

Response – The secretary of the Board of Health was in the hospital resulting from a car accident. The minutes have been signed. We will have the minutes available at the Board of Health meetings and if the secretary is not available, another member of the Board will sign the minutes each month to assure this problem is corrected.

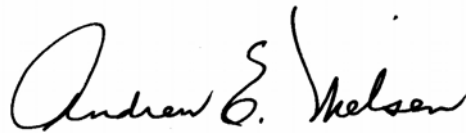
Conclusion – Response accepted.

Jasper County

Staff

This audit was performed by:

Suzanne R. Hanft, CPA, Manager
Tammy A. Wolterman, Senior Auditor II
Timothy D. Houlette, CPA, Senior Auditor II
Philip J. Cloos, Staff Auditor
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Donna R. Neubauer, Staff Auditor
Michael R. Field, Assistant Auditor
Brian P. Schenkelberg, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State