



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

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**NEWS RELEASE**

FOR RELEASE

March 22, 2010

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

The County had local tax revenue of \$44,670,794 for the year ended June 30, 2009, which included \$1,860,373 in tax credits from the state. The County forwarded \$31,972,641 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$12,698,153 of the local tax revenue to finance County operations, a 2 percent increase over the prior year. Other revenues included charges for service of \$1,738,969, operating grants, contributions and restricted interest of \$7,461,270, capital grants, contributions and restricted interest of \$3,343,760, tax increment financing of \$419,479, local option sales tax of \$1,241,293, unrestricted investment earnings of \$281,186 and other general revenues of \$274,147.

Expenses for County operations totaled \$26,011,671, a 3 percent decrease from the prior year. Expenses included \$7,508,714 for roads and transportation, \$4,532,254 for public safety and legal services and \$4,086,755 for county environment and education.

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

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**JASPER COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2009**

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**Jasper County**

**Officials**

**(Before January 2009)**

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

**(After January 2009)**

John Parsons	Board of Supervisors	Jan 2011
Richard Tiedje	Board of Supervisors	Jan 2011
Dennis Stevenson	Board of Supervisors	Jan 2013
Dennis Parrott	County Auditor	Jan 2013
Doug Bishop	County Treasurer	Jan 2011
Nancy Parrott	County Recorder	Jan 2011
Mike Balmer	County Sheriff	Jan 2013
Steve Johnson	County Attorney	(Deceased)
Mike Jacobsen(Appointed)	County Attorney	Nov 2010
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, 2009, 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.

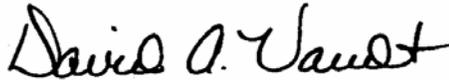
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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, 2009, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2010 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, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 14 and 44 through 48 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 seven years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 3, 2010

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2009 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 6.9%, or approximately \$1,766,000, from fiscal year 2008 to fiscal year 2009. Capital grants, contributions and restricted interest increased approximately \$1,666,000, operating grants, contributions and restricted interest increased approximately \$763,000, property and other county tax increased approximately \$432,000, unrestricted investment earnings decreased approximately \$178,000 and other general revenues decreased approximately \$769,000.
- Program expenses of the County's governmental activities decreased 2.7%, or approximately \$735,000, from fiscal year 2008 to fiscal year 2009. Expenses decreased approximately \$562,000 in the county environment and education function and \$474,000 in the mental health function and increased \$134,000 in the public safety and legal services function and \$144,000 in the roads and transportation function.
- The County's net assets increased 4.2%, or approximately \$1,447,000, from June 30, 2008 to June 30, 2009.

### **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 as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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 federal programs benefiting the County.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

The County has two kinds of funds:

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Jasper County's combined net assets increased from a year ago, from approximately \$34,354,000 to approximately \$35,801,000. The analysis that follows focuses on the changes in the net assets of governmental activities.

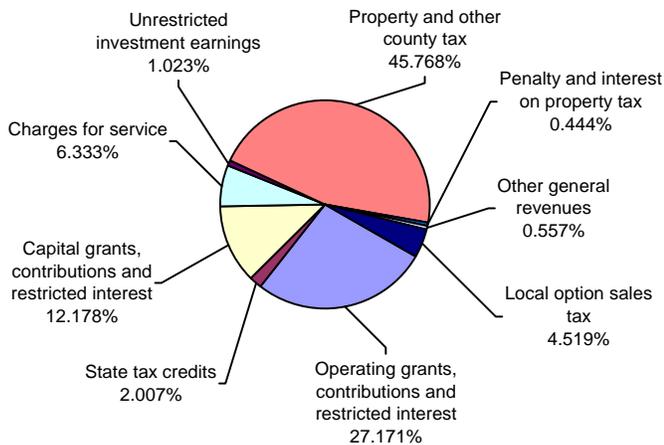
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2009	2008
Current and other assets	\$ 25,238	25,657
Capital assets	42,101	41,293
Total assets	67,339	66,950
Long-term liabilities	17,436	18,723
Other liabilities	14,102	13,873
Total liabilities	31,538	32,596
Net assets:		
Invested in capital assets, net of related debt	31,995	30,031
Restricted	6,900	6,637
Unrestricted	(3,094)	(2,314)
Total net assets	\$ 35,801	34,354

Net assets of Jasper County's governmental activities increased approximately \$1,447,000 (approximately \$34,354,000 compared to approximately \$35,801,000). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—decreased from approximately (\$2,314,000) at June 30, 2008 to approximately (\$3,094,000) at the end of this year, a decrease of 33.7%. This reduction of approximately \$780,000 in unrestricted net assets was a result of the County spending the remaining general obligation bond proceeds issued during fiscal year 2008 for economic development grants to TPI Iowa, LLC and Opus Northwest, LLC.

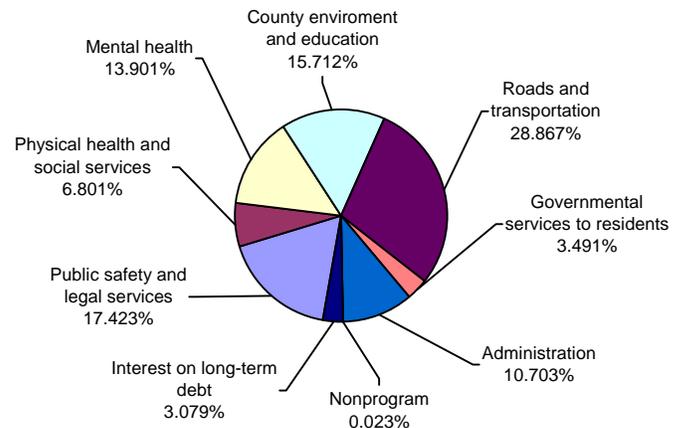
**Changes in Net Assets of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2009	2008
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,739	1,873
Operating grants, contributions and restricted interest	7,461	6,698
Capital grants, contributions and restricted interest	3,344	1,678
<b>General revenues:</b>		
Property and other county tax	12,567	12,135
Penalty and interest on property tax	122	130
State tax credits	551	554
Local option sales tax	1,241	1,244
Unrestricted investment earnings	281	459
Other general revenues	153	922
<b>Total revenues</b>	<b>27,459</b>	<b>25,693</b>
<b>Program expenses:</b>		
Public safety and legal services	4,532	4,398
Physical health and social services	1,769	1,797
Mental health	3,616	4,090
County environment and education	4,087	4,649
Roads and transportation	7,509	7,365
Governmental services to residents	908	881
Administration	2,784	2,782
Nonprogram	6	38
Interest on long-term debt	801	747
<b>Total expenses</b>	<b>26,012</b>	<b>26,747</b>
Increase (decrease) in net assets	1,447	(1,054)
Net assets beginning of year	34,354	35,408
Net assets end of year	\$ 35,801	34,354

**Revenues by Source**



**Expenses by Function**



Jasper County's net assets of governmental activities increased approximately \$1,447,000 during the year. Revenues for governmental activities increased approximately \$1,766,000 over the prior year, with property and other county tax revenue up from the prior year approximately \$432,000, or 3.6%. Capital grants, contributions and restricted interest increased approximately \$1,666,000, or 99.3%, due to farm-to-market projects being contributed to the County by the Iowa Department of Transportation. Operating grants, contributions and restricted interest increased approximately \$763,000, or 11.4%, over the prior year, due primarily to a Community Development Block Grant (CDBG) of \$1,022,500 received from the Iowa Department of Economic Development which was awarded to TPI Iowa, LLC.

The County increased property tax rates for fiscal year 2009 an average of .4%. This increase and increases in taxable valuations raised the County's property tax revenue approximately \$432,000 in fiscal year 2009.

The cost of all governmental activities this year was approximately \$26.0 million compared to approximately \$26.7 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$13.5 million because some of the cost was paid by those directly benefited from the programs (\$1,739,000) or by other governments and organizations which subsidized certain programs with grants and contributions (\$10,805,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2009 from approximately \$10,249,000 to approximately \$12,544,000, principally due to farm-to-market road projects being contributed to the County by the Iowa DOT and the CDBG grant received from the Iowa Department of Economic Development, as discussed previously. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$13,468,000 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 approximately \$11.1 million, a decrease of almost \$247,000 from last year's total of approximately \$11.3 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund expenditures remained consistent, increasing less than 1% compared to the prior year. Increases in property and other county tax of approximately \$1,087,000, intergovernmental revenue of approximately \$176,000 and all other revenues of approximately \$114,000, offset by a decrease of approximately \$167,000 for use of money and property resulted in a net increase of approximately \$1,210,000, or 12.9%, for General Fund revenues. At year end, the fund balance increased approximately \$753,000 over the prior year to \$3,561,035.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$3,614,092, a decrease of approximately \$471,000, or 11.5%, from the prior year. Revenues decreased approximately \$934,000, or 20.0%, due to a decrease in property tax. The Mental Health Fund balance at year end increased approximately \$117,000 to \$1,680,013.
- There were no significant changes in revenues and expenditures of the Rural Services Fund. At year end, the fund balance was \$351,723 compared to the prior year ending balance of \$271,174.
- Secondary Roads Fund revenues increased approximately \$309,000, or 7.0%, primarily due to receipt of FEMA funding during the year. Expenditures decreased approximately \$2,136,000, or 27.9%, from the prior year due to fewer capital projects during the year compared to two larger projects completed during fiscal year 2008. The fund balance at June 30, 2009 was \$3,013,942 compared to the prior year ending balance of \$2,251,424, an increase of \$762,518. This increase was due to decreased spending for capital projects.

- Debt Service Fund revenues remained consistent compared to the prior year. Expenditures increased from \$1,676,997 in the prior year to \$1,826,464 for the current year. The increase in expenditures and a decrease in transfers in resulted in a decrease in the ending balance of approximately \$303,000.
- Capital Projects Fund revenues remained consistent compared to the prior year. Expenditures decreased from \$3,230,445 in the prior year to \$1,268,098 for the current year. Payment of an economic development grant to TPI Iowa, LLC comprised the majority of expenditures from the Capital Projects Fund.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Jasper County amended its budget two times. The first amendment was made in October 2008 and resulted in an increase in budgeted receipts and disbursements related primarily to CDBG grants and conservation land acquisition.

The second amendment was made in June 2009. This amendment increased receipts for the local option sales tax and decreased receipts and disbursements related to a state grant awarded to TPI, which was included as a pass-through grant in the original budget but was paid directly to TPI by the Iowa Department of Economic Development since the County was not the grantee.

The County's receipts were \$7,955 less than budgeted, a difference of .03%. The most significant variance resulted from the County receiving less in property and other county tax than anticipated.

Total disbursements were \$2,501,362 less than budgeted. Actual disbursements for the mental health, public safety and legal services and roads and transportation functions were \$1,067,942, \$360,949 and \$349,560, 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 moving capital projects forward to next year.

The County did not exceed the budgeted amount in any function for the year ended June 30, 2009.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2009, Jasper County had approximately \$42.1 million 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 \$808,000, or 2%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2009	2008
Land	\$ 1,005	830
Construction in progress	658	488
Buildings and improvements	9,811	9,936
Equipment and vehicles	2,520	3,302
Infrastructure	28,107	26,737
Total	\$ 42,101	41,293

The County had depreciation expense of \$2,768,975 in fiscal year 2009 and total accumulated depreciation of \$20,199,195 at June 30, 2009. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### Long-Term Debt

At June 30, 2009, Jasper County had \$16,721,000 in general obligation bonds and capital loan notes outstanding, compared to \$18,107,301 at June 30, 2008, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2009	2008
General obligation bonds and capital loan notes	\$ 16,721	17,741
Capital lease purchase agreement	-	366
Total	\$ 16,721	18,107

The County continues to carry a general obligation bond rating of A1 assigned by national rating agencies to the County's debt since 2007. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Jasper County's outstanding general obligation debt of approximately \$16.7 million is significantly below its constitutional debt limit of approximately \$101 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 2010 budget, tax rates and fees charged for various County activities. In an ongoing effort to maintain County services, the Jasper County Board of Supervisors is committed to limiting expenditure increases, using excess fund balances and reducing funding to non-mandated programs to provide essential services for the citizens of Jasper County.

The Jasper County Board of Supervisors has stated it is determined to use all of the one cent Local Option Sales and Services Tax (LOSST) funds for property tax relief. Therefore, in the fiscal year 2010 budget, all of the LOSST money estimated to be received in fiscal year 2009 (approximately \$1,150,000) was used to offset a property tax increase in fiscal year 2010.

Amounts available for appropriation in the operating budget are approximately \$23,107,000, a decrease of 6.3% from the final fiscal year 2009 budget. Intergovernmental receipts are expected to lead the decrease due to CDBG grants for the TPI/Opus project ending in fiscal year 2009. Budgeted disbursements are expected to decrease approximately \$1,895,000, mainly due to the TPI CDBG expenditures included in fiscal year 2009. The County has added no major new programs or initiatives to the fiscal year 2010 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of fiscal year 2010.

## **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 1<sup>st</sup> St. N., Newton, Iowa 50208.

## **Basic Financial Statements**

**Exhibit A**

Jasper County  
Statement of Net Assets  
June 30, 2009

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 11,123,054
Receivables:	
Property tax:	
Delinquent	12,472
Succeeding year	12,262,000
Succeeding year tax increment financing	616,000
Interest and penalty on property tax	49,731
Accounts	34,273
Accrued interest	4,449
Special assessments	47,536
Due from other governments	605,735
Inventories	341,427
Prepaid expense	141,668
Capital assets (net of accumulated depreciation)	42,100,538
<b>Total assets</b>	<u>67,338,883</u>
<b>Liabilities</b>	
Accounts payable	399,641
Accrued interest payable	63,985
Salaries and benefits payable	239,481
Due to other governments	521,068
Deferred revenue:	
Succeeding year property tax	12,262,000
Succeeding year tax increment financing	616,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	294,000
General obligation bonds	770,000
Compensated absences	498,448
Portion due or payable after one year:	
General obligation capital loan notes	2,287,000
General obligation bonds	13,370,000
Compensated absences	141,285
Net OPEB liability	75,259
<b>Total liabilities</b>	<u>31,538,167</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	31,995,148
Restricted for:	
Nonexpendable:	
Permanent fund	16,919
Expendable:	
Supplemental levy purposes	675,020
Mental health purposes	1,674,245
Secondary roads purposes	2,155,026
Debt service	211,613
Capital projects	135,520
Other purposes	2,031,490
Unrestricted	(3,094,265)
<b>Total net assets</b>	<u>\$ 35,800,716</u>

See notes to financial statements.

Jasper County  
Statement of Activities  
Year ended June 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest		Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 4,532,254	402,324	50,822	-	(4,079,108)
Physical health and social services	1,768,586	333,813	548,611	-	(886,162)
Mental health	3,616,369	-	1,529,749	-	(2,086,620)
County environment and education	4,086,755	48,227	1,241,100	160,625	(2,636,803)
Roads and transportation	7,508,714	780,208	4,067,693	3,183,135	522,322
Governmental services to residents	908,089	20,357	80	-	(887,652)
Administration	2,784,049	93,927	21,223	-	(2,668,899)
Non-program	5,860	60,113	-	-	54,253
Interest on long-term debt	800,995	-	1,992	-	(799,003)
<b>Total</b>	<b>\$ 26,011,671</b>	<b>1,738,969</b>	<b>7,461,270</b>	<b>3,343,760</b>	<b>(13,467,672)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					11,514,453
Debt service					632,695
Tax increment financing					419,479
Penalty and interest on property tax					121,656
State tax credits					551,005
Local option sales tax					1,241,293
Unrestricted investment earnings					281,186
Gain on disposition of capital assets					6,351
Miscellaneous					146,140
<b>Total general revenues</b>					<b>14,914,258</b>
Change in net assets					1,446,586
Net assets beginning of year					34,354,130
Net assets end of year					<b>\$ 35,800,716</b>

See notes to financial statements.

Jasper County  
Balance Sheet  
Governmental Funds

June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 3,589,550	2,229,570	369,935	2,619,774
Receivables:				
Property tax:				
Delinquent	7,949	2,257	1,581	-
Succeeding year	7,341,000	2,321,000	2,015,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	49,731	-	-	-
Accounts	20,912	-	191	13,170
Accrued interest	4,449	-	-	-
Special assessments	-	-	-	47,536
Due from other governments	140,175	5,548	-	304,049
Inventories	-	-	-	341,427
Prepaid expenditures	138,912	-	-	2,756
<b>Total assets</b>	<b>\$ 11,292,678</b>	<b>4,558,375</b>	<b>2,386,707</b>	<b>3,328,712</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 128,691	66,436	3,416	200,386
Salaries and benefits payable	168,234	4,279	2,785	64,183
Due to other governments	21,763	484,423	12,227	2,655
Deferred revenue:				
Succeeding year property tax	7,341,000	2,321,000	2,015,000	-
Succeeding year tax increment financing	-	-	-	-
Other	71,955	2,224	1,556	47,546
Total liabilities	7,731,643	2,878,362	2,034,984	314,770
Fund balances:				
Reserved for:				
Supplemental levy purposes	723,481	-	-	-
Debt service	-	-	-	-
Cemetery levy	6,555	-	-	-
Unreserved:				
Designated for special projects	54,314	-	-	-
Undesignated, reported in:				
General fund	2,776,685	-	-	-
Special revenue funds	-	1,680,013	351,723	3,013,942
Capital projects fund	-	-	-	-
Permanent fund	-	-	-	-
Total fund balances	3,561,035	1,680,013	351,723	3,013,942
<b>Total liabilities and fund balances</b>	<b>\$ 11,292,678</b>	<b>4,558,375</b>	<b>2,386,707</b>	<b>3,328,712</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
274,916	153,227	1,886,082	11,123,054
682	-	3	12,472
585,000	-	-	12,262,000
-	-	616,000	616,000
-	-	-	49,731
-	-	-	34,273
-	-	-	4,449
-	-	-	47,536
-	-	155,963	605,735
-	-	-	341,427
-	-	-	141,668
860,598	153,227	2,658,048	25,238,345
-	517	195	399,641
-	-	-	239,481
-	-	-	521,068
585,000	-	-	12,262,000
-	-	616,000	616,000
674	-	3	123,958
585,674	517	616,198	14,162,148
-	-	-	723,481
274,924	-	-	274,924
-	-	-	6,555
-	-	-	54,314
-	-	-	2,776,685
-	-	2,024,931	7,070,609
-	152,710	-	152,710
-	-	16,919	16,919
274,924	152,710	2,041,850	11,076,197
860,598	153,227	2,658,048	25,238,345

**Jasper County**

Jasper County

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

June 30, 2009

<b>Total governmental fund balances (page 19)</b>	\$ 11,076,197
<b><i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i></b>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$62,299,733 and the accumulated depreciation is \$20,199,195.	42,100,538
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	123,958
Long-term liabilities, including general obligation capital loan notes payable, general obligation bonds payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(17,499,977)</u>
<b>Net assets of governmental activities (page 16)</b>	<u><u>\$ 35,800,716</u></u>

See notes to financial statements.

Jasper County

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

Year ended June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 7,371,044	2,092,636	2,052,380	-
Interest and penalty on property tax	124,322	-	-	-
Intergovernmental	1,368,999	1,626,213	94,513	4,498,783
Licenses and permits	20,787	-	39,947	11,270
Charges for service	1,037,032	-	1,400	10,897
Use of money and property	356,656	-	-	-
Miscellaneous	273,250	12,428	23	168,774
Total revenues	10,552,090	3,731,277	2,188,263	4,689,724
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	4,352,346	-	-	-
Physical health and social services	1,747,368	-	-	-
Mental health	-	3,614,092	-	-
County environment and education	928,836	-	451,680	-
Roads and transportation	4,000	-	-	5,459,308
Governmental services to residents	867,398	-	-	-
Administration	2,650,758	-	-	-
Non-program	5,860	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	51,954
Total expenditures	10,556,566	3,614,092	451,680	5,511,262
Excess (deficiency) of revenues over (under) expenditures	(4,476)	117,185	1,736,583	(821,538)
<b>Other financing sources (uses):</b>				
Operating transfers in	1,120,702	-	193,134	2,040,118
Operating transfers out	(362,890)	-	(1,849,168)	(456,062)
Total other financing sources (uses)	757,812	-	(1,656,034)	1,584,056
Net change in fund balances	753,336	117,185	80,549	762,518
Fund balances beginning of year	2,807,699	1,562,828	271,174	2,251,424
Fund balances end of year	\$ 3,561,035	1,680,013	351,723	3,013,942

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
632,783	-	1,660,772	13,809,615
-	-	-	124,322
28,162	46,596	1,052,590	8,715,856
-	-	-	72,004
-	-	8,281	1,057,610
1,991	-	16,805	375,452
-	-	55,712	510,187
662,936	46,596	2,794,160	24,665,046
-	-	10,856	4,363,202
-	-	4,284	1,751,652
-	-	-	3,614,092
-	-	1,627,164	3,007,680
-	-	-	5,463,308
-	-	-	867,398
-	-	31,735	2,682,493
-	-	-	5,860
1,826,464	-	-	1,826,464
-	1,268,098	9,354	1,329,406
1,826,464	1,268,098	1,683,393	24,911,555
(1,163,528)	(1,221,502)	1,110,767	(246,509)
860,476	166,940	605,000	4,986,370
-	(600,000)	(1,718,250)	(4,986,370)
860,476	(433,060)	(1,113,250)	-
(303,052)	(1,654,562)	(2,483)	(246,509)
577,976	1,807,272	2,044,333	11,322,706
274,924	152,710	2,041,850	11,076,197

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, 2009

**Net change in fund balances - Total governmental funds (page 23)** \$ (246,509)

**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	\$ 376,859	
Capital assets contributed by the Iowa Department of Transportation and others	3,193,760	
Depreciation expense	<u>(2,768,975)</u>	801,644

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 6,351

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

Property tax	(1,695)	
Other	<u>(405,205)</u>	(406,900)

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. 1,386,301

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	(24,511)	
Other postemployment benefits	(75,259)	
Interest on long-term debt	<u>5,469</u>	<u>(94,301)</u>

**Change in net assets of governmental activities (page 17)** \$ 1,446,586

See notes to financial statements.

Jasper County  
Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2009

	Other Employee Benefit Trust	Private Purpose Trust	Agency
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 55,266	49,250	1,989,167
Other County officials	-	-	42,645
Receivables:			
Property tax:			
Delinquent	-	-	35,435
Succeeding year	-	-	30,924,000
Special assessments	-	-	350,910
Accounts	-	-	48,539
Due from other governments	-	-	23,323
<b>Total assets</b>	<b>55,266</b>	<b>49,250</b>	<b>33,414,019</b>
<b>Liabilities</b>			
Accounts payable	-	-	51,739
Salaries and benefits payable	-	-	14,083
Due to other governments	-	-	33,106,316
Trusts payable	-	-	196,797
Compensated absences	-	-	45,084
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>33,414,019</b>
<b>Net assets</b>			
Held in trust for employee benefits and others	\$ 55,266	49,250	-

See notes to financial statements.

Jasper County  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2009

	<u>Other Employee Benefit Trust</u>	<u>Private Purpose Trust</u>
Additions:		
Donations and contributions	\$ 33,256	1,600
Deductions:		
Distribution to participants and others	<u>23,324</u>	<u>4,713</u>
Change in net assets held in trust	9,932	(3,113)
Net assets beginning of year	<u>45,334</u>	<u>52,363</u>
Net assets end of year	<u>\$ 55,266</u>	<u>49,250</u>

See notes to financial statements.

Jasper County

Notes to Financial Statements

June 30, 2009

**(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 four 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*

*Nonexpendable* – Nonexpendable net assets are subject to externally imposed stipulations which require them to be maintained permanently by the County including the County’s Permanent Fund.

*Expendable* – 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 preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty

for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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

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

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

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

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

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

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

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

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

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

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

Deferred revenue in the Statement of Net Assets consists of succeeding year property and tax increment financing tax receivables 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, 2009. 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, 2009, disbursements did not exceed the amounts budgeted.

**(2) Cash and Pooled Investments**

The County’s deposits in banks at June 30, 2009 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, 2009 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Local Option Sales/Service Tax	<u>\$ 1,120,702</u>
Special Revenue: Rural Services	Special Revenue: Local Option Sales/Service Tax	<u>193,134</u>
Secondary Roads	General	190,950
	Special Revenue: Rural Services	<u>1,849,168</u>
		<u>2,040,118</u>
TPI CDBG	Capital Projects	<u>600,000</u>
Other	General	<u>5,000</u>
Debt Service	Special Revenue: Secondary Roads	456,062
	Tax Increment Financing	<u>404,414</u>
		<u>860,476</u>
Capital Projects	General	<u>166,940</u>
Total		<u>\$ 4,381,370</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, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 829,656	175,000	-	1,004,656
Construction in progress	487,507	3,189,487	3,018,976	658,018
Total capital assets not being depreciated	1,317,163	3,364,487	3,018,976	1,662,674
Capital assets being depreciated:				
Buildings	11,736,211	124,792	-	11,861,003
Improvements other than buildings	416,852	-	-	416,852
Machinery, equipment and vehicles	7,665,901	125,794	100,210	7,691,485
Infrastructure	37,686,846	2,980,873	-	40,667,719
Total capital assets being depreciated	57,505,810	3,231,459	100,210	60,637,059
Less accumulated depreciation for:				
Buildings	2,166,109	237,484	-	2,403,593
Improvements other than buildings	50,813	12,061	-	62,874
Machinery, equipment and vehicles	4,363,714	907,962	100,210	5,171,466
Infrastructure	10,949,794	1,611,468	-	12,561,262
Total accumulated depreciation	17,530,430	2,768,975	100,210	20,199,195
Total capital assets being depreciated, net	39,975,380	462,484	-	40,437,864
Governmental activities capital assets, net	\$ 41,292,543	3,826,971	3,018,976	42,100,538

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 236,243
Physical health and social services	11,470
County environment and education	62,019
Roads and transportation	2,341,410
Governmental services to residents	34,407
Administration	83,426
Total depreciation expense - governmental activities	<u>\$ 2,768,975</u>

**(5) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 21,763
Special Revenue:		
Mental Health	Services	484,423
Rural Services		12,227
Secondary Roads		2,655
		<u>499,305</u>
Total for governmental funds		<u>\$ 521,068</u>
Agency:		
County Assessor	Collections	\$ 607,451
Schools		19,216,966
Community Colleges		780,606
Corporations		8,038,566
Auto License and Use Tax		692,265
All other		3,770,462
		<u>33,106,316</u>
Total for agency funds		<u>\$ 33,106,316</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	General Obligation Capital Loan Notes	General Obligation Bonds	Capital Lease Purchase Agreement	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 2,861,000	14,880,000	366,301	615,222	-	18,722,523
Increases	-	-	-	524,752	75,259	600,011
Decreases	280,000	740,000	366,301	500,241		1,886,542
Balance end of year	<u>\$ 2,581,000</u>	<u>14,140,000</u>	<u>-</u>	<u>639,733</u>	<u>75,259</u>	<u>17,435,992</u>
Due within one year	<u>\$ 294,000</u>	<u>770,000</u>	<u>-</u>	<u>498,448</u>	<u>-</u>	<u>1,562,448</u>

General Obligation Capital Loan Notes

A summary of the County's June 30, 2009 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 2001 Issued Jul 26, 2001			Series 2003 Issued May 16, 2003		
	Interest	Principal	Interest	Interest	Principal	Interest
	Rates			Rates		
2010	5.00%	\$ 65,000	51,995	4.875%	\$ 45,000	6,600
2011	5.00	65,000	48,745	5.125	45,000	4,406
2012	5.00	70,000	45,495	5.250	40,000	2,100
2013	5.10	70,000	41,995	-	-	-
2014	5.15	75,000	38,425	-	-	-
2015-2019	5.20-5.40	440,000	128,431	-	-	-
2020-2022	5.45-5.50	205,000	17,000	-	-	-
Total		\$ 990,000	372,086		\$ 130,000	13,106

Year Ending June 30,	Series 2006 Issued Feb 15, 2006			Series 2006A Issued Oct 31, 2006		
	Interest	Principal	Interest	Interest	Principal	Interest
	Rates			Rates		
2010	4.00%	\$ 40,000	13,000	6.15%	\$ 16,000	12,423
2011	4.00	45,000	11,400	6.15	16,000	11,439
2012	4.00	45,000	9,600	6.15	17,000	10,455
2013	4.00	45,000	7,800	6.15	18,000	9,410
2014	4.00	50,000	6,000	6.15	19,000	8,303
2015-2019	4.00	100,000	6,000	6.15	116,000	22,139
2020-2022		-	-		-	-
Total		\$ 325,000	53,800		\$ 202,000	74,169

Year Ending June 30,	Series 2006B Issued Oct 31, 2006			Series 2007A Issued Jul 6, 2007		
	Interest	Principal	Interest	Interest	Principal	Interest
	Rates			Rates		
2010	6.00%	\$ 100,000	33,600	7.00%	\$ 14,000	13,090
2011	6.00	105,000	27,600	7.00	14,000	12,110
2012	6.00	110,000	21,300	7.00	15,000	11,130
2013	6.00	120,000	14,700	7.00	17,000	10,080
2014	6.00	125,000	7,500	7.00	18,000	8,890
2015-2019		-	-	7.00	109,000	23,940
2020-2022		-	-		-	-
Total		\$ 560,000	104,700		\$ 187,000	79,240

Year Ending June 30,	Series 2007A Issued Nov 16, 2007			Total		
	Interest	Principal	Interest	Principal	Interest	Total
	Rates			Principal	Interest	
2010	6.10%	\$ 14,000	11,407	294,000	142,115	436,115
2011	6.10	15,000	10,553	305,000	126,253	431,253
2012	6.10	16,000	9,638	313,000	109,718	422,718
2013	6.10	17,000	8,662	287,000	92,647	379,647
2014	6.10	18,000	7,625	305,000	76,743	381,743
2015-2019	6.10	107,000	20,251	872,000	200,761	1,072,761
2020-2022		-	-	205,000	17,000	222,000
Total		\$ 187,000	68,136	\$ 2,581,000	765,237	3,346,237

During the year ended June 30, 2009, the County retired \$280,000 of general obligation capital loan notes.

## General Obligation Bonds

A summary of the County's June 30, 2009 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2003			Series 2005		
	Issued Nov 1, 2003			Issued Mar 1, 2005		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2010	3.00%	\$ 265,000	205,035	3.30%	\$ 505,000	156,832
2011	4.00	275,000	197,085	3.40	520,000	140,168
2012	4.50	290,000	186,085	3.50	545,000	122,487
2013	3.65	305,000	173,035	3.75	565,000	103,413
2014	3.65	315,000	159,310	3.75	585,000	82,225
2015-2019	3.75-4.20	1,785,000	606,145	3.40-3.85	1,085,000	193,850
2020-2024	4.30-4.50	1,730,000	197,015	3.95-4.05	545,000	55,825
2025-2027		-	-		-	-
Total		\$ 4,965,000	1,723,710		\$ 4,350,000	854,800

Year Ending June 30,	Series 2007B			Total		
	Issued Nov 1, 2007					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2010		\$ -	263,842	770,000	625,709	1,395,709
2011		-	263,842	795,000	601,095	1,396,095
2012		-	263,842	835,000	572,414	1,407,414
2013		-	263,842	870,000	540,290	1,410,290
2014	5.00%	240,000	263,842	1,140,000	505,377	1,645,377
2015-2019	5.100-5.375	1,395,000	1,122,108	4,265,000	1,922,103	6,187,103
2020-2024	5.400-5.625	1,825,000	703,906	4,100,000	956,746	5,056,746
2025-2027	5.650-5.750	1,365,000	158,965	1,365,000	158,965	1,523,965
Total		\$ 4,825,000	3,304,189	\$ 14,140,000	5,882,699	20,022,699

During the year ended June 30, 2009, the County retired \$740,000 of general obligation bonds.

### **(7) Private Redevelopment Agreements**

On July 16, 2007, the County entered into a private redevelopment agreement with G & L Properties, LLC (G & L) and Alpha Products International. G & L is a development company which is to construct two 25,000 square foot warehouses to be leased to Alpha Products. The County agreed to make two economic development grants totaling \$200,000 available to Alpha Products. The County is required to make the economic development grants in three installments at various stages of construction of the warehouses. The first installment was required at the start of construction of the first building or second building, as applicable. The second installment was paid upon receipt by the County of a certification from Alpha Products the construction of the first building or second building, as applicable, is at least 50% completed. The third installment was paid upon issuance of an occupancy permit for the completed first or second building, as applicable. The parties also entered into a minimum assessment agreement, whereby the minimum assessed value shall not be less than \$1,000,000 upon completion of the two warehouses. Alpha Products agreed to create and retain 10 full time employment units paying an average wage of not less than \$8 per hour until at least January 31, 2019. During the year ended June 30, 2009,

Alpha products completed the final stage and the County remitted \$66,667 to Alpha Products.

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

The County entered into a private redevelopment agreement with Opus, the City of Newton and JEDCO. The agreement calls for Opus to construct a building on a 33 acre site with a minimum assessed value of \$13,500,000. Under the agreement, the County provided \$694,848 to JEDCO to purchase the site and transfer it to Opus. The County is required to make a \$3,000,000 economic development grant to Opus in three installments at various stages of construction of the facility. The first installment was required at the start of construction (upon receipt of a grading permit and commencement of grading activities on the development property). The second installment was paid upon receipt by the County of a certification from Opus the construction is at least 50% completed on a cost basis. The third installment was paid upon issuance of a certificate of occupancy or other occupancy permit. During the year ended June 30, 2009, Opus completed the third stage and the County remitted \$1,000,000 to Opus.

The County also entered into an employer incentive agreement with TPI and the City of Newton. The agreement provides \$600,000 of the bond proceeds to satisfy the County and City share of local match requirements associated with an Iowa Department of Economic Development grant of \$2,000,000 awarded to TPI. During the year ended June 30, 2009, the County expended \$1,000,000 of the bond proceeds for the local match requirements. Also, if TPI maintains the FTE units required during calendar year 2011, TPI will receive tax rebate payments funded from the tax increment revenues generated from the improvements. If TPI fails to maintain the required FTE units, the tax rebate payments will be reduced proportionally to the percentage of FTE units achieved. For calendar years 2012 through 2017, TPI is entitled to receive additional economic development grant payments subject to TPI maintaining the FTE units.

#### **(8) 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 4.10% of their annual covered salary and the County is required to contribute 6.35% 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, 2009, 2008 and 2007 were \$539,694, \$484,233 and \$443,939, respectively, equal to the required contributions for each year.

**(9) Other Postemployment Benefits (OPEB)**

The County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical, dental and vision benefits for retirees and their spouses. There are 178 active and 1 inactive participants in the plan. Participants must be age 55 or older at retirement with the exception of special service participants who must be age 50 with 22 years of service.

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

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 88,433
Interest on net OPEB obligation	- *
Adjustment to annual required contribution	- *
Annual OPEB cost	<u>88,433</u>
Contributions made	<u>(13,174)</u>
Increase in net OPEB obligation	75,259
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u>\$ 75,259</u>

\* Amount not applicable in the first year of implementation.

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the County contributed \$13,174 to the health plan. Plan members eligible for benefits contributed \$5,249, or 28.5% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 88,433	15%	\$ 75,259

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$688,015, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$688,015. The covered payroll (annual payroll of active employees covered by the plan) was \$8,082,651 and the ratio of the UAAL to covered payroll was 8.5%. As of June 30, 2009, there were no trust fund assets.

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

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

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$1,040 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

## **(10) Risk Management**

The 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 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 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, 2009 were \$204,967.

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 \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation, 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.

**(11) Designated Fund Equity**

The County has designated \$54,314 from the General Fund for special projects. At June 30, 2009, the amounts designated are as follows:

Description	Amount
Courthouse roof, chiller and dome windows	\$ 17,282
Chichaqua bike trail maintenance	37,032
Total	<u>\$ 54,314</u>

**(12) Other Employee Benefits**

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. Seven employees participated in this program during the year ended June 30, 2009 and the County contributed \$33,256 to the fund for continued health care coverage.

**(13) Lessor Operating Leases**

The County leases two parcels of land, a piece of farm ground and a pasture. The following is a schedule by year of minimum future rentals on these operating leases as of June 30, 2009:

Year ending June 30,	Amount
2010	<u>\$ 30,057</u>

**(14) Pending Litigation**

The County is a defendant in lawsuits for which the probability and amount of loss, if any, is undeterminable.

**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, 2009

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 13,814,473	-	13,814,473
Interest and penalty on property tax	124,165	-	124,165
Intergovernmental	8,695,406	-	8,695,406
Licenses and permits	71,037	-	71,037
Charges for service	1,057,616	-	1,057,616
Use of money and property	380,637	-	380,637
Miscellaneous	513,416	-	513,416
Total receipts	<u>24,656,750</u>	-	<u>24,656,750</u>
<b>Disbursements:</b>			
Public safety and legal services	4,365,718	-	4,365,718
Physical health and social services	1,737,955	-	1,737,955
Mental health	3,692,728	-	3,692,728
County environment and education	3,020,536	-	3,020,536
Roads and transportation	5,393,918	-	5,393,918
Governmental services to residents	869,172	-	869,172
Administration	2,708,396	-	2,708,396
Non-program	5,858	-	5,858
Debt service	1,826,464	-	1,826,464
Capital projects	1,343,722	-	1,343,722
Total disbursements	<u>24,964,467</u>	-	<u>24,964,467</u>
Deficiency of receipts under disbursements	(307,717)	-	(307,717)
Other financing sources, net	-	-	-
Deficiency of receipts and other financing sources under disbursements and other financing uses	(307,717)	-	(307,717)
Balance beginning of year	11,430,771	60,347	11,370,424
Balance end of year	<u>\$ 11,123,054</u>	<u>60,347</u>	<u>11,062,707</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
13,460,823	13,906,268	(91,795)
100,000	60,000	64,165
6,600,377	8,781,272	(85,866)
56,910	51,910	19,127
946,110	966,610	91,006
484,840	370,275	10,362
403,740	528,370	(14,954)
<u>22,052,800</u>	<u>24,664,705</u>	<u>(7,955)</u>
4,808,002	4,726,667	360,949
1,963,251	1,947,011	209,056
4,851,880	4,760,670	1,067,942
1,310,224	3,133,344	112,808
5,709,098	5,743,478	349,560
964,513	945,313	76,141
2,798,328	2,874,023	165,627
11,500	11,500	5,642
1,826,490	1,826,490	26
2,049,488	1,497,333	153,611
<u>26,292,774</u>	<u>27,465,829</u>	<u>2,501,362</u>
(4,239,974)	(2,801,124)	2,493,407
-	-	-
(4,239,974)	(2,801,124)	2,493,407
8,067,773	11,279,064	91,360
<u>3,827,799</u>	<u>8,477,940</u>	<u>2,584,767</u>

Jasper County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 24,656,750	8,296	24,665,046
Expenditures	24,964,467	(52,912)	24,911,555
Net	(307,717)	61,208	(246,509)
Other financing sources, net	-	-	-
Beginning fund balances	11,430,771	(108,065)	11,322,706
Ending fund balances	\$ 11,123,054	(46,857)	11,076,197

See accompanying independent auditor's report.

Jasper County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,173,055. 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, 2009, disbursements did not exceed the amounts budgeted. Disbursements in one department exceeded the amount appropriated.

Jasper County

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

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Jul 1, 2008	-	\$ 688	688	0.00%	\$ 8,083	8.5%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**Other Supplementary Information**

Jasper County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2009

	Special Revenue			
	County Recorder's Records Management	Resource Enhance- ment	Conservation Land Acquisition	Local Option Sales/Service Tax
<b>Assets</b>				
Cash and pooled investments	\$ 39,643	136,337	80,014	1,241,293
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Due from other governments	-	-	-	155,963
<b>Total assets</b>	<b>\$ 39,643</b>	<b>136,337</b>	<b>80,014</b>	<b>1,397,256</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Deferred revenue:				
Succeeding year tax increment financing	-	-	-	-
Other	-	-	-	-
Total liabilities	-	-	-	-
Fund equity:				
Fund balances:				
Reserved for dental care of county residents	-	-	-	
Unreserved	39,643	136,337	80,014	1,397,256
Total fund equity	39,643	136,337	80,014	1,397,256
<b>Total liabilities and fund equity</b>	<b>\$ 39,643</b>	<b>136,337</b>	<b>80,014</b>	<b>1,397,256</b>

See accompanying independent auditor's report.

Drainage Districts	Tax Increment Financing	Other	Permanent	Total
60,347	49,319	262,210	16,919	1,886,082
-	3	-	-	3
-	616,000	-	-	616,000
-	-	-	-	155,963
60,347	665,322	262,210	16,919	2,658,048
-	-	195	-	195
-	616,000	-	-	616,000
-	3	-	-	3
-	616,003	195	-	616,198
-	-	-	16,919	16,919
60,347	49,319	262,015	-	2,024,931
60,347	49,319	262,015	16,919	2,041,850
60,347	665,322	262,210	16,919	2,658,048

Jasper County

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

Year ended June 30, 2009

	Special Revenue			
	County Recorder's Records Management	Resource Enhance- ment	Conservation Land Acquisition	Local Option Sales/Service Tax
Revenues:				
Property and other county tax	\$ -	-	-	1,241,293
Intergovernmental	-	25,379	-	-
Charges for service	7,565	-	-	-
Use of money and property	80	264	15,919	-
Miscellaneous	-	-	-	-
Total revenues	7,645	25,643	15,919	1,241,293
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	-	-	-
County environment and education Administration	-	-	-	-
Capital projects	-	9,354	-	-
Total expenditures	-	9,354	-	-
Excess (deficiency) of revenues over (under) expenditures	7,645	16,289	15,919	1,241,293
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	(1,313,836)
Total other financing sources (uses)	-	-	-	(1,313,836)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	7,645	16,289	15,919	(72,543)
Fund balances beginning of year	31,998	120,048	64,095	1,469,799
Fund balances end of year	\$ 39,643	136,337	80,014	1,397,256

See accompanying independent auditor's report.

Drainage Districts	Tax Increment Financing	TPI CDBG	Other	Permanent	Total
-	419,479	-	-	-	1,660,772
-	4,711	1,022,500	-	-	1,052,590
-	-	-	716	-	8,281
-	-	-	222	320	16,805
-	-	-	55,712	-	55,712
-	424,190	1,022,500	56,650	320	2,794,160
-	-	-	10,856	-	10,856
-	-	-	2,398	1,886	4,284
-	-	1,622,500	4,664	-	1,627,164
-	-	-	31,735	-	31,735
-	-	-	-	-	9,354
-	-	1,622,500	49,653	1,886	1,683,393
-	424,190	(600,000)	6,997	(1,566)	1,110,767
-	-	600,000	5,000	-	605,000
-	(404,414)	-	-	-	(1,718,250)
-	(404,414)	600,000	5,000	-	(1,113,250)
-	19,776	-	11,997	(1,566)	(2,483)
60,347	29,543	-	250,018	18,485	2,044,333
60,347	49,319	-	262,015	16,919	2,041,850

Jasper County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	3,211	184,300	319,751	12,944
Other County officials	42,645	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	201	476	20,215	662
Succeeding year	-	196,000	461,000	18,877,000	767,000
Special assessments	-	-	-	-	-
Accounts	3,955	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 46,600</b>	<b>199,412</b>	<b>645,776</b>	<b>19,216,966</b>	<b>780,606</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	458	-	-
Salaries and benefits payable	-	-	9,107	-	-
Due to other governments	19,402	199,412	607,451	19,216,966	780,606
Trusts payable	27,198	-	-	-	-
Compensated absences	-	-	28,760	-	-
<b>Total liabilities</b>	<b>\$ 46,600</b>	<b>199,412</b>	<b>645,776</b>	<b>19,216,966</b>	<b>780,606</b>

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
164,894	4,099	6,635	692,265	601,068	1,989,167
-	-	-	-	-	42,645
10,672	146	-	-	3,063	35,435
7,863,000	308,000	-	-	2,452,000	30,924,000
-	-	350,910	-	-	350,910
-	-	-	-	44,584	48,539
-	-	-	-	23,323	23,323
<u>8,038,566</u>	<u>312,245</u>	<u>357,545</u>	<u>692,265</u>	<u>3,124,038</u>	<u>33,414,019</u>
-	-	-	-	51,281	51,739
-	-	-	-	4,976	14,083
8,038,566	312,245	357,545	692,265	2,881,858	33,106,316
-	-	-	-	169,599	196,797
-	-	-	-	16,324	45,084
<u>8,038,566</u>	<u>312,245</u>	<u>357,545</u>	<u>692,265</u>	<u>3,124,038</u>	<u>33,414,019</u>

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

Year ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 56,768	188,729	607,913	18,337,496	741,865
Additions:					
Property and other county tax	-	196,238	461,710	18,897,071	765,294
E911 surcharge	-	-	-	-	-
State tax credits	-	8,586	20,319	834,314	33,200
Drivers license fees	-	-	-	-	-
Office fees and collections	905,586	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	467,636	-	-	-	-
Miscellaneous	-	-	3,286	-	-
Total additions	1,373,222	204,824	485,315	19,731,385	798,494
Deductions:					
Agency remittances:					
To other funds	630,185	-	-	-	-
To other governments	364,683	194,141	447,452	18,851,915	759,753
Trusts paid out	388,522	-	-	-	-
Total deductions	1,383,390	194,141	447,452	18,851,915	759,753
Balances end of year	\$ 46,600	199,412	645,776	19,216,966	780,606

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
7,608,402	308,517	414,773	573,661	3,424,858	32,262,982
7,743,429	311,191	-	-	2,288,340	30,663,273
-	-	-	-	281,989	281,989
333,342	14,002	-	-	65,605	1,309,368
-	-	-	251,339	-	251,339
-	-	-	-	7,566	913,152
-	-	-	7,806,001	-	7,806,001
-	-	49,393	-	-	49,393
-	-	-	-	936,013	1,403,649
-	-	-	-	1,057,485	1,060,771
8,076,771	325,193	49,393	8,057,340	4,636,998	43,738,935
-	-	-	340,415	-	970,600
7,646,607	321,465	106,621	7,598,321	4,035,982	40,326,940
-	-	-	-	901,836	1,290,358
7,646,607	321,465	106,621	7,938,736	4,937,818	42,587,898
8,038,566	312,245	357,545	692,265	3,124,038	33,414,019

Jasper County

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

For the Last Eight Years

	2009	2008	2007
<b>Revenues:</b>			
Property and other county tax	\$ 13,809,615	13,417,497	13,219,306
Interest and penalty on property tax	124,322	109,752	111,155
Intergovernmental	8,715,856	7,141,355	7,719,665
Licenses and permits	72,004	70,816	72,550
Charges for service	1,057,610	990,787	984,919
Use of money and property	375,452	556,844	644,635
Miscellaneous	510,187	579,022	608,518
<b>Total</b>	<b>\$ 24,665,046</b>	<b>22,866,073</b>	<b>23,360,748</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	\$ 4,363,202	4,204,230	3,947,911
Physical health and social services	1,751,652	1,774,103	1,764,524
Mental health	3,614,092	4,085,414	3,935,254
County environment and education	3,007,680	1,446,616	1,135,184
Roads and transportation	5,463,308	5,933,784	4,976,047
Governmental services to residents	867,398	843,578	798,300
Administration	2,682,493	2,656,102	2,582,618
Non-program	5,860	38,553	798
Debt service	1,826,464	1,676,997	1,615,440
Capital projects	1,329,406	4,948,584	1,238,670
<b>Total</b>	<b>\$ 24,911,555</b>	<b>27,607,961</b>	<b>21,994,746</b>

See accompanying independent auditor's report.

Modified Accrual Basis				
2006	2005	2004	2003	2002
11,944,465	10,604,853	8,741,449	8,655,221	9,522,849
106,187	113,364	142,490	95,570	100,809
7,518,337	7,765,029	7,588,530	7,180,507	7,734,924
104,297	112,586	104,919	68,371	72,772
1,034,993	1,004,702	1,065,016	1,071,297	953,013
466,665	265,129	157,559	168,858	284,837
424,392	413,696	686,770	651,622	399,740
21,599,336	20,279,359	18,486,733	17,891,446	19,068,944
3,707,359	3,350,867	3,129,432	3,058,425	2,919,333
1,681,600	1,707,344	1,547,630	1,682,536	1,752,734
3,694,993	3,469,165	3,745,451	3,780,377	3,858,862
1,046,555	1,004,377	821,661	1,035,423	1,008,646
4,773,484	5,601,722	6,080,708	6,388,078	4,736,532
1,121,043	822,015	690,879	654,019	669,898
2,138,150	1,906,315	1,808,403	1,802,173	1,784,915
6,320	-	-	-	-
1,422,630	791,053	330,233	265,146	209,588
2,065,874	8,642,212	5,416,138	2,391,818	2,237,536
21,658,008	27,295,070	23,570,535	21,057,995	19,178,044

**Schedule 6**

## Jasper County

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 23,656
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	07-ED-003	1,022,500
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-E-CO50(82)-8V-50	60,015
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP-08-04 Task 23	3,862
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP-09-410 Task 40	3,801
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		7,300
U.S. Department of Health and Human Services:			
Iowa Department of Elder Affairs:			
Aging Resources of Central Iowa:			
Special Programs for the Aging Cluster:			
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045		106,170
Nutrition Services Incentive Program	93.053		61,401 *

Jasper County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		21,919
Refugee and Entrant Assistance - State Administered Programs	93.566		39
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		6,218
Foster Care - Title IV-E	93.658		13,233
Adoption Assistance	93.659		3,190
State Children's Insurance Program	93.767		181
Medical Assistance Program	93.778		28,870
Social Services Block Grant	93.667		14,366
Social Services Block Grant	93.667		120,927
			<u>135,293</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1763-0010-01	7,459
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1727-0004-00	1,620
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1763 099 028F2-00	80,623
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1763 099 A4AE4-00	373,381
			<u>463,083</u>
Emergency Management Performance Grants	97.042		34,729
Homeland Security Region 1:			
Homeland Security Grant Program	97.067	2007-GE-T6-0032-001	295
Homeland Security Grant Program	97.067	2006-GE-T6-0065-001	14,027
			<u>14,322</u>
Total			<u>\$ 2,009,782</u>

\* - Includes \$19,476 of non-cash awards.

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

See accompanying independent auditor's report.

**Jasper County**



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

David A. Vaudt, CPA  
Auditor of State

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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, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 3, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jasper County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Jasper County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jasper County's internal control over financial reporting.

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-09 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, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 3, 2010

**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, 2009. 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, 2009.

Internal Control Over Compliance

The management of Jasper County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Jasper County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jasper County's internal control over compliance.

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

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-A-09 and III-B-09 to be a significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. Of the significant deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs, we consider item III-A-09 to be a material weakness.

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

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 3, 2010

Jasper County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2009

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over a major program were disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were:
  - CFDA Number 14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
  - CFDA Number 97.036 – Disaster Grants–Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Jasper County did not qualify as a low-risk auditee.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

**Part II: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

II-A-09 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.

	Applicable Offices
(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Treasurer, Sheriff, Recorder, Environmental Health and Home Care Aides, Conservation, Community Services and Congregate Meals
(2) Generally, one individual may have control over listing mail receipts, collecting, depositing, posting, maintaining receivable records and daily reconciling of receipts for which no compensating controls exist. The initial listing is not compared to receipt records by an independent person.  In the County Treasurer's office, a listing of mail receipts is not prepared. In the Engineer's and Recorder's offices, the initial listing is not prepared by the mail opener.	Treasurer, Sheriff (Civil and Jail), Engineer, Recorder, Community Services, Environmental Health and Home Care Aides, Conservation and Congregate Meals
(3) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Treasurer, Sheriff (Jail), Community Services - Protective Payee and Congregate Meals
(4) The person responsible for the detailed record keeping of investments is also the custodian of the investments. Investments are not periodically inspected or reconciled to investment records by an independent person and an independent verification of interest earnings is not performed.	Treasurer
(5) Depositing, reconciling and recording of receipts is done by the custodian of the change funds for which no compensating controls exist.	Treasurer
(6) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash receipts.	Sheriff (Jail)

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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 – Warren will open all mail. He has no access to accounting records. Warren or Kathy will make a list of receipted mail and verify and log the receipt numbers. We will designate an employee who will do an independent review of bank reconciliations. Ericka will receipt and verify investments.

County Sheriff – A small staff limits segregation of duties, as all four office employees are cross trained to handle each other's duties so operations can continue when one is absent.

County Recorder – Because of the office size, it is unavoidable to have the mail opened by someone with no access to accounting records. We will have the person opening the mail prepare the listing of mail receipts.

County Engineer – We will try to segregate duties.

Community Services – I have reviewed department procedures to further achieve segregation of duties with the two department employees. Protective payee service is no longer provided.

Environmental Health and Home Care Aides – An independent person will compare and initial the listing of receipts.

Conservation – Segregation of duties is not possible with small staff available.

Congregate Meals – With a small staff, it is difficult to segregate duties. We will start initialing the bank reconciliations to show that they have been reviewed.

Conclusions –

County Treasurer, County Recorder, County Engineer, Community Services, Environmental Health and Home Care Aides and Congregate Meals – Responses accepted.

County Sheriff and Conservation – Responses acknowledged. The County Sheriff and Conservation Office should utilize current personnel to provide additional control through review of financial transactions and reports.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

II-B-09 Credit Cards – The County has credit cards for use by various employees while on County business. The County has not adopted a policy to regulate the use of the credit cards.

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

Response – The Board of Supervisors has established a policy to regulate the use of County owned credit cards. Resolution 10-12 “Jasper County Credit Card and Purchasing Card Policy” was adopted February 16, 2010 by unanimous vote.

Conclusion – Response accepted.

II-C-09 Capital Assets – A physical observation of capital assets was not performed during the year ended June 30, 2009 in accordance with the County’s policy.

Recommendation – Capital assets should be tested periodically by an employee having no responsibility for assets.

Response – The County Auditor and a member of the Board of Supervisors will take the inventory list of capital assets provided to the Auditor’s Office by all other departments and perform a random physical observation, a spot check, of the County’s capital assets held by various County departments on an annual basis.

Conclusion – Response accepted.

II-D-09 Check Endorsement – Checks are not restrictively endorsed upon receipt in the County Sheriff and Conservation offices.

Recommendation – A restrictive endorsement (for deposit only) should be placed on all checks when received.

Responses –

County Sheriff – The person opening the mail will start endorsing checks upon opening envelopes rather than passing the check to the clerk who manages incoming checks and the reconciliation of the civil billing accounts.

Conservation – This has been addressed and corrected.

Conclusion – Responses accepted.

II-E-09 Timesheets – Individual timesheets prepared by non-salaried secondary roads employees are not approved by a supervisor. In addition, salaried personnel do not prepare and file timesheets.

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

Response – Timesheets for all Secondary Roads employees will be reviewed and signed by the Jasper County Engineer prior to submission.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Conclusion – Response accepted.

II-F-09 County Sheriff – Unused checks are not properly safeguarded.

Recommendation – Unused checks should be properly safeguarded to prevent unauthorized use.

Response – Unused checks are now stored in a locked area.

Conclusion – Response accepted.

II-G-09 Congregate Meals – Donations received through the mail are not deposited with the County Treasurer. These checks are given to the site managers to be included in their daily bank deposits. In addition, drivers making home meal deliveries may collect donations despite a new policy encouraging all donations be mailed to the Congregate Meals office.

Recommendation – Donations received through the mail should be deposited directly with the County Treasurer. Donations should be mailed to the Congregate Meals office.

Response – We will contact Aging Resources for ideas on how to handle donations received in the mail and donations made on home deliveries.

Conclusion – Response accepted.

II-H-09 County Engineer – Fuel usage reports are not generated and reviewed by an independent person.

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

Response – We will consider reviewing fuel usage reports.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

**CFDA Number 93.036: Disaster Grants – Public Assistance  
(Presidentially Declared Disasters)**

**Pass-through Number: DR-1763-099-A4AE4-00**

**Federal Award Year: 2009**

**U.S. Department of Homeland Security**

**Passed through the Iowa Department of Public Defense**

**Iowa Homeland Security and Emergency Management Division**

- III-A-09 Segregation of Duties Over Federal Revenue – The County Engineer did not properly segregate opening the mail, collecting, depositing, posting and reconciling functions for revenues, including those related to federal programs. See item II-A-09.
- III-B-09 Timesheets – Individual timesheets prepared by non-salaried secondary roads employees are not approved by a supervisor and salaried personnel do not prepare timesheets. See item II-E-09.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-09 Certified Budget – Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted. Disbursements in one department exceeded the amount appropriated prior to a budget amendment.

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

Response – The Human Resources Department would not have exceeded its appropriation in May 2009 if the budget amendment hearing had not been delayed from May 26, 2009 to June 2, 2009. We will make every effort to monitor this type of situation in the future.

Conclusion – Response accepted.

IV-B-09 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979

IV-C-09 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-09 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-09 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-09 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-09 Deposits and Investments – Except as noted, deposits and investments were in compliance with provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy.

Interest income from investments of bond and note proceeds has not been credited to the proper fund. In addition, interest earned on the Special Revenue, Tax Increment Financing Fund balance is not credited to the Special Revenue, Tax Increment Financing Fund. In accordance with Chapter 12C.9 of the Code of Iowa, such interest shall be used to pay the principal or interest on the indebtedness or be credited to the Capital Projects Fund for which the indebtedness was issued.

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

Response – I have made a corrective journal entry to credit \$28,484 to the Debt Service Fund.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

IV-H-09 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-09 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, 2009 for the County Extension Office did not exceed the amount budgeted.

An initial listing of receipts is not prepared by the person opening the mail, at least on a test basis. Bank reconciliations contained no evidence of review by an independent person for propriety.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the office should review operating procedures to obtain the maximum internal control possible under the circumstances. The office should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response – We will continue to evaluate our operating and handling procedures to allow for segregation of duties when possible. Further, we will add an initial listing of cash receipts to our process, and bank reconciliations will be reviewed and initialed by an Extension Council member and a staff member designated by the Extension Council.

Conclusion – Response accepted.

IV-J-09 County Warrant Listing – The County Auditor did not obtain the County Treasurer's signature on the list of warrants to be issued as required by Chapter 331.506 of the Code of Iowa.

Recommendation – The County should comply with Chapter 331.506 of the Code of Iowa.

Response – We are now signing the warrant listing.

Conclusion – Response accepted.

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Jasper County

Staff

This audit was performed by:

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Selina V. Johnson, CPA, Senior Auditor II  
Lori M. Dinville, Staff Auditor  
Daniel L. Durbin, CPA, Staff Auditor  
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