OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE March 30, 2017

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Jasper County, Iowa.

The County had local tax revenue of $54,444,157 for the year ended June 30, 2016, which included $4,947,545 in tax credits from the state. The County forwarded $39,720,948 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $14,723,209 of the local tax revenue to finance County operations, an 8.1% increase over the prior year. Other revenues included charges for service of $2,045,220, operating grants, contributions and restricted interest of $5,933,327, tax increment financing of $926,582, local option sales and services tax of $1,381,665, unrestricted investment earnings of $72,583 and other general revenues of $425,618.

Expenses for County operations for the year ended June 30, 2016 totaled $24,141,999, a less than 1% decrease from the prior year. Expenses included $9,572,967 for roads and transportation, $5,958,171 for public safety and legal services and $2,801,606 for administration.

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 https://auditor.iowa.gov/reports/1610-0050-B00F.

# # #

JASPER COUNTY

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

JUNE 30, 2016

1610-0050-B00F

Table of Contents

Jasper County

Officials

Name	Title	Term Expires
Dennis Stevenson	Board of Supervisors	Jan 2017
Joe Brock	Board of Supervisors	Jan 2019
Dennis Carpenter	Board of Supervisors	Jan 2019
Dennis Parrott	County Auditor	Jan 2017
Doug Bishop	County Treasurer	Jan 2019
Denise Allan	County Recorder	Jan 2019
John Halferty	County Sheriff	Jan 2017
Mike Jacobsen	County Attorney	Jan 2019
John Deegan	County Assessor	Jan 2022

Jasper County

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Independent Auditor's Report

To the Officials of Jasper County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County as of June 30, 2016, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 50 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jasper County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2017 on our consideration of Jasper County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 in considering Jasper County's internal control over financial reporting and compliance.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

March 16, 2017

Jasper County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Jasper County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2016 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 12.4%, or approximately $3,624,000, from fiscal year 2015 to fiscal year 2016. Property tax increased approximately $210,000, operating grants, contributions and restricted interest increased approximately $758,000 and capital grants, contributions and restricted interest decreased approximately $5,704,000.

- Program expenses of the County's governmental activities decreased by less than 1%, or approximately $11,000, from fiscal year 2015 to fiscal year 2016. Expenses increased approximately $1,907,000 in the roads and transportation function and approximately $417,000 in the county environment and education function. Expenses decreased approximately $2,869,000 in the mental health function and approximately $123,000 in the physical health and social services function.

- The County's net position increased 3.1%, or approximately $1,366,000, over the June 30, 2015 balance.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

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

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

   The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Jasper County's combined net position increased from approximately $44.1 million to approximately $45.4 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)	June 30, 2016	June 30, 2015
Current and other assets	$ 33,296	27,223
Capital assets	48,043	49,595
Total assets	81,339	76,818
Deferred outflows of resources	1,155	1,071
Long-term liabilities	21,185	17,129
Other liabilities	889	1,110
Total liabilities	22,074	18,239
Deferred inflows of resources	14,990	15,586
Net position:		
Net investment in capital assets	43,303	44,080
Restricted	12,125	11,136
Unrestricted	(9,998)	(11,152)
Total net position	$ 45,430	44,064

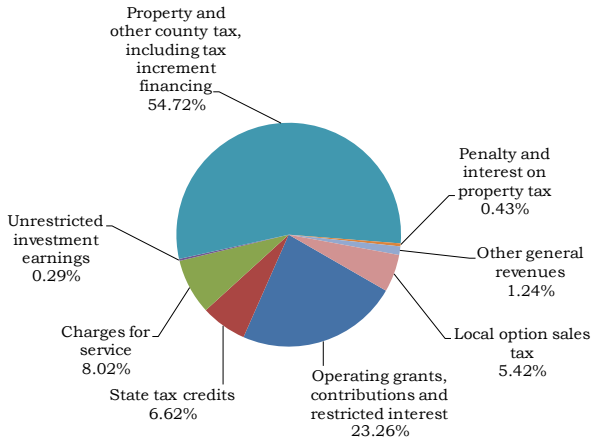
Net position of Jasper County's governmental activities increased 3.1% (approximately $45.4 million compared to approximately $44.1 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately $989,000, or 8.9%, over the prior year. The increase is primarily due to an increase in secondary roads and local option sales tax funds held at year end.

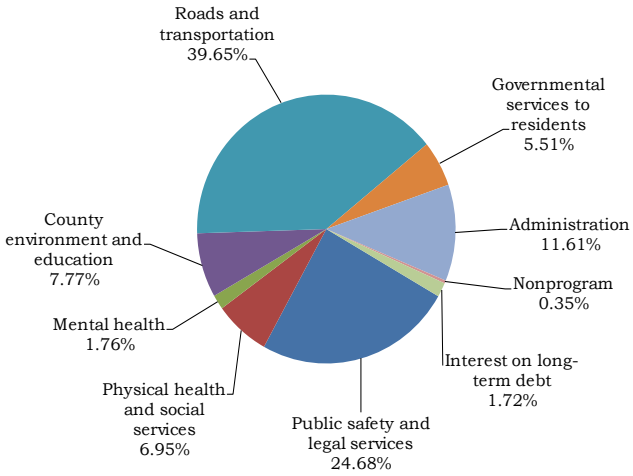
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of approximately ($11,152,000) at June 30, 2015 to a deficit of approximately ($9,998,000) at the end of this year, an increase of 10.3%. The unrestricted net position deficit is due to reporting the net pension liability and the County issuing general obligation bonds and notes for capital assets not owned by the County.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2016	2015
Revenues:		
Program revenues:		
Charges for service	$ 2,045	1,667
Operating grants, contributions and restricted interest	5,933	5,175
Capital grants, contributions and restricted interest	-	5,704
General revenues:		
Property and other county tax, including tax increment financing	13,960	13,750
Penalty and interest on property tax	110	101
State tax credits	1,689	891
Local option sales tax	1,382	1,323
Unrestricted investment earnings	73	79
Other general revenues	316	442
Total revenues	25,508	29,132
Program expenses:		
Public safety and legal services	5,958	5,621
Physical health and social services	1,677	1,800
Mental health	424	3,293
County environment and education	1,876	1,459
Roads and transportation	9,573	7,666
Governmental services to residents	1,331	1,036
Administration	2,802	2,905
Nonprogram	85	6
Interest on long-term debt	416	367
Total expenses	24,142	24,153
Change in net position	1,366	4,979
Net position beginning of year	44,064	39,085
Net position end of year	$ 45,430	44,064

Revenues by Source



Expenses by Function



Revenues for governmental activities decreased approximately $3,624,000 from the prior year. Capital grants, contributions and restricted interest decreased approximately $5,704,000 due to farm-to-market projects contributed to the County by the Iowa Department of Transportation (DOT) in the prior fiscal year and none during the current fiscal year.

The County increased the countywide property tax rate for fiscal year 2016 by 2.67%. This increase, combined with increases in taxable valuations, increased the County's property tax revenue approximately $210,000 in fiscal year 2016. The general basic levy increased 6.8%, from $3.50 per $1,000 of taxable valuation to $3.74 per $1,000 of taxable valuation. The County services (mental health) levy decreased from $1.24 per $1,000 of taxable valuation to $0.86 per $1,000 of taxable valuation.

The cost of all governmental activities this year was approximately $24.1 million compared to approximately $24.2 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately $16.2 million because some of the cost was paid by those directly benefited from the programs (approximately $2,045,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $5,933,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2016 from approximately $12,546,000 to approximately $7,978,000, primarily due to farm-to-market road projects contributed to the County by the Iowa DOT during the prior year and none in the current year.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jasper County completed the year, its governmental funds reported a combined fund balance of approximately $18 million, an increase of approximately $6,100,000 over last year's total of approximately $11.9 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately $1,360,000, or 12.8%, primarily due to an increase in property tax. Expenditures increased approximately $516,000, or 4.2%. The ending fund balance increased approximately $199,000, or 4.7%, over the prior year to $4,452,618.

- The County has continued to look for ways to effectively manage the cost of mental health services. Expenditures decreased approximately $2,253,000 from the prior year, primarily due to mental health regionalization. During the year, the County remitted $847,323 to the Central Iowa Community Services Mental Health Region. Revenues decreased approximately $592,000 due primarily to a decrease in property tax. The Special Revenue, Mental Health Fund balance increased approximately $213,000 during the year to $467,660.

- Special Revenue, Rural Services Fund revenues decreased approximately $81,000, or 2.9%. Expenditures increased approximately $18,000, or 3.9%. The ending fund balance decreased approximately $370,000 from the prior year to $1,682,117.

- Special Revenue, Secondary Roads Fund revenues increased approximately $371,000, or 6.3%, over the prior year and expenditures decreased approximately $405,000, or 5.1%, from the prior year. The decrease in expenditures is due to the completion of a bridge construction project and several FEMA projects during the prior year. The increase in revenue is a result of an increase in road use taxes from the State. The fund balance at June 30, 2016 was $4,901,306 compared to the prior year ending fund balance of $3,757,254, an increase of $1,144,052.

- Debt Service Fund revenues increased approximately $621,000, or 91.4%, primarily due to a $547,707 tax credit for a Courthouse Restoration project completed in prior years. Expenditures decreased approximately $315,000 due to lower principal payments in the current year. At year end, the fund balance was $4,370,184 compared to the prior year ending fund balance of $212,077, an increase of $4,158,107. This increase was due to the County issuing $3,665,000 of general obligation capital notes for a crossover refunding and reporting $3,595,774 of U.S. Treasury securities on deposit with escrow agent. In a crossover refunding, liabilities for both the old and the new debt, as well as the U.S. Treasury securities on deposit with the escrow agent, are reported in the government-wide financial statements. However, only the U.S. Treasury securities are reported in the fund financial statements since the liabilities are not a fund liability. The bonds (old debt) will be called on June 1, 2018.

- Capital Projects Fund revenues decreased approximately $28,000, or 41.8%, from the prior year due to completion of the Chichaqua bike trail project in the prior year. Expenditures increased approximately $342,000, or 285.5%, over the prior year due to the demolition of the County Care Facility in the current year. At June 30, 2016, the balance of the Capital Projects Fund was $41,729 compared to the prior year ending deficit fund balance of $18,157, an increase of $59,886.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jasper County amended its budget two times. The first amendment was made in April 2016 and was to increase the budget for the mental health and capital projects functions. The second amendment was made in May 2016 and increased budget disbursements in the public safety and legal services, county environment, roads and transportation and capital projects functions and increased budgeted intergovernmental receipts.

The County's receipts were $3,321,612 less than budgeted, a variance of 10.7%. The most significant variance resulted from the County receiving less miscellaneous receipts than anticipated.

Total disbursements were $4,810,048 less than the amended budget. Actual disbursements for the capital projects, roads and transportation and administration functions were $1,660,566, $1,630,054 and $498,087, respectively, less than budgeted. This was primarily due to costs being less than anticipated.

Even with the budget amendments, the County exceeded the amount budgeted in the non-program and debt service functions for the year ended June 30, 2016. In addition, the Board of Supervisors did not approve appropriations for the year, so all departments exceeded the amounts appropriated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, Jasper County had approximately $48 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net decrease (including additions and deletions) of approximately $1,552,000, or 3.1% from last year.

Capital Assets of Governmental Activities at Year End
(Expressed in Thousands)

	June 30,	
	2016	2015
Land	$ 1,287	1,206
Construction in progress	90	80
Buildings and improvements	10,302	10,543
Equipment and vehicles	4,040	3,689
Intangibles	123	130
Infrastructure	32,201	33,947
Total	$ 48,043	49,595

The County had depreciation/amortization expense of $3,252,847 in fiscal year 2016 and total accumulated depreciation/amortization of $34,954,539 at June 30, 2016. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

Jasper County had general obligation bonds and capital loan notes outstanding at June 30, 2016 and June 30, 2015, as shown below.

Outstanding Debt of Governmental Activities at Year-End
(Expressed in Thousands)

	June 30,	
	2016	2015
General obligation bonds and capital loan notes	$ 14,035	11,220

Debt increased as a result of issuing $3,665,000 general obligation capital loan notes for a crossover refunding on June 1, 2018 of the remaining $3,500,000 of the general obligation bonds issued November 1, 2007 and issuing $400,000 general obligation capital loan notes for the demolition of the County Care Facility.

The County carries a general obligation bond rating of Aa2 assigned by national rating agencies to the County's debt. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Jasper County's outstanding general obligation debt of approximately $14 million is significantly below its constitutional debt limit of approximately $137 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 2017 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 2017 budget, all of the LOSST money estimated to be received in fiscal year 2017 (approximately $900,000) was used to offset a property tax increase in fiscal year 2017.

Amounts available for appropriation (budgeted receipts) in the operating budget are approximately $24,083,000, a 17.8% decrease from the final fiscal year 2016 budget. Budgeted disbursements decreased approximately $2,027,000 from the final fiscal year 2016 budget, primarily in the mental health and capital projects functions. The County has added no major new programs or initiatives to the fiscal year 2017 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease 23.8% by the close of fiscal year 2017.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Jasper County

Statement of Net Position

June 30, 2016

	Governmental Activities
Assets	
Cash and pooled investments	$ 13,980,271
U.S. Treasury securities on deposit with escrow agent	3,595,774
Receivables:	
Property tax:	
Delinquent	34,206
Succeeding year	13,590,000
Succeeding year tax increment financing	712,000
Interest and penalty on property tax	45,722
Accounts	38,609
Due from other governments	777,083
Inventories	448,201
Prepaid expense	73,974
Capital assets, net of accumulated depreciation/amortization	48,043,243
Total assets	81,339,083
Deferred Outflows of Resources	
Pension related deferred outflows	1,155,263
Liabilities	
Accounts payable	661,323
Accrued interest payable	27,304
Salaries and benefits payable	161,129
Due to other governments	38,944
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	265,000
General obligation bonds	1,035,000
Compensated absences	563,952
Portion due or payable after one year:	
General obligation capital loan notes	4,755,000
General obligation bonds	7,980,000
Compensated absences	1,237,032
Net pension liability	4,979,229
Net OPEB liability	369,900
Total liabilities	22,073,813
Deferred Inflows of Resources	
Unavailable property tax revenue	13,590,000
Unavailable tax increment financing revenue	712,000
Pension related deferred inflows	687,874
Total deferred inflows of resources	14,989,874
Net Position	
Net investment in capital assets	43,303,243
Restricted for:	
Nonexpendable:	
Permanent Fund	12,000
Expendable:	
Supplemental levy purposes	2,853,839
Mental health purposes	407,911
Rural services purposes	1,649,607
Secondary roads purposes	4,253,189
Local option sales tax purposes	717,129
Conservation land acquisition	118,491
Debt service	1,540,202
Capital projects	41,729
Other purposes	530,901
Unrestricted	(9,997,582)
Total net position	$ 45,430,659

See notes to financial statements.

Jasper County

Statement of Activities

Year ended June 30, 2016

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 5,958,171	502,506	16,323	-	(5,439,342)
Physical health and social services	1,676,679	375,243	382,268	-	(919,168)
Mental health	424,111	-	-	-	(424,111)
County environment and education	1,876,113	73,719	130,600	-	(1,671,794)
Roads and transportation	9,572,967	196,542	5,389,194	-	(3,987,231)
Governmental services to residents	1,330,822	712,294	210	-	(618,318)
Administration	2,801,606	84,351	13,787	-	(2,703,468)
Non-program	85,392	100,565	542	-	15,715
Interest on long-term debt	416,138	-	403	-	(415,735)
Total	$ 24,141,999	2,045,220	5,933,327	-	(16,163,452)
General Revenues:					
Property and other county tax levied for:					
General purposes					12,340,910
Debt service					692,829
Tax increment financing					926,582
Penalty and interest on property tax					109,587
State tax credits					1,689,470
Local option sales and services tax					1,381,665
Unrestricted investment earnings					72,583
Gain on disposition of capital assets					138,411
Miscellaneous					177,620
Total general revenues					17,529,657
Change in net position					1,366,205
Net position beginning of year					44,064,454
Net position end of year					$ 45,430,659

See notes to financial statements.

Jasper County

Balance Sheet
Governmental Funds

June 30, 2016

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	$ 4,596,298	470,644	1,700,463	4,346,281
U. S. Treasury securities on deposit with escrow agent	-	-	-	-
Receivables:				
Property tax:				
Delinquent	23,328	3,070	5,346	-
Succeeding year	9,398,000	779,000	2,477,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	45,722	-	-	-
Accounts	31,204	-	-	7,405
Due from other governments	80,346	-	-	478,783
Inventories	-	-	-	448,201
Prepaid expenditures	73,974	-	-	-
Total assets	$ 14,248,872	1,252,714	4,182,809	5,280,670
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ 192,791	1,156	2,700	272,606
Salaries and benefits payable	117,597	1,828	1,110	40,594
Due to other governments	18,816	-	14,536	5,592
Total liabilities	329,204	2,984	18,346	318,792
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	9,398,000	779,000	2,477,000	-
Succeeding year tax increment financing	-	-	-	-
Other	69,050	3,070	5,346	60,572
Total deferred inflows of resources	9,467,050	782,070	2,482,346	60,572
Fund balances:				
Nonspendable:				
Inventories	-	-	-	448,201
Prepaid expenditures	73,974	-	-	-
Permanent Fund	-	-	-	-
Restricted for:				
Supplemental levy purposes	2,928,353	-	-	-
Mental health purposes	-	467,660	-	-
Rural services purposes	-	-	1,682,117	-
Secondary roads purposes	-	-	-	4,453,105
Local option sales and services tax purposes	-	-	-	-
Conservation land acquisition	118,491	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	43,553	-	-	-
Unassigned	1,288,247	-	-	-
Total fund balances	4,452,618	467,660	1,682,117	4,901,306
Total liabilities, deferred inflows of resources and fund balances	$ 14,248,872	1,252,714	4,182,809	5,280,670

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
774,410	233,799	1,858,376	13,980,271
3,595,774	-	-	3,595,774
1,738	-	724	34,206
936,000	-	-	13,590,000
-	-	712,000	712,000
-	-	-	45,722
-	-	-	38,609
-	-	217,954	777,083
-	-	-	448,201
-	-	-	73,974
5,307,922	233,799	2,789,054	33,295,840
-	192,070	-	661,323
-	-	-	161,129
-	-	-	38,944
-	192,070	-	861,396
936,000	-	-	13,590,000
-	-	712,000	712,000
1,738	-	724	140,500
937,738	-	712,724	14,442,500
-	-	-	448,201
-	-	-	73,974
-	-	12,000	12,000
-	-	-	2,928,353
-	-	-	467,660
-	-	-	1,682,117
-	-	-	4,453,105
-	-	717,129	717,129
-	-	-	118,491
4,370,184	-	859,860	5,230,044
-	41,729	-	41,729
-	-	487,341	530,894
-	-	-	1,288,247
4,370,184	41,729	2,076,330	17,991,944
5,307,922	233,799	2,789,054	33,295,840

Jasper County

Jasper County

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

June 30, 2016

Total governmental fund balances (page 21)		$ 17,991,944
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is $82,997,782 and the accumulated depreciation/amortization is $34,954,539.		48,043,243
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		140,500
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 1,155,263	
Deferred inflows of resources	(687,874)	467,389
Long-term liabilities, including general obligation capital loan notes payable, general obligation bonds payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(21,212,417)
Net position of governmental activities (page 18)		$ 45,430,659

See notes to financial statements.

Jasper County

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

Year ended June 30, 2016

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	$ 8,664,996	1,140,205	2,530,055	-
Tax increment financing	-	-	-	-
Local option sales and services tax	-	-	-	-
Interest and penalty on property tax	96,676	-	-	-
Intergovernmental	1,528,075	98,429	151,997	6,091,536
Licenses and permits	21,582	-	60,997	40,130
Charges for service	1,072,688	-	250	8,304
Use of money and property	135,379	-	-	-
Miscellaneous	427,429	-	8	117,620
Total revenues	11,946,825	1,238,634	2,743,307	6,257,590
Expenditures:				
Operating:				
Public safety and legal services	5,806,122	-	-	-
Physical health and social services	1,679,516	-	-	-
Mental health	-	1,025,846	-	-
County environment and education	937,162	-	473,149	-
Roads and transportation	-	-	-	7,442,248
Governmental services to residents	1,487,312	-	-	-
Administration	2,666,567	-	-	-
Non-program	85,392	-	-	-
Debt service	-	-	-	-
Capital projects	151,585	-	-	36,792
Total expenditures	12,813,656	1,025,846	473,149	7,479,040
Excess (deficiency) of revenues over (under) expenditures	(866,831)	212,788	2,270,158	(1,221,450)
Other financing sources (uses):				
General obligation bonds issued	-	-	-	-
Discount on general obligation bonds issued	-	-	-	-
Transfers in	1,257,096	-	-	2,365,502
Transfers out	(191,424)	-	(2,640,553)	-
Total other financing sources (uses)	1,065,672	-	(2,640,553)	2,365,502
Change in fund balances	198,841	212,788	(370,395)	1,144,052
Fund balances beginning of year	4,253,777	254,872	2,052,512	3,757,254
Fund balances end of year	$ 4,452,618	467,660	1,682,117	4,901,306

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
692,418	-	-	13,027,674
-	-	926,595	926,595
-	-	1,381,665	1,381,665
-	-	-	96,676
607,496	38,538	121,259	8,637,330
-	-	-	122,709
-	-	6,937	1,088,179
403	66	4,019	139,867
-	-	78,962	624,019
1,300,317	38,604	2,519,437	26,044,714
-	-	72,059	5,878,181
-	-	-	1,679,516
-	-	-	1,025,846
-	-	-	1,410,311
-	-	-	7,442,248
-	-	-	1,487,312
-	-	1,885	2,668,452
-	-	-	85,392
1,643,933	-	-	1,643,933
-	461,931	20,000	670,308
1,643,933	461,931	93,944	23,991,499
(343,616)	(423,327)	2,425,493	2,053,215
3,665,000	400,000	-	4,065,000
(23,929)	-	-	(23,929)
860,652	83,213	-	4,566,463
-	-	(1,734,486)	(4,566,463)
4,501,723	483,213	(1,734,486)	4,041,071
4,158,107	59,886	691,007	6,094,286
212,077	(18,157)	1,385,323	11,897,658
4,370,184	41,729	2,076,330	17,991,944

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, 2016

Change in fund balances - Total governmental funds (page 25)		$ 6,094,286
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Depreciation/amortization expense exceeded capital outlay expenditures in the current year, as follows:		
Expenditures for capital assets	$ 1,562,363	
Depreciation/amortization expense	(3,252,847)	(1,690,484)
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.		138,411
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:		
Property tax	6,052	
Other	(680,973)	(674,921)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments, as follows:		
Issued	(4,065,000)	
Repaid	1,250,000	(2,815,000)
The current year County IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position.		868,093
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	(61,622)	
Other postemployment benefits	(38,900)	
Pension expense	(455,382)	
Interest on long-term debt	1,724	(554,180)
Change in net position of governmental activities (page 19)		$ 1,366,205

See notes to financial statements.

Jasper County

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2016

	Other Employee Benefit Trust	Private Purpose Trust	Agency
Assets			
Cash and pooled investments:			
County Treasurer	$ 100,569	49,353	2,225,895
Other County officials	-	-	48,938
Receivables:			
Property tax:			
Delinquent	-	-	92,342
Succeeding year	-	-	35,580,000
Accounts	-	-	27,257
Special assessments	-	-	178,279
Due from other governments	-	-	98,874
Total assets	100,569	49,353	38,251,585
Liabilities			
Liabilities:			
Accounts payable	-	-	16,034
Salaries and benefits payable	-	-	8,266
Due to other governments	-	-	37,910,841
Trusts payable	-	-	156,062
Compensated absences	-	-	160,382
Total liabilities	-	-	38,251,585
Net position			
Held in trust for employee benefits and others	$ 100,569	49,353	-

See notes to financial statements.

Jasper County

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30, 2016

	Other Employee Benefit Trust	Private Purpose Trust
Additions:		
Donations and contributions	$ 43,473	-
Interest on investments	-	179
Total additions	43,473	179
Deductions:		
Distributions to participants	61,946	-
Change in net position held in trust	(18,473)	179
Net position beginning of year	119,042	49,174
Net position end of year	$ 100,569	49,353

See notes to financial statements.

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Jasper County Assessor's Conference Board, Jasper County Emergency Management Commission and Jasper County Joint 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 Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

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

Restricted net position:

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following fiduciary funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications - committed, assigned and then unassigned fund balances.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund 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, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2015.

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, intangibles 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 Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave in excess of 1,440 hours will be paid at the last rate of pay to an employee upon retirement. Upon retirement, employees may elect to convert up to 720 hours of accumulated sick leave to cash to be accounted for in the Fiduciary, Employee Benefit Trust Fund and used for continued health care coverage. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2016. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of

employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property and tax increment financing tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2016, disbursements exceeded the amounts budgeted in the non-program and debt service functions. Also, the appropriations were not approved by the Board of Supervisors during the fiscal year, so disbursements in all departments exceeded the amounts appropriated.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2016, an escrow agent held U.S. Treasury notes for the County with a carrying amount and fair value of $3,595,774, which mature through June 1, 2018.

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

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Rural Services	$ 383,262
	Local Option Sales and Services Tax	873,834
		1,257,096
Special Revenue:		
Secondary Roads	General	108,211
	Special Revenue:	
	Rural Services	2,257,291
		2,365,502
Debt Service	Special Revenue:	
	Tax Increment Financing	860,652
Capital Projects	General	83,213
Total		$4,566,463

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, 2016 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	$ 1,206,133	81,000	-	1,287,133
Construction in progress	79,612	415,242	404,911	89,943
Total capital assets not being depreciated/amortized	1,285,745	496,242	404,911	1,377,076
Capital assets being depreciated/amortized:				
Buildings	10,883,772	103,818	-	10,987,590
Improvements other than buildings	2,634,086	-	-	2,634,086
Machinery, equipment and vehicles	9,803,810	1,133,303	1,208,898	9,728,215
Intangibles	145,252	-	-	145,252
Infrastructure	57,720,652	404,911	-	58,125,563
Total capital assets being depreciated/amortized	81,187,572	1,642,032	1,208,898	81,620,706
Less accumulated depreciation/amortization for:				
Buildings	2,490,458	225,947	-	2,716,405
Improvements other than buildings	483,852	119,518	-	603,370
Machinery, equipment and vehicles	6,115,199	749,504	1,176,309	5,688,394
Intangibles	14,526	7,263	-	21,789
Infrastructure	23,773,966	2,150,615	-	25,924,581
Total accumulated depreciation/amortization	32,878,001	3,252,847	1,176,309	34,954,539
Total capital assets being depreciated/amortized, net	48,309,571	(1,610,815)	32,589	46,666,167
Governmental activities capital assets, net	$49,595,316	(1,114,573)	437,500	48,043,243

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 326,477
Physical health and social services	8,434
County environment and education	78,228
Roads and transportation	2,616,294
Governmental services to residents	37,472
Administration	185,942
Total depreciation/amortization expense - governmental activities	$ 3,252,847

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2016 is as follows:

Fund	Description	Amount
General	Services	$ 18,816
Special Revenue:		
Rural Services		14,536
Secondary Roads		5,592
		20,128
Total for governmental funds		$ 38,944
Agency:		
County Assessor	Collections	$ 610,925
Schools		21,661,010
Community Colleges		1,080,793
Corporations		9,665,841
Auto License and Use Tax		956,087
All other		3,936,185
Total for agency funds		$ 37,910,841

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	General Obligation Capital Loan Notes	General Obligation Bonds	Compen-sated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year	$ 1,235,000	9,985,000	1,739,362	3,838,619	331,000	17,128,981
Increases	4,065,000	-	746,275	1,140,610	58,000	6,009,885
Decreases	280,000	970,000	684,653	-	19,100	1,953,753
Balance end of year	$ 5,020,000	9,015,000	1,800,984	4,979,229	369,900	21,185,113
Due within one year	$ 265,000	1,035,000	563,952	-	-	1,863,952

General Obligation Capital Loan Notes

On May 16, 2016, the County issued $3,665,000 of general obligation capital loan refunding notes, with interest rates ranging from 1.15% to 2.60% per annum, for a crossover refunding of $3,500,000 of general obligation urban renewal bonds dated November 1, 2007. The bonds will be called on June 1, 2018.

For the crossover refunding, the County entered into an escrow agreement whereby the proceeds from the general obligation capital loan refunding notes were converted into U.S. government securities. These securities were placed with an escrow agent to pay the principal and interest on the general obligation capital loan refunding notes (new debt) until the crossover refunding date. On the crossover date of June 1, 2018, the refunded general obligation bonds (old debt) will be paid using the amounts held by the escrow agent. From that point forward, the debt service fund revenues will be used to pay the general obligation capital loan refunding notes (new debt). The transactions and balances of the escrow account are recorded by the County since the refunded debt is not considered extinguished.

The refunding was undertaken to reduce total debt service payments over the next 10 years by $476,760 and resulted in an economic gain of $415,094.

On June 27, 2016, the County issued $400,000 of general obligation capital loan notes, with an interest rate of 1.50% per annum to pay for the demolition of the County Care Facility.

A summary of the County's June 30, 2016 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Refunding Issued May 15, 2013			Refunding Issued May 16, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2017	0.50%	$ 135,000	9,725	1.15%	$ -	75,164
2018	0.70	135,000	9,050	1.15	-	72,158
2019	0.90	135,000	8,105	1.15	380,000	72,158
2020	1.00	135,000	6,890	1.35	385,000	67,787
2021	1.20	135,000	5,540	1.55	390,000	62,590
2022-2026	1.35-1.45	280,000	5,950	1.80-2.50	2,065,000	202,075
2027		-	-	2.60	445,000	11,570
Total		$ 955,000	45,260		$3,665,000	563,502

Year Ending June 30,	County Care Facility Issued June 27, 2016			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2017	1.50%	$ 130,000	5,567	265,000	90,456	355,456
2018	1.50	135,000	4,050	270,000	85,258	355,258
2019	1.50	135,000	2,025	650,000	82,288	732,288
2020		-	-	520,000	74,677	594,677
2021		-	-	525,000	68,130	593,130
2022-2026		-	-	2,345,000	208,025	2,553,025
2027		-	-	445,000	11,570	456,570
Total		$ 400,000	11,642	5,020,000	620,404	5,640,404

During the year ended June 30, 2016, principal payments of $280,000 were made by the County on the general obligation capital loan notes.

General Obligation Bonds

A summary of the County's June 30, 2016 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Urban Renewal Issued Nov 1, 2007			Courthouse Improvement and Refunding Issued Jan 10, 2012		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2017	5.28%	$ 275,000	225,312	1.15%	$ 305,000	30,327
2018	5.33	295,000	210,793	1.40	300,000	26,820
2019	5.38	310,000	195,069	1.60	315,000	22,620
2020	5.40	325,000	178,406	1.85	320,000	17,580
2021	5.45	345,000	160,856	2.00	325,000	11,660
2022-2026	5.50-5.70	2,040,000	496,009	2.15	240,000	5,160
2027	5.75	480,000	27,600		-	-
Total		$4,070,000	1,494,045		$1,805,000	114,167

Year Ending June 30,	Refunding Issued Jan 10, 2012			Refunding Issued Jan 10, 2012		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2017	2.00%	$ 65,000	4,625	1.15%	$ 390,000	52,520
2018	2.25	70,000	3,325	1.40	400,000	48,035
2019	2.50	70,000	1,750	1.60	405,000	42,435
2020		-	-	1.85	420,000	35,955
2021		-	-	2.00	430,000	28,185
2022-2026		-	-	2.15-2.25	890,000	29,710
2027		-	-		-	-
Total		$ 205,000	9,700		$2,935,000	236,840

Year Ending June 30,	Total		
	Principal	Interest	Total
2017	$ 1,035,000	312,784	1,347,784
2018	1,065,000	288,973	1,353,973
2019	1,100,000	261,874	1,361,874
2020	1,065,000	231,941	1,296,941
2021	1,100,000	200,701	1,300,701
2022-2026	3,170,000	530,879	3,700,879
2027	480,000	27,600	507,600
Total	$ 9,015,000	1,854,752	10,869,752

During the year ended June 30, 2016, principal payments of $970,000 were made by the County on the general obligation bonds.

(7) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

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

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

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

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

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

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

Contributions – Contributions rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The

actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2016 totaled $868,093.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the County reported a liability of $4,979,229 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the County's proportion was 0.100784%, which was an increase of 0.003993% over its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of $455,382. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 74,976	54,289
Changes of assumptions	136,628	37,546
Net difference between projected and actual earnings on IPERS' investments	-	555,153
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	75,566	40,886
County contributions subsequent to the measurement date	868,093	-
Total	$ 1,155,263	687,874

$868,093 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2017	$ (225,604)
2018	(225,604)
2019	(225,604)
2020	273,737
2021	2,371
Total	$ (400,704)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	$ 9,967,422	4,979,229	773,085

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

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2016.

(8) Private Redevelopment Agreements

The County entered into a private redevelopment agreement with Opus Northwest, LLC (Opus), the City of Newton and the Jasper County Economic Development Corporation (JEDCO). The agreement requires Opus to construct a building on a 33 acre site with a minimum assessed value of $13,500,000. Under the agreement, the County will provide $694,848 to JEDCO to purchase the site and transfer it to Opus. The County will also provide a $3,000,000 economic development grant to Opus to assist in construction of the facility. The facility constructed is leased to TPI Iowa, LLC (TPI).

The County also entered into an employer incentive agreement with TPI and the City of Newton. Pursuant to an amended agreement, TPI agreed to employ at least 500 full-time employees (FTEs) until at least December 31, 2012. The County provided $600,000 of bond proceeds to satisfy the local match requirements associated with an Iowa Economic Development Authority grant of $2,000,000 awarded to TPI. Also, if TPI maintained the FTEs required during calendar year 2011, TPI would receive tax rebate payments funded from the tax increment revenues generated from the improvements for calendar years 2013 through 2017. TPI has met this requirement. During the year ended June 30, 2016, the County did not make any payment under this agreement. The cumulative total paid under this agreement as of June 30, 2016 was $538,571.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 164 active and 2 retired members in the plan. Retired 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 which, 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, 2016, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	$ 57,400
Interest on net OPEB obligation	13,200
Adjustment to annual required contribution	(12,600)
Annual OPEB cost	58,000
Contributions made	(19,100)
Increase in net OPEB obligation	38,900
Net OPEB obligation beginning of year	331,000
Net OPEB obligation end of year	$ 369,900

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, 2016.

For the year ended June 30, 2016, the County contributed $19,100 to the health plan. Plan members eligible for benefits contributed $4,616, or 19.5% 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 are summarized as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$ 92,500	55.1%	$ 291,100
2015	57,400	30.5	331,000
2016	58,000	32.9	369,900

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was approximately $501,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately $501,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $9,431,000 and the ratio of the UAAL to covered payroll was 5.3%. As of June 30, 2016, 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 for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents 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, 2014 actuarial valuation date, the projected 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 8.5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced .5% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purposes of this calculation.

Mortality rates are from the MP-2014 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, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

Projected claim costs of the medical plan are $1,082 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 of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2016 were $192,369.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the County's financial statements. As of June 30, 2016, settled claims have not exceeded the Pool or reinsurance coverage since the Pool's inception.

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

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

(11) Voluntary Termination Benefit Program

A voluntary termination benefit program has been established for County employees. The program allows an employee who is eligible, upon a bona fide retirement, to use the value of up to 720 hours of their unused sick leave to pay the County's share of the monthly premium of the County's group health insurance plan after their retirement.

Upon retirement, the balance of the accrued sick leave will be credited to the employee's sick leave upon retirement account. The County will continue to pay its share of the health insurance premium each month until the converted value of the employee's sick leave balance is exhausted. The converted value of the sick leave can only be applied to the County's share of health insurance premiums.

All program benefits are financed on a pay-as-you-go basis by the County. The County accounts for retiree activity in the Fiduciary, Other Employee Benefit Trust Fund. Amounts due for the program have been included in and reported as compensated absences on the government-wide financial statements. The liability for expected future health insurance benefits under this program at June 30, 2016 is $1,126,157.

For the year ended June 30, 2016, nine employees participated and received benefits totaling $61,946 under the program. The County contributed $43,473 to the fund for retirees under the program.

(12) 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, 2016:

Year ending June 30,	Amount
2017	$ 75,976
2018	37,988
	$ 113,964

(13) Pending Litigation

The County is a defendant in a lawsuit seeking unspecified damages for which the probability and amount of loss, if any, is undeterminable.

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

The Central Iowa Community Services (CICS) Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Boone County, Franklin County, Hamilton County, Hardin County, Jasper County, Madison County, Marshall County, Poweshiek County, Story County and Warren County. The financial activity of Jasper County's Special Revenue, Mental Health Fund is included in the CICS Mental Health Region for the year ended June 30, 2016, as follows:

Revenues:		
Property and other county tax		$ 1,140,205
Intergovernmental:		
State tax credits	$ 97,166	
Other	1,263	98,429
Total revenues		1,238,634
Expenditures:		
Services to persons with:		
Mental illness	30,391	
Intellectual disabilities	190	
Other developmental disabilities	23,536	54,117
General administration:		
Direct administration	124,406	
Distribution to regional fiscal agent	847,323	971,729
Total expenditures		1,025,846
Excess of revenues over expenditures		212,788
Fund balance beginning of year		254,872
Fund balance end of year		$ 467,660

(15) New Accounting Pronouncement

The County adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

Jasper County

Required Supplementary Information

Jasper County

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

Required Supplementary Information

Year ended June 30, 2016

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 15,327,276	-	15,327,276
Interest and penalty on property tax	96,676	-	96,676
Intergovernmental	8,771,245	-	8,771,245
Licenses and permits	125,173	-	125,173
Charges for service	1,126,948	-	1,126,948
Use of money and property	145,518	-	145,518
Miscellaneous	583,020	-	583,020
Total receipts	26,175,856	-	26,175,856
Disbursements:			
Public safety and legal services	6,000,445	-	6,000,445
Physical health and social services	1,699,622	-	1,699,622
Mental health	1,031,975	-	1,031,975
County environment and education	1,433,809	-	1,433,809
Roads and transportation	7,544,895	-	7,544,895
Governmental services to residents	1,519,368	-	1,519,368
Administration	2,670,216	-	2,670,216
Non-program	41,318	-	41,318
Debt service	1,643,734	-	1,643,734
Capital projects	694,415	-	694,415
Total disbursements	24,279,797	-	24,279,797
Excess (deficiency) of receipts over (under) disbursements	1,896,059	-	1,896,059
Other financing sources, net	445,297	-	445,297
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,341,356	-	2,341,356
Balance beginning of year	11,638,915	57,884	11,581,031
Balance end of year	$ 13,980,271	57,884	13,922,387

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
15,135,292	15,135,902	191,374
50,000	66,200	30,476
5,574,491	9,461,579	(690,334)
62,600	184,173	(59,000)
840,812	1,731,200	(604,252)
129,872	268,288	(122,770)
431,200	2,450,126	(1,867,106)
22,224,267	29,297,468	(3,121,612)
6,126,406	6,214,146	213,701
2,219,069	2,219,069	519,447
206,860	1,292,625	260,650
1,460,697	1,461,679	27,870
8,634,820	9,174,949	1,630,054
1,574,250	1,574,250	54,882
3,168,303	3,168,303	498,087
28,000	29,000	(12,318)
1,615,433	1,600,843	(42,891)
1,220,700	2,354,981	1,660,566
26,254,538	29,089,845	4,810,048
(4,030,271)	207,623	1,688,436
20,000	8,913,789	(8,468,492)
(4,010,271)	9,121,412	(6,780,056)
8,365,773	8,365,773	3,215,258
4,355,502	17,487,185	(3,564,798)

Jasper County

Jasper County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2016

	Governmental Funds		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	$ 26,175,856	(131,142)	26,044,714
Expenditures	24,279,797	(288,298)	23,991,499
Net	1,896,059	157,156	2,053,215
Other financing sources	445,297	3,595,774	4,041,071
Beginning fund balances	11,638,915	258,743	11,897,658
Ending fund balances	$ 13,980,271	4,011,673	17,991,944

See accompanying independent auditor's report.

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2016

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by $2,835,307. 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, 2016, disbursements exceeded the amount budgeted in the non-program and debt service functions. Also, appropriations were not approved by the Board of Supervisors, so disbursements for all departments exceeded the amounts appropriated.

Jasper County

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

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

Required Supplementary Information

	2016	2015
County's proportion of the net pension liability (asset)	0.100784%	0.096791%
County's proportionate share of the net pension liability (asset)	$ 4,979	3,839
County's covered-employee payroll	$ 8,840	8,482
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	56.32%	45.26%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

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

See accompanying independent auditor's report.

Jasper County

Schedule of County Contributions

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

Required Supplementary Information

		2016	2015	2014	2013
Statutorily required contribution	$	868	810	776	732
Contributions in relation to the statutorily required contribution		(868)	(810)	(776)	(732)
Contribution deficiency (excess)	$	-	-	-	-
County's covered-employee payroll	$	9,494	8,840	8,482	8,172
Contributions as a percentage of covered-employee payroll		9.14%	9.16%	9.15%	8.96%

See accompanying independent auditor's report.

2012	2011	2010	2009	2008	2007
685	597	553	540	484	444
(685)	(597)	(553)	(540)	(484)	(444)
-	-	-	-	-	-
8,104	7,997	7,869	8,069	7,753	7,317
8.45%	7.47%	7.03%	6.69%	6.24%	6.07%

Changes of benefit terms:

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

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

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

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

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

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

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

Jasper County

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

Required Supplementary Information

Year Ended June 30,	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)
2009	Jul 1, 2008	-	$ 688	688	0.0%	$ 8,083	8.5%
2010	Jul 1, 2008	-	688	688	0.0	7,876	8.7
2011	Jul 1, 2008	-	688	688	0.0	7,967	8.6
2012	Jul 1, 2011	-	777	777	0.0	7,825	9.9
2013	Jul 1, 2011	-	777	777	0.0	7,825	9.9
2014	Jul 1, 2011	-	777	777	0.0	7,825	9.9
2015	Jul 1, 2014	-	501	501	0.0	8,478	5.9
2016	Jul 1, 2014	-	501	501	0.0	9,431	5.3

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.

See accompanying independent auditor's report.

Jasper County

Supplementary Information

Jasper County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2016

	County Recorder's Records Management	Resource Enhancement and Protection	Special Local Option Sales and Services Tax
Assets			
Cash and pooled investments	$ 24,161	217,708	499,175
Receivables:			
Delinquent property tax	-	-	-
Succeeding year tax increment financing	-	-	-
Due from other governments	-	-	217,954
Total assets	$ 24,161	217,708	717,129
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities	$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year tax increment financing	-	-	-
Other	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances:			
Nonspendable - Permanent Fund	-	-	-
Restricted for:			
Local option sales and services tax purposes	-	-	717,129
Debt service	-	-	-
Other purposes	24,161	217,708	-
Total fund balances	24,161	217,708	717,129
Total liabilities, deferred inflows of resources and fund balances	$ 24,161	217,708	717,129

See accompanying independent auditor's report.

Revenue				
Drainage Districts	Tax Increment Financing	Other	Permanent Loskot Trust	Total
57,884	859,860	183,343	16,245	1,858,376
-	724	-	-	724
-	712,000	-	-	712,000
-	-	-	-	217,954
57,884	1,572,584	183,343	16,245	2,789,054
-	-	-	-	-
-	712,000	-	-	712,000
-	724	-	-	724
-	712,724	-	-	712,724
-	-	-	12,000	12,000
-	-	-	-	717,129
-	859,860	-	-	859,860
57,884	-	183,343	4,245	487,341
57,884	859,860	183,343	16,245	2,076,330
57,884	1,572,584	183,343	16,245	2,789,054

Jasper County

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

Year ended June 30, 2016

	County Recorder's Records Management	Resource Enhancement and Protection	Special Local Option Sales and Services Tax
Revenues:			
Tax increment financing	$ -	-	-
Local option sales and services tax	-	-	1,381,665
Intergovernmental	-	21,137	-
Charges for service	6,937	-	-
Use of money and property	51	1,163	-
Miscellaneous	-	-	-
Total revenues	6,988	22,300	1,381,665
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
Administration	-	-	-
Capital projects	-	20,000	-
Total expenditures	-	20,000	-
Excess of revenues over expenditures	6,988	2,300	1,381,665
Other financing uses:			
Transfers out	-	-	(873,834)
Change in fund balances	6,988	2,300	507,831
Fund balances beginning of year	17,173	215,408	209,298
Fund balances end of year	$ 24,161	217,708	717,129

See accompanying independent auditor’s report.

Revenue				
Drainage Districts	Tax Increment Financing	Other	Permanent Loskot Trust	Total
-	926,595	-	-	926,595
-	-	-	-	1,381,665
-	100,122	-	-	121,259
-	-	-	-	6,937
-	2,692	71	42	4,019
-	-	78,962	-	78,962
-	1,029,409	79,033	42	2,519,437
-	-	72,059	-	72,059
-	-	1,885	-	1,885
-	-	-	-	20,000
-	-	73,944	-	93,944
-	1,029,409	5,089	42	2,425,493
-	(860,652)	-	-	(1,734,486)
-	168,757	5,089	42	691,007
57,884	691,103	178,254	16,203	1,385,323
57,884	859,860	183,343	16,245	2,076,330

Jasper County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	$ -	2,745	359,922	242,647	11,354
Other County officials	48,938	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	631	808	56,363	2,439
Succeeding year	-	234,000	378,000	21,362,000	1,067,000
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	$ 48,938	237,376	738,730	21,661,010	1,080,793
Liabilities					
Liabilities:					
Accounts payable	$ -	-	1,307	-	-
Salaries and benefits payable	-	-	5,700	-	-
Due to other governments	48,938	237,376	610,925	21,661,010	1,080,793
Trusts payable	-	-	-	-	-
Compensated absences	-	-	120,798	-	-
Total liabilities	$ 48,938	237,376	738,730	21,661,010	1,080,793

See accompanying independent auditor's report.

Corporations	Townships	City Special Assess-ments	Auto License and Use Tax	Other	Total
126,343	3,372	18,425	956,087	505,000	2,225,895
-	-	-	-	-	48,938
30,498	957	-	-	646	92,342
9,509,000	380,000	-	-	2,650,000	35,580,000
-	-	-	-	27,257	27,257
-	-	178,279	-	-	178,279
-	-	-	-	98,874	98,874
9,665,841	384,329	196,704	956,087	3,281,777	38,251,585
-	-	-	-	14,727	16,034
-	-	-	-	2,566	8,266
9,665,841	384,329	196,704	956,087	3,068,838	37,910,841
-	-	-	-	156,062	156,062
-	-	-	-	39,584	160,382
9,665,841	384,329	196,704	956,087	3,281,777	38,251,585

Jasper County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2016

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	$ 39,109	229,662	846,676	20,159,027	977,126
Additions:					
Property and other county tax	-	242,570	389,122	22,129,152	1,106,024
E-911 surcharge	-	-	-	-	-
State tax credits	-	20,212	26,471	1,783,118	82,498
Driver's license fees	-	-	-	-	-
Office fees and collections	933,559	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	962,725	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	1,896,284	262,782	415,593	23,912,270	1,188,522
Deductions:					
Agency remittances:					
To other funds	570,838	-	-	-	-
To other governments	525,441	255,068	523,539	22,410,287	1,084,855
Trusts paid out	790,176	-	-	-	-
Total deductions	1,886,455	255,068	523,539	22,410,287	1,084,855
Balances end of year	$ 48,938	237,376	738,730	21,661,010	1,080,793

See accompanying independent auditor's report.

Corporations	Townships	City Special Assess-ments	Auto License and Use Tax	Other	Total
9,238,553	360,128	188,872	891,480	3,775,474	36,706,107
9,601,131	401,844	-	-	2,593,030	36,462,873
-	-	-	-	418,453	418,453
1,079,041	21,542	-	-	245,193	3,258,075
-	-	-	207,152	-	207,152
-	-	-	-	7,529	941,088
-	-	-	10,775,581	-	10,775,581
-	-	79,227	-	-	79,227
-	-	-	-	604,143	1,566,868
-	-	-	-	403,088	403,088
10,680,172	423,386	79,227	10,982,733	4,271,436	54,112,405
-	-	-	392,864	55,000	1,018,702
10,252,884	399,185	71,395	10,525,262	4,066,844	50,114,760
-	-	-	-	643,289	1,433,465
10,252,884	399,185	71,395	10,918,126	4,765,133	52,566,927
9,665,841	384,329	196,704	956,087	3,281,777	38,251,585

Jasper County

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

For the Last Ten Years

	2016	2015	2014	2013
Revenues:				
Property and other county tax	$ 13,027,674	12,725,632	12,476,599	12,562,086
Tax increment financing	926,595	1,023,421	1,046,732	1,045,731
Local option sales and services tax	1,381,665	1,323,595	1,291,837	1,257,023
Interest and penalty on property tax	96,676	91,437	103,701	118,511
Intergovernmental	8,637,330	7,255,314	6,273,322	6,756,315
Licenses and permits	122,709	102,606	115,039	96,379
Charges for service	1,088,179	959,536	978,744	1,028,561
Use of money and property	139,867	227,081	226,008	181,483
Miscellaneous	624,019	618,609	521,057	644,364
Total	$ 26,044,714	24,327,231	23,033,039	23,690,453
Expenditures:				
Operating:				
Public safety and legal services	$ 5,878,181	5,678,863	5,223,925	4,898,752
Physical health and social services	1,679,516	1,828,490	1,817,665	1,871,986
Mental health	1,025,846	3,278,357	1,040,216	941,390
County environment and education	1,410,311	1,369,270	1,375,502	1,830,482
Roads and transportation	7,442,248	6,412,667	5,713,570	6,602,333
Governmental services to residents	1,487,312	1,074,056	962,079	915,088
Administration	2,668,452	2,870,280	2,927,232	2,950,132
Non-program	85,392	6,564	42,394	9,346
Debt service	1,643,933	1,959,181	3,772,649	1,915,330
Capital projects	670,308	1,615,469	1,202,624	1,015,233
Total	$ 23,991,499	26,093,197	24,077,856	22,950,072

See accompanying independent auditor's report.

Modified Accrual Basis					
2012	2011	2010	2009	2008	2007
13,150,092	12,361,664	12,332,220	12,148,843	11,905,983	11,868,910
656,972	676,989	592,150	419,479	267,768	294,204
1,258,294	1,322,175	1,266,740	1,241,293	1,243,746	1,056,192
112,902	126,863	117,212	124,322	109,752	111,155
7,194,041	7,237,209	7,095,801	8,715,856	7,141,355	7,719,665
87,118	66,667	74,724	72,004	70,816	72,550
926,143	981,953	984,163	1,057,610	990,787	984,919
211,185	278,877	298,819	375,452	556,844	644,635
549,034	492,838	572,780	510,187	579,022	608,518
24,145,781	23,545,235	23,334,609	24,665,046	22,866,073	23,360,748
4,807,315	4,720,013	4,490,429	4,363,202	4,204,230	3,947,911
1,656,699	1,763,627	1,879,107	1,751,652	1,774,103	1,764,524
4,345,312	3,626,922	3,309,741	3,614,092	4,085,414	3,935,254
1,325,737	1,326,599	1,234,876	3,007,680	1,446,616	1,135,184
6,544,659	5,994,849	5,791,297	5,463,308	5,933,784	4,976,047
925,388	855,852	938,498	867,398	843,578	798,300
2,805,074	2,770,982	2,614,877	2,682,493	2,656,102	2,582,618
15,829	8,156	7,279	5,860	38,553	798
3,960,276	1,828,698	1,833,025	1,826,464	1,676,997	1,615,440
2,217,792	419,411	43,778	1,329,406	4,948,584	1,238,670
28,604,081	23,315,109	22,142,907	24,911,555	27,607,961	21,994,746

Jasper County

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

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Des Moines, Iowa 50319-0004

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

To the Officials of Jasper County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jasper County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jasper County's internal control. Accordingly, we do not express an opinion on the effectiveness of Jasper County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (C) and (D) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jasper County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Jasper County's Responses to the Findings

Jasper County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Jasper County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

March 16, 2017

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

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

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

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

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

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

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

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

Responses –

Treasurer – We will work with other departments to have independent checks completed.

Sheriff – We have made adjustments when possible to allow for segregation of duties. Staff is now periodically reviewing bank deposits and checks. Grant funds are now directly deposited into the Jasper County Treasurer's account. Our staffing is limited which prevents a complete segregation of duties as suggested. The recommendation on handling garnishment transactions will be discussed and considered. We will also review any other items of suggestions and incorporate them if possible.

Recorder – I am planning on having an individual review yearly voids. Bookkeeper name has been removed from checking account. The recommendations will be taken under advisement. I will work to rectify the issues that I can. Due to staff size some may be difficult.

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

Community Services – Duties are segregated between the two staff to the extent possible. An additional staff person has been hired and duties will be further segregated.

Environmental Health and Home Care Aides – Due to limited staff, segregation of duties is difficult to achieve. We will strive to improve ways of dealing with overall duties and funding.

Conservation – We segregate duties as much as possible with the small office staff that we have employed.

Elderly Nutrition – Due to staff limitations it is difficult to segregate duties. We will make the best effort possible to segregate the duties to the best of our abilities and explore ways to improve.

Emergency Management – Difficulty in meeting segregation of duties requirement due to only having two people in the office. Mail is opened in a shared office.

E–911 – Although we have a limited staff size, we will continue to look for ways to segregate duties.

Conclusions – Sheriff, Recorder, Community Services, Environmental Health and Home Care Aides, Conservation, Elderly Nutrition and Emergency Management responses accepted. Other responses acknowledged. Each office should utilize current personnel, including elected officials and personnel from other offices, to provide additional control through review of financial transactions, reconciliations and reports.

(B) Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

Condition – Material amounts of receivables, payables and deferred inflows of resources were not properly recorded and cash adjustments were incorrectly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly record these amounts in the financial statements.

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

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

Recommendation – The County should establish procedures to ensure all receivables, payables, deferred inflows of resources and cash adjustments are properly identified and reported in the County's financial statements.

Responses –

Treasurer – We will continue to send reminders out that end of year receipts need to be submitted and receipted in a timely fashion.

Auditor – The reports will be reviewed and double checked for accuracy, to assure proper identification of the receivables and payables.

Conclusions – Responses accepted.

(C) Scrap Metal Sales

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

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

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

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

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

Response – We'll have someone review scrap metal sales.

Conclusion – Response accepted.

(D) Sheriff Change Fund

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

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

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

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

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

Response – Each authorized individual has a separate cash bag. In the event we are unable to reconcile, this allows us to review each separate cash bag and locate the error, if any. We want to limit cash on hand and having another cash drawer on hand.

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

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting

(1) Certified Budget – Disbursements during the year ended June 30, 2016 exceeded the amounts budgeted for the non-program and debt service functions. The Board of Supervisors, by resolution, did not approve appropriations for each of the different County offices and departments. As a result, disbursements exceeded the amounts appropriated for all County offices and departments.

The notice of the budget hearing was not published at least 10 days prior to the hearing as required by Chapters 331.434(3) of the Code of Iowa.

Recommendation – The budget should have been amended as required by Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Chapter 331.434(6) of the Code of Iowa states "The board shall appropriate, by resolution, the amounts deemed necessary for each of the different county officers and departments during the ensuing fiscal year." Such appropriations should be made for the ensuing fiscal year.

The notice of the budget hearing should be published not less than 10 days or more than 20 days prior to the hearing date, as required.

Response – The appropriation list was overlooked in fiscal year 2016. It has been done for 2017 and will continue to be done correctly.

Conclusion – Response accepted.

(2) Questionable Expenditures – Except as noted in item (13), no disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.

(3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

(4) Business Transactions – No business transactions between the County and County officials or employees were noted.

(5) 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.

(6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

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

(8) 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).

(9) Annual Urban Renewal Report (AURR) – The AURR was not approved and certified to the Iowa Department of Management on or before December 1. In addition, the amount reported by the County as TIF debt outstanding was understated by $448,273. The Levy Authority Summary also included revenues, expenditures and ending cash balances which did not reconcile to the County's Special Revenue, Tax Increment Financing Fund.

Recommendation – The County should ensure the AURR is approved and filed by December 1, as required. The County should ensure the amounts reported on the Levy Authority Summary, including TIF debt outstanding, agree with the County's records.

Response – The County will ensure the AURR is approved and filed by December 1, as required. In addition, the County will ensure the amount reported as outstanding TIF debt includes all debt certified and certifiable. The County will ensure the amounts reported on the Levy Authority Summary agree with the County's records.

Conclusion – Response accepted.

(10) Outstanding Checks – Chapter 331.554(6) of the Code of Iowa requires checks outstanding for more than one year be canceled, removed from the list of outstanding checks and deposited to the account on which the check was written. At June 30, 2016, the County Extension Office and County Treasurer outstanding check lists each included one check which has been outstanding for over two years.

Recommendation – Checks outstanding for more than one year should be canceled as required.

Response –

Extension Office - We will have outstanding checks cancelled.

Treasurer – Checks will continue to be cancelled at the end of the fiscal year as per Iowa Code.

Conclusion – Response accepted.

(11) Sheriff Account – The County Sheriff maintains a bank account for Sheriff fees. The financial activity of this account includes grants and law enforcement contract activity which should be remitted directly with the County Treasurer for deposit to the General Fund or a Special Revenue Fund.

Recommendation – Collections for grants and law enforcement contracts should be remitted directly the County Treasurer.

Response – Following recommendations from our 2015 audit, the Jasper County Sheriff's Office began, in 2016, remitting directly to the Jasper County Treasurer all grant and law enforcement contract receipts. We will continue this practice as recommended.

Conclusion – Response accepted.

(12) 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, 2016 for the County Extension Office did not exceed the amount budgeted.

(13) Questionable Disbursements – The Veterans Affairs Director attended a conference in Myrtle Beach, South Carolina sponsored by the National Association of County Veterans Service Officers, Inc. (NACVSO) from May 14, 2016 to May 20, 2016. The registration cost for the conference was $300. While at the conference, the Director stayed at the Embassy Suites by Hilton in a King Premium Suite, at a rate of $395.10, plus a resort fee and taxes, per night for a total of $3,178.63. The per night charge appears excessive, since a government rate may have been available at the host hotel.

In addition to room charges, the hotel billing included $170.52 for Room Service and Coastal Bar & Grill charges and supporting documentation was not provided for these changes. The County's travel policy required itemized receipts for meal costs. Therefore, supporting documentation for all charges should be provided to substantiate they are allowable and within County policy.

During our review of the monthly credit card statement, we identified an additional charge on the Director's credit card from the Embassy Suites by Hilton for $193.50, for which supporting documentation was not provided. Itemized receipts for all charges should be provided to substantiate they are allowable and within County policy.

The credit card statement also included a $100 charge to a restaurant called Mr. Fish. According to discussions with County Officials, the Director stated he paid for the dinner of two other County Veterans Affairs Directors as a courtesy and so during the next meal he would not have to pay. The supporting documentation showed the bill for the meal and sales tax was $81.22, with an $18.78 tip, which was 25.5% of the meal charge. It is unclear what public purpose is served by the County paying for other officials meals. In addition, a 25.5% tip does not appear a reasonable use of County funds. It is also unclear whether one of the other officials paid for the Director's meal at a later date.

The Director attended the Semi-Annual School in Des Moines, sponsored by the Iowa Association of County Commissioners and Veteran Service Officers from April 19, 2016 to April 21, 2016. While at the conference, the Director stayed at the Embassy Suites by Hilton in a King Premium Suite on the premium floor, at a rate of $280.33, plus taxes, per night for three nights, including $24 for parking, for a total of $965.91. The per night change appears excessive since a government rate would have been available at another hotel in the area.

In addition to room charges, the hotel billing included charges of $30.90 for Liberty's – An Iowa Grill, for which supporting documentation was not provided for these transactions. Itemized receipts for all charges should be provided to substantiate they are allowable and within County policy.

These expenditures may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The County should require adequate itemized receipts for all travel costs prior to paying the credit card billings. In addition, the County should determine and document the public purpose served by these disbursements before authorizing any further payments.

Response – After the misuse of the County credit card was discovered, the Auditor's Office deactivated and took back the Veteran Affairs Director's County credit card. Since the audit fieldwork was completed, the Jasper County Director of Veterans Affairs has moved on and a new Director has been hired. The Auditor's Office has made it clear to the new Director the proper procedures and rules for using the County credit card.

Conclusion – Response accepted.

Jasper County

Staff

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