



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE July 18, 2003

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

The County had local tax revenue of \$40,061,746 for the year ended June 30, 2002, which included \$2,772,057 in tax credits from the state. The County forwarded \$29,910,911 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$10,150,835 of the local tax revenue to finance County operations, a three percent increase from the prior year. Other revenues included \$6,677,895 from the state, including indirect federal funding, \$157,062 from direct federal grants and entitlements, and \$256,391 in interest on investments. The County also received \$1,350,000 in general obligation capital loan note proceeds that are recorded as an other financing source.

Expenditures for County operations totaled \$19,178,044, a twenty-one percent decrease from the prior year. Expenditures included \$4,736,532 for roads and transportation, \$3,858,862 for mental health and \$2,796,804 for public safety. The significant decrease in expenditures is primarily due to the closing of the care facility in fiscal year 2001.

This report contains recommendations to the Board of Supervisors and other County officials. For example, the County Auditor, Treasurer, Recorder, and Sheriff should review the operating procedures of their offices to obtain the maximum internal control possible under the circumstances. The report also includes comments resulting from a citizens' petition request for reaudit. The County's responses are included in the report.

A copy of the audit report is available for review in the Office of Auditor of State and the County Auditor's office.

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JASPER COUNTY
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2002

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Jasper County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Loren Milligan	Board of Supervisors	Jan 2003
Leo Van Elswyk	Board of Supervisors	Jan 2003
Max Worthington	Board of Supervisors	Jan 2005
Kenneth Slothouber	County Auditor	Jan 2005
Jana Lust	County Treasurer	Jan 2003
Nancy Parrot	County Recorder	Jan 2003
Mike Balmer	County Sheriff	Jan 2005
Steve Johnson	County Attorney	Jan 2003
John Deegan	County Assessor	Jan 2004

Jasper County



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Independent Auditor's Report

To the Officials of Jasper County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Jasper County, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Jasper County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Jasper County at June 30, 2002, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust funds of Jasper County for the year ended June 30, 2002.

As discussed in Note 1 to the financial statements, Jasper County, for the first time, has included general fixed assets in the general purpose financial statements for the year ended June 30, 2002.

As discussed in Note 13 to the financial statements, Jasper County intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the fiscal year ending June 30, 2003. The effects of these statements are expected to significantly impact the presentation of the County's financial statements and related notes in the year of implementation. The revised requirements will include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the County's financial activities in the Management's Discussion and Analysis introduction to the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our reports dated February 20, 2003 on our consideration of Jasper County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information included in Schedules 1 through 15, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 20, 2003

Financial Statements

Jasper County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund		
	General	Special Revenue	Debt Service
Assets and Other Debits			
Cash and pooled investments:			
County Treasurer	\$ 2,912,870	5,136,513	15,669
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	24,077	26,657	542
Succeeding year	4,631,000	3,855,000	173,000
Interest and penalty on property tax	30,969	-	-
Accounts	43,946	15,310	-
Accrued interest	8,854	-	-
Assessments	-	2,204	-
Due from other funds (note 4)	102,407	188,293	-
Due from other governments	180,359	327,958	-
Inventories	72,468	235,142	-
Prepaid expenditures	68,266	-	-
Property and equipment (note 3)	-	-	-
Amount available in Debt Service Fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets and other debits	\$ 8,075,216	9,787,077	189,211

Types	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Capital Projects	Trust and Agency			
221,227	1,622,384	-	-	9,908,663
-	127,596	-	-	127,596
-	111,108	-	-	162,384
-	28,268,000	-	-	36,927,000
-	-	-	-	30,969
-	75,970	-	-	135,226
-	-	-	-	8,854
-	510,456	-	-	512,660
-	-	-	-	290,700
-	6,204	-	-	514,521
-	-	-	-	307,610
1,635	-	-	-	69,901
-	-	10,553,894	-	10,553,894
-	-	-	15,671	15,671
-	-	-	2,503,600	2,503,600
222,862	30,721,718	10,553,894	2,519,271	62,069,249

Jasper County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund		
	General	Special Revenue	Debt Service
Liabilities, Fund Equity and Other Credits			
Liabilities:			
Accounts payable	\$ 72,031	633,528	-
Salaries and benefits payable	199,864	100,507	-
Due to other funds (note 4)	-	-	-
Due to other governments (note 5)	35,410	375,412	-
Capital lease purchase agreements (note 6)	-	-	-
Bonds payable (note 6)	-	-	-
Deferred revenue:			
Succeeding year property tax	4,631,000	3,855,000	173,000
Other	55,012	216,172	540
Trusts payable	-	-	-
Compensated absences	57,893	37,406	-
Total liabilities	5,051,210	5,218,025	173,540
Fund equity and other credits:			
Investment in general fixed assets	-	-	-
Fund balances:			
Reserved for:			
Supplemental levy purposes	463,758	-	-
Inventories	72,468	235,142	-
Prepaid expenditures	68,266	-	-
Debt service	-	-	15,671
Unreserved:			
Designated (note 9)	306,476	-	-
Undesignated	2,113,038	4,333,910	-
Total fund equity and other credits	3,024,006	4,569,052	15,671
Total liabilities, fund equity and other credits	\$ 8,075,216	9,787,077	189,211

See notes to financial statements.

Types	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Capital Projects	Trust and Agency			
86,800	35,662	-	-	828,021
-	14,837	-	-	315,208
-	290,700	-	-	290,700
48,130	30,225,875	-	-	30,684,827
-	-	-	95,629	95,629
-	-	-	2,085,000	2,085,000
-	-	-	-	8,659,000
-	-	-	-	271,724
-	45,533	-	-	45,533
-	29,456	-	338,642	463,397
134,930	30,642,063	-	2,519,271	43,739,039
-	-	10,553,894	-	10,553,894
-	-	-	-	463,758
-	-	-	-	307,610
1,635	-	-	-	69,901
-	-	-	-	15,671
-	-	-	-	306,476
86,297	79,655	-	-	6,612,900
87,932	79,655	10,553,894	-	18,330,210
222,862	30,721,718	10,553,894	2,519,271	62,069,249

Jasper County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances – All Governmental Fund Types
and Expendable Trust Funds

Year ended June 30, 2002

	Governmental Fund	
	General	Special Revenue
Revenues:		
Property and other County tax	\$ 4,797,083	4,612,790
Interest and penalty on property tax	100,809	-
Intergovernmental	1,540,326	6,186,213
Licenses and permits	66,702	6,070
Charges for service	921,289	31,724
Use of money and property	269,061	1,537
Miscellaneous	205,641	173,188
Total revenues	<u>7,900,911</u>	<u>11,011,522</u>
Expenditures:		
Operating:		
Public safety	2,796,804	-
Court services	122,529	-
Physical health and education	408,783	115,018
Mental health	-	3,858,862
Social services	1,409,119	-
County environment	684,473	142,706
Roads and transportation	-	4,736,532
State and local government services	669,898	-
Interprogram services	1,771,622	638
Debt service	-	-
Capital projects	-	761,982
Total expenditures	<u>7,863,228</u>	<u>9,615,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,683</u>	<u>1,395,784</u>

Types		Fiduciary Fund Type	Total
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
112,976	-	-	9,522,849
-	-	-	100,809
8,385	-	-	7,734,924
-	-	-	72,772
-	-	-	953,013
12,580	-	1,659	284,837
-	-	20,911	399,740
133,941	-	22,570	19,068,944
-	-	-	2,796,804
-	-	-	122,529
-	-	-	523,801
-	-	-	3,858,862
-	-	832	1,409,951
-	-	449	827,628
-	-	-	4,736,532
-	-	-	669,898
-	-	12,655	1,784,915
209,588	-	-	209,588
-	1,449,540	26,014	2,237,536
209,588	1,449,540	39,950	19,178,044
(75,647)	(1,449,540)	(17,380)	(109,100)

Jasper County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances – All Governmental Fund Types
and Expendable Trust Funds

Year ended June 30, 2002

	<u>Governmental Fund</u>	
	<u>General</u>	<u>Special Revenue</u>
Other financing sources (uses):		
General obligation capital loan note proceeds	-	-
Capital lease purchase agreement	-	140,000
Operating transfers in	4,596	1,581,526
Operating transfers out	(433,751)	(1,466,335)
Total other financing sources (uses)	<u>(429,155)</u>	<u>255,191</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(391,472)	1,650,975
Fund balances beginning of year	3,351,095	2,884,995
Increase (decrease) in reserve for:		
Inventories	(3,883)	33,082
Prepaid expenditures	68,266	-
Fund balances end of year	<u>\$ 3,024,006</u>	<u>4,569,052</u>

See notes to financial statements.

<u>Types</u>		<u>Fiduciary Fund Type</u>	<u>Total</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
-	1,350,000	-	1,350,000
-	-	-	140,000
78,725	235,239	-	1,900,086
-	-	-	(1,900,086)
<u>78,725</u>	<u>1,585,239</u>	-	<u>1,490,000</u>
3,078	135,699	(17,380)	1,380,900
12,593	(42,202)	97,035	6,303,516
-	-	-	29,199
-	(5,565)	-	62,701
<u>15,671</u>	<u>87,932</u>	<u>79,655</u>	<u>7,776,316</u>

Jasper County

Comparison of Receipts, Disbursements and
Changes in Balances – Actual to Budget (Cash Basis)
All Governmental Fund Types and Expendable Trust Funds

Year ended June 30, 2002

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other County tax	\$ 9,524,252	-
Interest and penalty on property tax	119,204	-
Intergovernmental	7,777,817	-
Licenses and permits	70,358	-
Charges for service	944,372	-
Use of money and property	308,934	-
Miscellaneous	405,872	2,561
Total receipts	<u>19,150,809</u>	<u>2,561</u>
Disbursements:		
Public safety	2,790,100	-
Court services	118,744	-
Physical health and education	535,798	-
Mental health	3,888,407	-
Social services	1,469,981	-
County environment	823,923	-
Roads and transportation	4,511,373	-
State and local government services	650,166	-
Interprogram services	1,796,362	-
Debt service	209,588	-
Capital projects	2,008,279	-
Total disbursements	<u>18,802,721</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	348,088	2,561
Other financing sources, net	<u>1,360,005</u>	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,708,093	2,561
Balance beginning of year	<u>6,657,841</u>	<u>55,400</u>
Balance end of year	<u><u>\$ 8,365,934</u></u>	<u><u>57,961</u></u>

See notes to financial statements.

Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
9,524,252	9,611,221	(86,969)	99%
119,204	75,000	44,204	159%
7,777,817	7,887,335	(109,518)	99%
70,358	59,958	10,400	117%
944,372	855,859	88,513	110%
308,934	304,415	4,519	101%
403,311	309,625	93,686	130%
<u>19,148,248</u>	<u>19,103,413</u>	<u>44,835</u>	<u>100%</u>
2,790,100	2,949,453	159,353	95%
118,744	127,399	8,655	93%
535,798	559,160	23,362	96%
3,888,407	4,110,204	221,797	95%
1,469,981	1,653,126	183,145	89%
823,923	865,449	41,526	95%
4,511,373	5,055,812	544,439	89%
650,166	686,204	36,038	95%
1,796,362	1,976,154	179,792	91%
209,588	215,275	5,687	97%
<u>2,008,279</u>	<u>3,605,345</u>	<u>1,597,066</u>	<u>56%</u>
<u>18,802,721</u>	<u>21,803,581</u>	<u>3,000,860</u>	<u>86%</u>
345,527	(2,700,168)		
<u>1,360,005</u>	<u>2,165,100</u>		
1,705,532	(535,068)		
<u>6,602,441</u>	<u>6,568,177</u>		
<u>8,307,973</u>	<u>6,033,109</u>		

Jasper County

Notes to Financial Statements

June 30, 2002

(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.

A. Reporting Entity

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

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

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

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

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds and account groups and their designated purposes are as follows:

Governmental Funds

General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are 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 expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue Funds – The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

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

Capital Projects Funds – The Capital Projects Funds are utilized to account for all resources used in the acquisition and construction of capital facilities.

Fiduciary Funds

Trust Funds – The Trust Funds are used to account for assets held by the County in a trustee capacity. These include Expendable Trust Funds which are accounted for in essentially the same manner as Governmental Funds.

Agency Funds – The 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. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Account Groups

General Fixed Assets – This account group is established to account for the general fixed assets of the County.

General Long-Term Debt – This account group is established to account for long-term debt of the County. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this account group, not in the Governmental Funds.

C. Measurement Focus

Governmental Funds and Expendable Trust Funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources.” Governmental Fund and Expendable Trust Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at the time of purchase.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The assets and liabilities of the Agency Funds are accounted for using the modified accrual basis of accounting.

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.

E. Assets, Liabilities and Fund Equity

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that 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 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, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2001.

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.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit 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. Drainage assessments receivable represent assessments which are due and payable but have 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 and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2002, balances of interfund amounts receivable or payable have been recorded.

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the General and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

General Fixed Assets – General fixed assets have been reported by the County for the first time at June 30, 2002. General fixed assets are recorded as expenditures in the Governmental Funds and are capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost. Assets acquired by gift are accounted for at fair market value at the date of the gift. The General Fixed Assets Account Group excludes public domain or “infrastructure” general fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the government.

In accordance with standards set forth by the Governmental Accounting Standards Board, depreciation expense is not recorded for general fixed assets. At the time an asset is removed from service, the cost is removed from the General Fixed Assets Account Group. Maintenance and repairs are recorded as expenditures in the Governmental Funds as incurred and are not capitalized.

During the year ended June 30, 2002, no interest costs were capitalized since the County’s policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service tax levies.

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 represent amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

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

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. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, accumulations expected to be liquidated currently are recorded as liabilities of the Governmental Fund. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2002.

F. Budgets and Budgetary Accounting

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 Agency 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. During the year ended June 30, 2002, the Board approved two budget amendments.

Formal and legal budgetary control is based upon 12 major classes of expenditures known as service areas, not by fund or fund type. These 12 service areas are: public safety, court services, physical health and education, mental health, social services, county environment, roads and transportation, state and local government services, interprogram services, non-program, debt service and capital projects. Service area disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Expendable Trust Funds. Although the budget document presents service area disbursements by fund, the level of control is at the aggregated service area level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

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.

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by service area, not fund type. Operations and ending fund balances on the cash and modified accrual basis have been reconciled as follows:

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual	Modified	Cash Basis	Accrual	Modified
		Adjust- ments	Accrual Basis		Adjust- ments	Accrual Basis
Revenues	\$7,949,676	(48,765)	7,900,911	11,044,329	(32,807)	11,011,522
Expenditures	7,912,899	(49,671)	7,863,228	9,271,330	344,408	9,615,738
Net	36,777	906	37,683	1,772,999	(377,215)	1,395,784
Other financing sources (uses)	(419,155)	(10,000)	(429,155)	115,196	139,995	255,191
Beginning fund balances	3,295,248	55,847	3,351,095	3,248,318	(363,323)	2,884,995
Increase (decrease) in reserve for:						
Inventories	-	(3,883)	(3,883)	-	33,082	33,082
Prepaid expenditures	-	68,266	68,266	-	-	-
Ending fund balances	\$2,912,870	111,136	3,024,006	5,136,513	(567,461)	4,569,052

	Governmental Fund Types					
	Debt Service			Capital Projects		
	Cash Basis	Accrual	Modified	Cash Basis	Accrual	Modified
		Adjust- ments	Accrual Basis		Adjust- ments	Accrual Basis
Revenues	\$ 134,234	(293)	133,941	-	-	-
Expenditures	209,588	-	209,588	1,368,954	80,586	1,449,540
Net	(75,354)	(293)	(75,647)	(1,368,954)	(80,586)	(1,449,540)
Other financing sources (uses)	78,725	-	78,725	1,585,239	-	1,585,239
Beginning fund balances	12,298	295	12,593	4,942	(47,144)	(42,202)
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	(5,565)	(5,565)
Ending fund balances	\$ 15,669	2	15,671	221,227	(133,295)	87,932

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual	Modified	Cash Basis	Accrual	Modified
		Adjust- ments	Accrual Basis		Adjust- ments	Accrual Basis
Revenues	\$ 22,570	-	22,570	19,150,809	(81,865)	19,068,944
Expenditures	39,950	-	39,950	18,802,721	375,323	19,178,044
Net	(17,380)	-	(17,380)	348,088	(457,188)	(109,100)
Other financing sources (uses)	-	-	-	1,360,005	129,995	1,490,000
Beginning fund balances	97,035	-	97,035	6,657,841	(354,325)	6,303,516
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	29,199	29,199
Prepaid expenditures	-	-	-	-	62,701	62,701
Ending fund balances	\$ 79,655	-	79,655	8,365,934	(589,618)	7,776,316

G. Total (Memorandum Only)

The total column on the combined balance sheet and the combined statement of revenues, expenditures and changes in fund balances is captioned “Memorandum Only” to indicate that it is presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Pooled Investments

The County’s deposits in banks at June 30, 2002 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$192,014 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Property and Equipment

A summary of property and equipment comprising general fixed assets at June 30, 2002 is as follows:

	<u>Amount</u>
Land	\$ 744,341
Buildings	3,540,565
Equipment	<u>6,268,988</u>
Total	<u>\$ 10,553,894</u>

Equipment includes \$180,000 of assets acquired under capital leases.

(4) Due from and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2002 is as follows:

Receivable Fund	Payable Fund	Amount
General	Trust and Agency:	
	County Recorder	\$ 22,874
	County Sheriff	56,965
	Auto License and Use Tax	22,568
Special Revenue:		
County Recorder's	Trust and Agency:	
Records Management	County Recorder	942
Secondary Roads	City/County Special Assessments	187,351
Total		<u>\$ 290,700</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	<u>\$ 35,410</u>
Special Revenue:		
Rural Services	Services	8,438
Secondary Roads		132
Mental Health		366,842
		<u>375,412</u>
Capital Projects	Services	<u>48,130</u>
Trust and Agency:		
County Assessor	Collections	525,831
Empowerment Areas		76,719
City/County Special Assessments		390,032
Schools		17,569,008
Community Colleges		653,006
Corporations		7,782,954
Townships		255,766
Agricultural Extension Education		155,551
Auto License and Use Tax		604,622
E911		75,749
Urban Renewal Tax Increment		1,944,224
All other		192,413
		<u>30,225,875</u>
Total		<u>\$ 30,684,827</u>

(6) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2002 is as follows:

	Capital Lease Purchase Agreements	General Obligation Capital Loan Notes	Compen- sated Absences	Total
Balance beginning of year	\$ 64,581	845,000	213,233	1,122,814
Additions	140,000	1,350,000	125,409	1,615,409
Reductions	108,952	110,000	-	218,952
Balance end of year	<u>\$ 95,629</u>	<u>2,085,000</u>	<u>338,642</u>	<u>2,519,271</u>

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease a fire truck and wheel loader. The following is a schedule of the future minimum lease payments, including interest ranging from 4.75% to 5.69% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2002:

Year Ending June 30,	Fire Truck	Wheel Loader	Total
2003	\$ 4,652	48,896	53,548
2004	-	48,896	48,896
Total minimum lease payments	4,652	97,792	102,444
Less amount representing interest	<u>(129)</u>	<u>(6,686)</u>	<u>(6,815)</u>
Present value of net minimum lease payments	<u>\$ 4,523</u>	<u>91,106</u>	<u>95,629</u>

Payments under capital lease purchase agreements for the year ended June 30, 2002 totaled \$109,583.

General Obligation Capital Loan Notes Payable

A summary of the County's June 30, 2002 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 1995			Series 1999		
	Issued March 28, 1995			Issued April 1, 1999		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2003	5.85%	\$ 40,000	14,248	4.05%	\$ 75,000	20,903
2004	5.90	45,000	11,908	4.10	80,000	17,865
2005	5.95	45,000	9,253	4.15	80,000	14,585
2006	6.00	50,000	6,575	4.20	85,000	11,265
2007	6.50	55,000	3,575	4.25	90,000	7,695
2008		-	-	4.30	90,000	3,870
2009		-	-		-	-
2010		-	-		-	-
2011		-	-		-	-
2012		-	-		-	-
2013		-	-		-	-
2014		-	-		-	-
2015		-	-		-	-
2016		-	-		-	-
2017		-	-		-	-
2018		-	-		-	-
2019		-	-		-	-
2020		-	-		-	-
2021		-	-		-	-
Total		\$ 235,000	45,559		\$ 500,000	76,183

Year Ending June 30,	Series 2001					
	Issued July 26, 2001			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2003	5.00%	\$ 45,000	69,995	\$ 160,000	105,146	265,146
2004	5.00	45,000	67,739	170,000	97,512	267,512
2005	5.00	50,000	65,495	175,000	89,333	264,333
2006	5.00	50,000	62,995	185,000	80,835	265,835
2007	5.00	55,000	60,495	200,000	71,765	271,765
2008	5.00	55,000	57,745	145,000	61,615	206,615
2009	5.00	60,000	54,995	60,000	54,995	114,995
2010	5.00	65,000	51,995	65,000	51,995	116,995
2011	5.00	65,000	48,745	65,000	48,745	113,745
2012	5.00	70,000	45,495	70,000	45,495	115,495
2013	5.10	70,000	41,995	70,000	41,995	111,995
2014	5.15	75,000	38,425	75,000	38,425	113,425
2015	5.20	80,000	34,563	80,000	34,563	114,563
2016	5.25	85,000	30,403	85,000	30,403	115,403
2017	5.30	90,000	25,940	90,000	25,940	115,940
2018	5.35	90,000	21,170	90,000	21,170	111,170
2019	5.40	95,000	16,355	95,000	16,355	111,355
2020	5.45	100,000	11,225	100,000	11,225	111,225
2021	5.50	105,000	5,775	105,000	5,775	110,775
Total		\$ 1,350,000	811,545	\$ 2,085,000	933,287	3,018,287

During the year ended June 30, 2002, the County issued \$1,350,000 and retired \$110,000 of general obligation capital loan notes.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages are 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$372,577, \$429,784 and \$535,500, respectively, equal to the required contributions for each year.

(8) Risk Management

Jasper County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2002 were \$136,532.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2002, no liability has been recorded in the County's financial statements. As of June 30, 2002, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

(9) Designated Fund Equity

The County has designated \$306,476 from the General Fund for special projects and purchases. At June 30, 2002, the amounts designated are as follows:

Description	Amount
Courthouse roof, chiller and dome windows	\$ 70,042
Annex building cold air returns	15,000
Chichaqua bike trail maintenance	58,000
GIS Project	33,434
Jail project	50,000
Computer system upgrades	80,000
Total	<u>\$ 306,476</u>

(10) Prior Period Adjustment

The beginning balance of the following Agency Fund has been restated at July 1, 2001 to record special assessments receivable not previously reported, as follows:

Fund	Balance June 30, 2001 As Previously Reported	Adjustment	Balance July 1, 2001 As Restated
City/County Special Assessments	\$6,415	625,674	632,089

(10) Pending Litigation

The County is a defendant in a lawsuit seeking an unspecified amount of damages. The probability and amount of loss, if any, is indeterminable.

(11) Deficit Fund Balance

The Capital Projects, Rock Creek Bike Trail Fund had a deficit balance of \$16,800 at June 30, 2002. The deficit will be eliminated upon receipt of a state grant and local funding contributions.

(13) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the fiscal year ending June 30, 2003. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management’s Discussion and Analysis to introduce the basic financial statements and to provide an analytical overview of the County’s financial activities.

Supplemental Information

Jasper County

Schedule 1

Jasper County

General Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Property and other County tax:		
Property tax	\$ 4,566,587	
Utility tax replacement excise tax	219,467	
Other	<u>11,029</u>	\$ 4,797,083
Interest and penalty on property tax		100,809
Intergovernmental:		
State shared revenues:		
Franchise tax	21,098	
Other	<u>37,049</u>	
	<u>58,147</u>	
State grants and reimbursements including indirect federal funding:		
Drug task force	52,718	
Human services administrative reimbursement	144,690	
Home care aide grant	95,232	
Other	<u>225,448</u>	
	<u>518,088</u>	
State tax replacements:		
State tax credits	348,791	
State allocation	<u>293,589</u>	
	<u>642,380</u>	
Direct federal grants and entitlements:		
Public safety partnership and community policing grant	34,873	
Other	<u>122,189</u>	
	<u>157,062</u>	
Contributions and reimbursements from other governmental units:		
Ambulance service	46,320	
Contract law enforcement	7,075	
Other	<u>111,254</u>	
	<u>164,649</u>	1,540,326
Licenses and permits		66,702
Charges for service:		
Office fees and collections	500,262	
Auto registration, use tax, drivers license and mailing	271,691	
Other	<u>149,336</u>	921,289
Use of money and property:		
Interest on investments	240,615	
Other	<u>28,446</u>	269,061

Jasper County

General Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2002

Revenues (continued):		
Miscellaneous:		
Contributions and donations from private sources	98,733	
Miscellaneous	106,908	205,641
Total revenues		<u>7,900,911</u>
Expenditures:		
Operating:		
Public safety		2,796,804
Court services		122,529
Physical health and education		408,783
Social services		1,409,119
County environment		684,473
State and local government services		669,898
Interprogram services		1,771,622
Total expenditures		<u>7,863,228</u>
Excess of revenues over expenditures		<u>37,683</u>
Other financing sources (uses):		
Operating transfers in (out):		
Special Revenue:		
Secondary Roads		(150,887)
Urban Renewal Tax Increment		393
Colfax Interchange Tax Increment		4,203
Debt Service:		
Colfax Interchange		(47,625)
Capital Projects:		
Courthouse		(30,000)
Railroad Development		(126,000)
Chichaqua Bike Trail		(6,000)
GIS		(63,300)
Jail		(9,939)
Total other financing sources (uses)		<u>(429,155)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses		(391,472)
Fund balance beginning of year		3,351,095
Increase (decrease) in reserve for:		
Inventories		(3,883)
Prepaid expenditures		68,266
Fund balance end of year		<u><u>\$ 3,024,006</u></u>

See accompanying independent auditor's report.

Schedule 2

Jasper County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

Uniformed patrol services	\$ 583,403	
Investigations	263,405	
Law enforcement communication	391,807	
Adult correctional services	638,888	
Administration	302,041	
	<u>2,179,544</u>	

Legal services:

Criminal prosecution	503,445	
Medical examinations	27,400	
Child support recovery	188	
	<u>531,033</u>	

Emergency services:

Emergency management	56,185	
E911 service board	30,042	
	<u>86,227</u>	\$ 2,796,804

Court Services Service Area:

Assistance to district court system:

Physical operations	2,426	
Research and other assistance	5,000	
	<u>7,426</u>	

Court proceedings:

Juries and witnesses	6,375	
Detention services	14,504	
Court costs	8,775	
Service of civil papers	48,118	
	<u>77,772</u>	

Juvenile justice administration:

Court-appointed attorneys and court costs for juveniles	<u>37,331</u>	122,529
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Jasper County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Physical Health and Education Service Area:

Physical health services:

Personal and family health services
Sanitation

168,637

174,146342,783

Educational services:

Historic preservation
Fair and 4-H clubs
Fairgrounds

21,000

15,000

30,00066,000

408,783

Social Services Service Area:

Services to the poor:

Administration
General welfare services

332,993

90,702423,695

Services to military veterans:

Administration
General services to veterans

43,125

72,930116,055

Children's and family services:

Youth guidance
Family protective services

67,899

37,388105,287

Services to other adults:

Services to the elderly

656,004

Chemical dependency:

Treatment services
Preventive services

44,772

63,306108,078

1,409,119

Schedule 2

Jasper County

General Fund

Statement of Expenditures

Year ended June 30, 2002

County Environment Service Area:

Environmental quality:

Natural resources conservation 3,000

Conservation and recreation services:

Administration 184,601

Maintenance and operations 242,844

427,445

County development:

Land use and building controls 185,804

Economic development 68,224

254,028

684,473

State and Local Government Services Service Area:

Representation services:

Elections administration 160,510

Local elections 24,618

Township officials 5,150

190,278

State administrative services:

Motor vehicle registrations and licensing 272,004

Recording of public documents 207,616

479,620

669,898

Interprogram Services Service Area:

Policy and administration:

General County management 266,100

Administration management services 329,598

Treasury management services 132,092

Other policy and administration 40,196

767,986

Jasper County
General Fund
Statement of Expenditures
Year ended June 30, 2002

Interprogram Services Service Area (continued):

Central services:

General services	379,050	
Data processing services	<u>163,529</u>	
	<u>542,579</u>	

Risk management services:

Tort liability	138,744	
Safety of the workplace	294,216	
Fidelity of public officers	1,821	
Unemployment compensation	<u>26,276</u>	
	<u>461,057</u>	<u>1,771,622</u>

Total		<u>\$ 7,863,228</u>
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See accompanying independent auditor's report.

Jasper County
Special Revenue Funds
Combining Balance Sheet
June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Assets			
Cash and pooled investments	\$ 210,784	1,918,861	2,862,421
Receivables:			
Property tax:			
Delinquent	11,952	-	14,705
Succeeding year	1,952,000	-	1,807,000
Accounts	-	9,867	5,443
Drainage assessments	-	-	-
Due from other funds	-	187,351	-
Due from other governments	-	326,590	1,368
Inventories	-	235,142	-
Total assets	\$ 2,174,736	2,677,811	4,690,937
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 2,598	526,395	104,451
Salaries and benefits payable	-	93,905	6,602
Due to other governments	8,438	132	366,842
Deferred revenue:			
Succeeding year property tax	1,952,000	-	1,807,000
Other	11,926	187,351	14,691
Compensated absences	-	37,221	185
Total liabilities	<u>1,974,962</u>	<u>845,004</u>	<u>2,299,771</u>
Fund equity:			
Fund balances:			
Reserved for inventories	-	235,142	-
Unreserved	199,774	1,597,665	2,391,166
Total fund equity	<u>199,774</u>	<u>1,832,807</u>	<u>2,391,166</u>
Total liabilities and fund equity	\$ 2,174,736	2,677,811	4,690,937

See accompanying independent auditor's report.

County Recorder's Records Management	Colfax Interchange Tax Increment	SE Interchange Tax Increment	Resource Enhancement and Protection	Drainage Districts	Total
28,205	1,438	-	56,843	57,961	5,136,513
-	-	-	-	-	26,657
-	49,000	47,000	-	-	3,855,000
-	-	-	-	-	15,310
-	-	-	-	2,204	2,204
942	-	-	-	-	188,293
-	-	-	-	-	327,958
-	-	-	-	-	235,142
29,147	50,438	47,000	56,843	60,165	9,787,077
-	-	-	84	-	633,528
-	-	-	-	-	100,507
-	-	-	-	-	375,412
-	49,000	47,000	-	-	3,855,000
-	-	-	-	2,204	216,172
-	-	-	-	-	37,406
-	49,000	47,000	84	2,204	5,218,025
-	-	-	-	-	235,142
29,147	1,438	-	56,759	57,961	4,333,910
29,147	1,438	-	56,759	57,961	4,569,052
29,147	50,438	47,000	56,843	60,165	9,787,077

Jasper County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Revenues:			
Property and other County tax:			
Property tax	\$ 1,541,186	-	2,788,943
Utility tax replacement excise tax	87,646	-	134,035
Other	4,565	-	6,000
	<u>1,633,397</u>	<u>-</u>	<u>2,928,978</u>
Intergovernmental:			
State shared revenues:			
Road use tax	-	3,646,293	-
Other	-	268,383	-
	<u>-</u>	<u>3,914,676</u>	<u>-</u>
State grants and reimbursements including indirect federal funding:			
Social services block grant	-	-	115,721
Other	560	-	45,475
	<u>560</u>	<u>-</u>	<u>161,196</u>
State tax replacements:			
State tax credits	96,366	-	174,444
Mental health allowed growth factor adjustment	-	-	121,072
Mental health property tax relief	-	-	1,331,490
State allocation	-	-	264,520
	<u>96,366</u>	<u>-</u>	<u>1,891,526</u>
Contributions and reimbursements from other governmental units			
	-	102,725	4,607
	<u>96,926</u>	<u>4,017,401</u>	<u>2,057,329</u>
Licenses and permits	<u>-</u>	<u>6,070</u>	<u>-</u>
Charges for service	<u>-</u>	<u>11,498</u>	<u>8,949</u>

County Recorder's Records Management	Urban Renewal Tax Increment	Colfax Interchange Tax Increment	SE Interchange Tax Increment	Resource Enhancement and Protection	Drainage Districts	Total
-	-	-	-	-	-	4,330,129
-	-	-	-	-	-	221,681
-	-	5,641	44,774	-	-	60,980
-	-	5,641	44,774	-	-	4,612,790
-	-	-	-	-	-	3,646,293
-	-	-	-	-	-	268,383
-	-	-	-	-	-	3,914,676
-	-	-	-	-	-	115,721
-	-	-	-	14,557	-	60,592
-	-	-	-	14,557	-	176,313
-	-	-	-	-	-	270,810
-	-	-	-	-	-	121,072
-	-	-	-	-	-	1,331,490
-	-	-	-	-	-	264,520
-	-	-	-	-	-	1,987,892
-	-	-	-	-	-	107,332
-	-	-	-	14,557	-	6,186,213
-	-	-	-	-	-	6,070
11,277	-	-	-	-	-	31,724

Jasper County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Revenues (continued):			
Use of money and property:			
Interest on investments	-	-	-
Miscellaneous:			
Drainage assessments	-	-	-
Sale of materials	-	52,235	-
Paving assessments	-	97,914	-
Other	-	4,689	15,789
	-	154,838	15,789
Total revenues	1,730,323	4,189,807	5,011,045
Expenditures:			
Operating:			
Physical Health and Education Service Area:			
Education services:			
Libraries	115,018	-	-
Mental Health Service Area:			
Persons with mental health problems - mental illness:			
General administration	-	-	46,998
Coordination services	-	-	12,131
Personal and environmental support	-	-	12,790
Treatment services	-	-	23,597
Vocational and day services	-	-	3,373
Institutional, hospital, and commitment services	-	-	9,380
	-	-	108,269
Persons with chronic mental illness:			
General administration	-	-	44,263
Coordination services	-	-	9,705
Personal and environmental support	-	-	133,264
Treatment services	-	-	23,546
Vocational and day services	-	-	199,436
Licensed or certified living arrangements	-	-	309,656
Institutional, hospital, and commitment services	-	-	80,292
	-	-	800,162

County Recorder's Records Management	Urban Renewal Tax Increment	Colfax Interchange Tax Increment	SE Interchange Tax Increment	Resource Enhancement and Protection	Drainage Districts	Total
376	-	-	-	1,161	-	1,537
-	-	-	-	-	2,561	2,561
-	-	-	-	-	-	52,235
-	-	-	-	-	-	97,914
-	-	-	-	-	-	20,478
-	-	-	-	-	2,561	173,188
11,653	-	5,641	44,774	15,718	2,561	11,011,522
-	-	-	-	-	-	115,018
-	-	-	-	-	-	46,998
-	-	-	-	-	-	12,131
-	-	-	-	-	-	12,790
-	-	-	-	-	-	23,597
-	-	-	-	-	-	3,373
-	-	-	-	-	-	9,380
-	-	-	-	-	-	108,269
-	-	-	-	-	-	44,263
-	-	-	-	-	-	9,705
-	-	-	-	-	-	133,264
-	-	-	-	-	-	23,546
-	-	-	-	-	-	199,436
-	-	-	-	-	-	309,656
-	-	-	-	-	-	80,292
-	-	-	-	-	-	800,162

Jasper County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
Mental Health Service Area:			
Persons with mental retardation:			
General administration	-	-	58,586
Coordination services	-	-	25,859
Personal and environmental support	-	-	76,766
Vocational and day services	-	-	612,536
Licensed or certified living arrangements	-	-	1,894,887
Institutional, hospital, and commitment services	-	-	164,189
	-	-	<u>2,832,823</u>
Persons with other developmental disabilities:			
General administration	-	-	6,671
Coordination services	-	-	313
Personal and environmental support	-	-	10,425
Vocational and day services	-	-	39,252
Licensed or certified living arrangements	-	-	60,947
	-	-	<u>117,608</u>
	-	-	<u>3,858,862</u>
County Environment Service Area:			
Environmental quality:			
Solid waste disposal	99,155	-	-
Animal control program:			
Animal shelter	29,877	-	-
County development program:			
Economic development	-	-	-
	<u>129,032</u>	-	-
Roads and Transportation Service Area:			
Secondary roads administration and engineering:			
Administration	-	304,275	-
Engineering	-	267,492	-
	-	<u>571,767</u>	-

County Recorder's Records Management	Urban Renewal Tax Increment	Colfax Interchange Tax Increment	SE Interchange Tax Increment	Resource Enhancement and Protection	Drainage Districts	Total
-	-	-	-	-	-	58,586
-	-	-	-	-	-	25,859
-	-	-	-	-	-	76,766
-	-	-	-	-	-	612,536
-	-	-	-	-	-	1,894,887
-	-	-	-	-	-	164,189
-	-	-	-	-	-	2,832,823
-	-	-	-	-	-	6,671
-	-	-	-	-	-	313
-	-	-	-	-	-	10,425
-	-	-	-	-	-	39,252
-	-	-	-	-	-	60,947
-	-	-	-	-	-	117,608
-	-	-	-	-	-	3,858,862
-	-	-	-	-	-	99,155
-	-	-	-	-	-	29,877
-	-	-	13,674	-	-	13,674
-	-	-	13,674	-	-	142,706
-	-	-	-	-	-	304,275
-	-	-	-	-	-	267,492
-	-	-	-	-	-	571,767

Jasper County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
Roads and Transportation Service Area:			
Roadway maintenance:			
Bridges and culvert	-	284,422	-
Roads	-	2,065,824	-
Snow and ice control	-	189,187	-
Traffic controls	-	126,942	-
Road clearing	-	120,244	-
	-	2,786,619	-
General roadway expenditures:			
Equipment	-	259,078	-
Equipment operations	-	932,203	-
Tools, materials, and supplies	-	52,717	-
Real estate and buildings	-	134,148	-
	-	1,378,146	-
	-	4,736,532	-
Interprogram Services Service Area:			
Policy and administration program:			
Other policy and administration	638	-	-
Capital Projects Service Area:			
Conservation land acquisition	-	-	-
Roadway construction	-	732,141	-
	-	732,141	-
Total expenditures	244,688	5,468,673	3,858,862
Excess (deficiency) of revenues over (under) expenditures	1,485,635	(1,278,866)	1,152,183

County Recorder's Records Management	Urban Renewal Tax Increment	Colfax Interchange Tax Increment	SE Interchange Tax Increment	Resource Enhancement and Protection	Drainage Districts	Total
-	-	-	-	-	-	284,422
-	-	-	-	-	-	2,065,824
-	-	-	-	-	-	189,187
-	-	-	-	-	-	126,942
-	-	-	-	-	-	120,244
-	-	-	-	-	-	2,786,619
-	-	-	-	-	-	259,078
-	-	-	-	-	-	932,203
-	-	-	-	-	-	52,717
-	-	-	-	-	-	134,148
-	-	-	-	-	-	1,378,146
-	-	-	-	-	-	4,736,532
-	-	-	-	-	-	638
-	-	-	-	29,841	-	29,841
-	-	-	-	-	-	732,141
-	-	-	-	29,841	-	761,982
-	-	-	13,674	29,841	-	9,615,738
11,653	-	5,641	31,100	(14,123)	2,561	1,395,784

Jasper County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Mental Health</u>
Other financing sources (uses):			
Capital lease purchase agreement	-	140,000	-
Operating transfers in (out):			
General	-	150,887	-
Special Revenue:			
Rural Services	-	1,435,235	-
Secondary Roads	(1,435,235)	-	-
Debt Service:			
SE Interchange	-	-	-
Total other financing sources (uses)	<u>(1,435,235)</u>	<u>1,726,122</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	50,400	447,256	1,152,183
Fund balances beginning of year	149,374	1,352,469	1,238,983
Increase in reserve for inventories	-	33,082	-
Fund balances end of year	<u>\$ 199,774</u>	<u>1,832,807</u>	<u>2,391,166</u>

See accompanying independent auditor's report.

County Recorder's Records Management	Urban Renewal Tax Increment	Colfax Interchange Tax Increment	SE Interchange Tax Increment	Resource Enhancement and Protection	Drainage Districts	Total
-	-	-	-	-	-	140,000
-	(393)	(4,203)	-	-	-	146,291
-	-	-	-	-	-	1,435,235
-	-	-	-	-	-	(1,435,235)
-	-	-	(31,100)	-	-	(31,100)
-	(393)	(4,203)	(31,100)	-	-	255,191
11,653	(393)	1,438	-	(14,123)	2,561	1,650,975
17,494	393	-	-	70,882	55,400	2,884,995
-	-	-	-	-	-	33,082
29,147	-	1,438	-	56,759	57,961	4,569,052

Schedule 5

Jasper County
Debt Service Funds
Combining Balance Sheet
June 30, 2002

	Energy Management	SE Interchange	Colfax Interchange	Total
Assets				
Cash and pooled investments	\$ 6,109	8,757	803	15,669
Receivables:				
Property tax:				
Delinquent	255	287	-	542
Succeeding year	51,000	60,000	62,000	173,000
	<hr/>			
Total assets	\$ 57,364	69,044	62,803	189,211
<hr/>				
Liabilities and Fund Equity				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	\$ 51,000	60,000	62,000	173,000
Other	254	286	-	540
Total liabilities	51,254	60,286	62,000	173,540
	<hr/>			
Fund equity:				
Unreserved fund balances	6,110	8,758	803	15,671
	<hr/>			
Total liabilities and fund equity	\$ 57,364	69,044	62,803	189,211
<hr/>				

See accompanying independent auditor's report.

Jasper County

Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Energy Management	SE Interchange	Colfax Interchange	Total
Revenues:				
Property and other County tax:				
Property tax	\$ 50,713	57,117	-	107,830
Utility tax replacement excise tax	2,316	2,609	-	4,925
Other	104	117	-	221
	<u>53,133</u>	<u>59,843</u>	<u>-</u>	<u>112,976</u>
Intergovernmental:				
State tax replacements:				
State tax credits	3,944	4,441	-	8,385
Use of money and property:				
Interest on investments	-	100	12,480	12,580
Total revenues	<u>57,077</u>	<u>64,384</u>	<u>12,480</u>	<u>133,941</u>
Expenditures:				
Debt Service Service Area:				
Principal redeemed	40,000	70,000	-	110,000
Interest paid	16,578	23,708	59,302	99,588
Total expenditures	<u>56,578</u>	<u>93,708</u>	<u>59,302</u>	<u>209,588</u>
Excess (deficiency) of revenues over (under) expenditures	<u>499</u>	<u>(29,324)</u>	<u>(46,822)</u>	<u>(75,647)</u>
Other financing sources:				
Operating transfers in:				
General	-	-	47,625	47,625
Special Revenue:				
SE Interchange Tax Increment	-	31,100	-	31,100
Total other financing sources	<u>-</u>	<u>31,100</u>	<u>47,625</u>	<u>78,725</u>
Excess of revenues and other financing sources over expenditures	<u>499</u>	<u>1,776</u>	<u>803</u>	<u>3,078</u>
Fund balances beginning of year	<u>5,611</u>	<u>6,982</u>	<u>-</u>	<u>12,593</u>
Fund balances end of year	<u>\$ 6,110</u>	<u>8,758</u>	<u>803</u>	<u>15,671</u>

See accompanying independent auditor's report.

Jasper County
 Capital Projects Funds
 Combining Balance Sheet
 June 30, 2002

	Courthouse	Railroad Development	Annex Building
Assets			
Cash and pooled investments	\$ 15,107	112,073	1,541
Prepaid expenditures	-	-	-
Total assets	\$ 15,107	112,073	1,541
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	70,000	-
Due to other governments	-	-	-
Total liabilities	-	70,000	-
Fund equity:			
Fund balances:			
Reserved for prepaid expenditures	-	-	-
Unreserved	15,107	42,073	1,541
Total fund equity	15,107	42,073	1,541
Total liabilities and fund equity	\$ 15,107	112,073	1,541

See accompanying independent auditor's report.

Archives/ Garage	Chichaqua Bike Trail	Rock Creek Bike Trail	GIS	Colfax Interchange	Total
2,553	-	-	413	89,540	221,227
-	1,635	-	-	-	1,635
2,553	1,635	-	413	89,540	222,862
-	-	16,800	-	-	86,800
-	-	-	-	48,130	48,130
-	-	16,800	-	48,130	134,930
-	1,635	-	-	-	1,635
2,553	-	(16,800)	413	41,410	86,297
2,553	1,635	(16,800)	413	41,410	87,932
2,553	1,635	-	413	89,540	222,862

Jasper County

Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

	<u>Courthouse</u>	<u>Railroad Development</u>	<u>Annex Building</u>
Revenues:			
None	\$ -	-	-
Expenditures:			
Capital Projects Service Area:			
Other capital projects	13,892	84,001	-
Deficiency of revenues under expenditures	<u>(13,892)</u>	<u>(84,001)</u>	-
Other financing sources:			
General obligation capital loan note proceeds	-	-	-
Operating transfers in:			
General	30,000	126,000	-
Total other financing sources	<u>30,000</u>	<u>126,000</u>	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	16,108	41,999	-
Fund balances beginning of year	(1,001)	74	1,541
Decrease in reserve for prepaid expenditures	-	-	-
Fund balances end of year	<u>\$ 15,107</u>	<u>42,073</u>	<u>1,541</u>

See accompanying independent auditor's report.

Archives/ Garage	Chichaqua Bike Trail	Rock Creek Bike Trail	GIS	Jail	Colfax Interchange	Total
-	-	-	-	-	-	-
-	6,000	16,800	20,257	-	1,308,590	1,449,540
-	(6,000)	(16,800)	(20,257)	-	(1,308,590)	(1,449,540)
-	-	-	-	-	1,350,000	1,350,000
-	6,000	-	63,300	9,939	-	235,239
-	6,000	-	63,300	9,939	1,350,000	1,585,239
-	-	(16,800)	43,043	9,939	41,410	135,699
2,553	7,200	-	(42,630)	(9,939)	-	(42,202)
-	(5,565)	-	-	-	-	(5,565)
2,553	1,635	(16,800)	413	-	41,410	87,932

Jasper County

Jasper County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2002

	Expendable		
	Trust	Agency	Total
Assets			
Cash and pooled investments:			
County Treasurer	\$ 79,655	1,542,729	1,622,384
Other County officials	-	127,596	127,596
Receivables:			
Property tax:			
Delinquent	-	111,108	111,108
Succeeding year	-	28,268,000	28,268,000
Accounts	-	75,970	75,970
Special assessments	-	510,456	510,456
Due from other governments	-	6,204	6,204
Total assets	\$ 79,655	30,642,063	30,721,718
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	35,662	35,662
Salaries and benefits payable	-	14,837	14,837
Due to other funds	-	290,700	290,700
Due to other governments	-	30,225,875	30,225,875
Trusts payable	-	45,533	45,533
Compensated absences	-	29,456	29,456
Total liabilities	-	30,642,063	30,642,063
Fund equity:			
Unreserved fund balances	79,655	-	79,655
Total liabilities and fund equity	\$ 79,655	30,642,063	30,721,718

See accompanying independent auditor's report.

Jasper County
 Expendable Trust Funds
 Combining Balance Sheet
 June 30, 2002

	Conservation Land Acquisition Trust	D.A.R.E. Trust	Courthouse Christmas Lighting Trust
Assets			
Cash and pooled investments	\$ 46,155	965	28,742
Fund Equity			
Fund equity:			
Unreserved fund balances	\$ 46,155	965	28,742

See accompanying independent auditor's report.

Environ- mental Education Trust	Conservation Memorial Trust	Total
2,711	1,082	79,655

2,711	1,082	79,655
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Jasper County

Expendable Trust Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Conservation Land Acquisition Trust	D.A.R.E. Trust	Youth Shelter Donations
Revenues:			
Use of money and property:			
Interest on investments	\$ 1,178	-	-
Miscellaneous:			
Donations	-	965	125
Total revenues	<u>1,178</u>	<u>965</u>	<u>125</u>
Expenditures:			
Operating:			
Social Services Service Area:			
Children's and family services:			
Youth guidance	-	-	832
County Environment Service Area:			
Conservation and recreation services:			
Administration	-	-	-
Interprogram Services Service Area:			
Central services:			
General services	-	-	-
Capital Projects Service Area:			
Conservation land acquisition	26,014	-	-
Total expenditures	<u>26,014</u>	<u>-</u>	<u>832</u>
Excess (deficiency) of revenues over (under) expenditures	(24,836)	965	(707)
Fund balances beginning of year	<u>70,991</u>	<u>-</u>	<u>707</u>
Fund balances end of year	<u>\$ 46,155</u>	<u>965</u>	<u>-</u>

See accompanying independent auditor's report.

Courthouse Christmas Lighting Trust	Environ- mental Education Trust	Conservation Memorial Trust	Total
481	-	-	1,659
17,139	1,600	1,082	20,911
17,620	1,600	1,082	22,570
-	-	-	832
-	449	-	449
12,655	-	-	12,655
-	-	-	26,014
12,655	449	-	39,950
4,965	1,151	1,082	(17,380)
23,777	1,560	-	97,035
28,742	2,711	1,082	79,655

Jasper County
 Agency Funds
 Combining Balance Sheet
 June 30, 2002

	County Offices			Agricultural Extension Education	County Assessor
	County Auditor	County Recorder	County Sheriff		
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	-	-	1,928	183,724
Other County officials	17,325	43,480	66,791	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	623	1,791
Succeeding year	-	-	-	153,000	371,000
Accounts	-	311	9,633	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 17,325	43,791	76,424	155,551	556,515
Liabilities					
Accounts payable	\$ -	-	-	-	311
Salaries and benefits payable	-	-	-	-	11,070
Due to other funds	-	23,816	56,965	-	-
Due to other governments	-	19,975	11	155,551	525,831
Trusts payable	17,325	-	19,448	-	-
Compensated absences	-	-	-	-	19,303
Total liabilities	\$ 17,325	43,791	76,424	155,551	556,515

Schools	Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City/County Special Assessments	Auto License and Use Tax	Local Emergency Management Services
259,081	9,734	144,115	3,105	86	66,927	627,190	22,898
-	-	-	-	-	-	-	-
84,927	3,272	17,839	1,661	28	-	-	-
17,225,000	640,000	7,621,000	251,000	5,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	510,456	-	-
-	-	-	-	-	-	-	6,204
17,569,008	653,006	7,782,954	255,766	5,114	577,383	627,190	29,102
-	-	-	-	-	-	-	4,654
-	-	-	-	-	-	-	1,145
-	-	-	-	-	187,351	22,568	-
17,569,008	653,006	7,782,954	255,766	5,114	390,032	604,622	23,303
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
17,569,008	653,006	7,782,954	255,766	5,114	577,383	627,190	29,102

Jasper County
 Agency Funds
 Combining Balance Sheet
 June 30, 2002

	Anticipated Property Tax Collections	Jasper County Flex Benefits	Hazmat Reserve	General Relief	Fire Districts
Assets					
Cash and pooled investments:					
County Treasurer	13,623	8,621	30,000	139	882
Other County officials	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	-	690
Succeeding year	-	-	-	-	97,000
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	13,623	8,621	30,000	139	98,572
Liabilities					
Accounts payable	-	-	-	-	-
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	13,623	-	30,000	-	98,572
Trusts payable	-	8,621	-	139	-
Compensated absences	-	-	-	-	-
Total liabilities	13,623	8,621	30,000	139	98,572

See accompanying independent auditor's report.

Sanitary Sewer Special Assessments	E911	Urban Renewal Tax Increment	Wellness	Empowerment Areas	Total
9	30,843	39,950	803	99,071	1,542,729
-	-	-	-	-	127,596
3	-	274	-	-	111,108
1,000	-	1,904,000	-	-	28,268,000
-	66,026	-	-	-	75,970
-	-	-	-	-	510,456
-	-	-	-	-	6,204
1,012	96,869	1,944,224	803	99,071	30,642,063
-	8,345	-	-	22,352	35,662
-	2,622	-	-	-	14,837
-	-	-	-	-	290,700
1,012	75,749	1,944,224	803	76,719	30,225,875
-	-	-	-	-	45,533
-	10,153	-	-	-	29,456
1,012	96,869	1,944,224	803	99,071	30,642,063

Jasper County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	County Offices				Tri-County Credit Union	Agricultural Extension Education
	Board of Supervisors	County Auditor	County Recorder	County Sheriff		
Assets and Liabilities						
Balances beginning of year, as restated (note 10)	\$ 12,842	17,749	47,436	73,255	-	128,193
Additions:						
Property and other County tax	-	-	-	-	-	151,186
E911 surcharge	-	-	-	-	-	-
State tax credits	-	-	-	-	-	9,038
Drivers license fees	-	-	-	-	-	-
Office fees and collections	-	-	516,320	269,355	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	-	508	-	463,479	-	-
Miscellaneous	-	-	-	-	3,020	-
Total additions	-	508	516,320	732,834	3,020	160,224
Deductions:						
Agency remittances:						
To other funds	3,838	-	298,071	274,621	-	-
To other governments	-	-	221,894	241	-	132,866
Trusts paid out	9,004	932	-	454,803	3,020	-
Total deductions	12,842	932	519,965	729,665	3,020	132,866
Balances end of year	\$ -	17,325	43,791	76,424	-	155,551

County Assessor	Schools	Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City/County Special Assessments	Auto License and Use Tax
533,122	16,802,922	649,531	7,686,110	256,468	5,764	632,089	688,435
365,779	16,979,522	630,407	7,447,394	248,448	4,919	-	-
-	-	-	-	-	-	-	-
25,969	1,203,982	45,570	661,128	15,004	406	-	-
-	-	-	-	-	-	-	35,077
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	8,007,546
-	-	-	-	-	-	54,795	-
-	-	-	-	-	-	-	-
7,924	-	-	-	-	-	-	-
399,672	18,183,504	675,977	8,108,522	263,452	5,325	54,795	8,042,623
-	-	-	-	-	-	93,469	227,495
376,279	17,417,418	672,502	8,011,678	264,154	5,975	16,032	7,876,373
-	-	-	-	-	-	-	-
376,279	17,417,418	672,502	8,011,678	264,154	5,975	109,501	8,103,868
556,515	17,569,008	653,006	7,782,954	255,766	5,114	577,383	627,190

Jasper County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	Local Emergency Management Services	Anticipated Property Tax Collections	Jasper County Flex Benefits	Hazmat Reserve	General Relief
Assets and Liabilities					
Balances beginning of year, as restated (note 10)	12,808	6,966	-	25,000	-
Additions:					
Property and other County tax	-	-	-	-	-
E911 surcharge	-	-	-	-	-
State tax credits	-	-	-	-	-
Drivers license fees	-	-	-	-	-
Office fees and collections	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	27,334	14,383	-	17,046
Miscellaneous	103,442	-	-	5,000	-
Total additions	103,442	27,334	14,383	5,000	17,046
Deductions:					
Agency remittances:					
To other funds	-	-	-	-	-
To other governments	87,148	20,677	5,762	-	-
Trusts paid out	-	-	-	-	16,907
Total deductions	87,148	20,677	5,762	-	16,907
Balances end of year	29,102	13,623	8,621	30,000	139

See accompanying independent auditor's report.

Fire Districts	Sanitary Sewer Special Assessments	E911	Urban Renewal Tax Increment	Wellness	Empowerment Areas	Total
88,689	1,132	174,859	1,747,096	803	136,815	29,728,084
97,729	945	-	1,840,511	-	-	27,766,840
-	-	304,280	-	-	-	304,280
4,782	100	-	178,092	-	-	2,144,071
-	-	-	-	-	-	35,077
-	-	-	-	-	-	785,675
-	-	-	-	-	-	8,007,546
-	-	-	-	-	-	54,795
-	-	-	-	-	-	522,750
-	-	41,687	-	-	250,695	411,768
102,511	1,045	345,967	2,018,603	-	250,695	40,032,802
-	-	-	-	-	-	897,494
92,628	1,165	423,957	1,821,475	-	288,439	37,736,663
-	-	-	-	-	-	484,666
92,628	1,165	423,957	1,821,475	-	288,439	39,118,823
98,572	1,012	96,869	1,944,224	803	99,071	30,642,063

Schedule 14

Jasper County

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
Taxes:				
Property tax	\$ 9,004,546	8,817,337	8,960,789	7,780,981
Utility tax replacement excise tax	446,073	437,144	-	-
Other	72,230	24,523	-	-
	<u>9,522,849</u>	<u>9,279,004</u>	<u>8,960,789</u>	<u>7,780,981</u>
Intergovernmental:				
State shared revenues:				
Road use tax	3,646,293	3,468,331	3,516,371	3,333,853
Other	326,530	31,256	26,131	1,030,612
State grants and reimbursements including indirect federal funding:				
Homemaker and public health nursing grants	95,232	129,347	120,067	137,227
Human services administrative reimbursements	144,690	150,569	84,385	80,298
Social services block grant	115,721	112,916	114,064	113,153
Youth shelter	-	356,106	382,190	351,787
Family centered services	-	155,448	200,681	167,618
Drug task force	52,718	-	-	-
Other	286,040	579,008	727,803	665,703
State tax replacements:				
State tax credits	627,986	568,272	569,178	512,996
State allocation	558,109	296,400	297,255	296,902
Mental health property tax relief	1,331,490	1,484,799	1,537,470	1,548,920
Mental health allowed growth factor	121,072	222,820	176,504	176,504
Other	-	58,145	21,134	15,796
Direct federal grants and entitlements:				
Medicare and medicaid	122,189	604,406	2,895,407	3,322,554
Public safety partnership and community policing grant	34,873	50,000	108,057	59,544
ISTEA funds	-	-	-	369,600
Contributions and reimbursements from other governmental units	271,981	533,578	380,443	404,045
Payments in lieu of taxes	-	16,675	-	-
	<u>7,734,924</u>	<u>8,818,076</u>	<u>11,157,140</u>	<u>12,587,112</u>
Total	<u>\$ 17,257,773</u>	<u>18,097,080</u>	<u>20,117,929</u>	<u>20,368,093</u>

See accompanying independent auditor's report.

Jasper County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Public Safety Partnership and Community Policing Grants	16.710	95CFWX4329	\$ 34,873
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Service Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		22,979
Iowa Department of Elder Affairs:			
Aging Resources of Central Iowa:			
Nutrition Program for the Elderly (commodities)	10.570		29,000
Nutrition Program for the Elderly (cash)	10.570		23,180
			52,180
U.S. Department of Justice:			
Governor's Office of Drug Control Policy:			
City of Newton:			
Byrne Formula Grant Program	16.579		52,718
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP-01-0410 Task 20	1,759
State and Community Highway Safety	20.600	PAP-02-0410 Task 17	3,519
			5,278
Iowa Department of Public Defense:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		1,498
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Emergency Management Division:			
Hazard Mitigation Grant	83.548	996-0261	4,068
Emergency Management Performance Grants	83.552		9,930
U.S. Department of Education:			
Iowa Department of Vocational Rehabilitation Services:			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	01-CPSE-09	3,016
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	02-CPSE-09	3,885
			6,901

Schedule 15

Jasper County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Elder Affairs:			
Aging Resources of Central Iowa:			
Special Programs for the Aging Title III, Part C, Nutrition Services	93.045		55,000
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		35,985
Refugee and Entrant Assistance-State Administered Programs	93.566		168
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		4,710
Foster Care- Title IV-E	93.658		12,042
Adoption Assistance	93.659		4,077
Medical Assistance Program	93.778		36,501
Social Services Block Grant	93.667		23,651
Social Services Block Grant	93.667		115,721
			139,372
Iowa Department of Health:			
Rural Health Outreach and Rural Network Development Program	93.912	5882C050	8,145
Total indirect			451,552
Total			\$ 486,425

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

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Officials of Jasper County:

We have audited the general purpose financial statements of Jasper County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated February 20, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Jasper County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose 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. Prior year statutory comments have been resolved except for items II-I-02 and II-O-02.

Internal Control Over Financial Reporting

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-02 is a material weakness. Prior year reportable conditions have been resolved.

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

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

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 20, 2003

**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control Over Compliance**

Jasper County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control over Compliance

To the Officials of Jasper County:

Compliance

We have audited the compliance of Jasper County, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. Jasper County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jasper County's management. Our responsibility is to express an opinion on Jasper County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jasper County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jasper County's compliance with those requirements.

In our opinion, Jasper County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

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

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

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

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

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 20, 2003

Jasper County
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

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

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A reportable condition in internal control over a major program was disclosed by the audit of the financial statements. The reportable condition was not considered to be a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 16.579 – Byrne Formula Grant Program
 - CFDA Number 93.045 – Special Programs for the Aging Title III, Part C, Nutrition Services
 - CFDA Number 93.667 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Jasper County did not qualify as a low-risk auditee.

Jasper County
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

Part II: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-02 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

County Auditor

1. Journal entries are not reviewed or approved by an independent person.
2. The individual recording fixed assets also reconciles the fixed asset records.

County Treasurer

1. The custodians of various change funds handle more than one fund or other cash receipts and may also deposit, reconcile and record receipts.
2. Change funds (drawers) are shared among employees.
3. The individuals performing bank reconciliations also sign checks, and handle and record cash.
4. Bank reconciliations are not reviewed by an independent person with no responsibility for receipts and disbursements.
5. Checks outstanding for a considerable time are not periodically reviewed for propriety.
6. The person responsible for the detailed record keeping of investments is also the custodian of the investments.
7. Investments are not periodically inspected, confirmed or reconciled to the investment records by an independent person having no responsibility for investments.
8. There is not an independent verification of investment earnings or a reconciliation of earnings to financial records.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

9. An initial listing of receipts is not prepared by the mail opener. This listing should be prepared by an employee who is not authorized to make entries to the accounting records. Later, the same listing should be compared to the cash receipt records.
10. Restrictive endorsements are not placed on each incoming check upon receipt.
11. There is not an independent review of the monthly changed transaction report received from the DOT.
12. Personnel within the County Auditor's office enter levy rates into the County's computer system. However, the rates entered are not reviewed by an independent person.
13. The bank signature card for the congregate meals account was not updated to remove the name of the previous County Treasurer.
14. Bank reconciliations for congregate meals accounts are not performed monthly.
15. Tax and miscellaneous receipts are not deposited in a timely manner or balanced daily.

County Recorder

1. The collection, deposit preparation, and reconciliation functions are not performed by an individual who does not record and account for cash receipts.
2. Checks should be signed by an individual who does not otherwise participate in the preparation of the checks. Prior to signing the checks, the supporting documentation should be reviewed for propriety. After signing, the checks should be mailed without allowing them to return to individuals who prepare the checks or approve vouchers for payment.
3. Bank reconciliations are not reviewed by an independent person with no responsibility for receipts and disbursements.
4. Unused checks are not properly safeguarded.

County Sheriff

1. The collection, deposit preparation, and reconciliation functions are not performed by an individual who does not record and account for cash receipts. Also, a listing of cash and checks received through the mail is not prepared or compared to the cash receipt records.
2. Checks should be signed by an individual who does not otherwise participate in the preparation of the checks. Prior to signing the checks, the supporting documentation should be reviewed for propriety. After signing, the checks should be mailed without allowing them to return to individuals who prepare the checks or approve vouchers for payment.

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County Engineer

1. Inventory counts are not verified by persons independent of those in charge of the inventory.
2. A record of keys to storerooms and storage areas is not maintained.

Board of Health

1. Restrictive endorsements are not placed on each incoming check upon receipt.
2. Receipts are not deposited timely.
3. Monthly reconciliations of nursing services, billings and collections are not prepared.

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

Responses –

County Auditor

The County Auditor will review and sign off on the journal entries made by financial personnel and review the fixed assets reconciliation.

County Treasurer

1. The Treasurer's office corrected the daily procedures. If the deposit is performed by one employee, another employee will review and initial the deposit. They also review the cash receipt and all receipts recorded for that day.
2. As of April 30, 2003, each employee in the Tax Department has their own cash drawer and computer. No one else is allowed in that drawer except for the one it is assigned to.
3. The Treasurer performs the bank reconciliations which the County Auditor will review periodically. He will also compare checks written to the monthly bank statements.
4. The County Auditor will review bank reconciliations monthly and initial and date his review.
5. The Treasurer will contact the people that have the outstanding checks. If no reply, she will record this in her outstanding check ledger and then miscellaneous receipt the amounts. The Tax Deputy will review all.

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6. The County Auditor will review the investment ledger and all active investments including accrued interest. I prefer to handle investments instead of my staff.
- 7&8 The County Auditor will review all investments, interest and dates of maturity. As of now, the County only holds time certificates.
9. As of April 30, 2003, we have personnel in the Driver's License Department open the mail. They do not process any of it. At least once a week, the Treasurer will make an initial listing of mail receipts and reconcile this listing to the cash receipt records.
10. As of March 3, 2003, both the Motor Vehicle and Tax Departments endorse their checks when they receive them.
11. As of April, 10, 2003, the Treasurer will do a more complete review of the monthly DOT report before signing it. The Deputy of Motor Vehicle prepares the report and balances it.
12. As of July 2003, the Tax Deputy will review the County Auditor's levy rates for the new year.
13. This was taken care of.
14. The Treasurer notified the four banks and all agreed to start sending monthly statements. I notified them on April 29, 2003.
15. The Tax Department balances daily now and also each person has their own cash drawer on which they only balance. The next morning, the Clerk will total all three drawers together to make the daily deposit and the Tax Deputy reviews all.

County Recorder

1. We do, and will continue to, segregate as much as possible.
2. This is not always possible because of small staff. Some check writing is timely (expedited passports, etc.). We will comply as much as possible.
3. We will comply.
4. This procedure has been corrected.

County Sheriff

1. Due to lack of staffing, this will be handled as our current practice.
2. The person preparing checks and warrants no longer signs checks. Staffing and workload does not allow for a third person to collect signed checks and then mail them. Effective May 12, 2003, the person preparing checks and warrants and managing the books has been removed as a signer for the checking account.

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County Engineer

1. This will be achieved by assigning separate personnel to count inventory.
2. This will be initiated and kept in the office.

Board of Health

1. We have purchased a "For Deposit Only" stamp and will use it on checks immediately.
2. We will deposit every two weeks or sooner if need be.
3. We will set up a data base (Excel) of information to help meet the need.

Conclusion –

County Auditor – Response accepted.

County Treasurer – Response accepted.

County Recorder

Response acknowledged for items 1 and 2. Duties should be segregated to the extent possible with existing personnel.

Response accepted for items 3 and 4.

County Sheriff

Response acknowledged for item 1. Duties should be segregated to the extent possible with existing personnel.

Response accepted for item 2.

County Engineer – Response accepted.

Board of Health – Response accepted.

II-B-02 Electronic Data Processing Systems – The County does not have written policies for:

- Requiring timeout or logoff functions to be utilized when terminals are left unattended.
- Requiring password changes because software does not require the user to change log-ins/passwords periodically.

Also, the County does not have a written disaster recovery plan.

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Recommendation – The County should develop written policies addressing the above items in order to improve the County’s control over computer based systems. A written disaster recovery plan should be developed.

Response – The County is in the process of updating its data processing systems and will establish a committee to organize and write policies for the above requested items for Jasper County.

Conclusion – Response accepted.

II-C-02 County Engineer – The County Engineer has been approved to receive mileage reimbursement for use of his personal vehicle at work. Claims submitted for reimbursement did not provide documentation as to the dates the County Engineer drove his vehicle or purpose.

Recommendation – All claims for mileage reimbursement should identify the date and purpose of the mileage claimed for reimbursement to clearly show the basis of the claim as required by Chapter 331.504(8) of the Code of Iowa.

Response – Due to the increased workload and the lack of functioning vehicles, I approached the Board with a price on a slightly used vehicle for \$20,000, but one supervisor objected to the fact that we did not have other bids. So the majority of the Board approved me to receive mileage reimbursement for the use of my personal truck to be used to perform everyday duties. After paying extensive mileage claims, the Board directed me to take bids for a new vehicle. The bids were received and the Board approved the purchase of a new truck for \$26,000. As far as the claims, the County Auditor did not question the claims submitted therefore they were all submitted in the same manner. In the future, any mileage claims will be submitted with dates, mileage and purpose.

Conclusion – Response accepted.

II-D-02 Lack of Written Policies for Capital Assets – Other than the established capitalization threshold, the County does not have a written policy for capital assets.

Recommendation – The Board of Supervisors should develop a written policy for capital assets. The policy should include, but is not limited to, the following: responsibilities for custody and safekeeping of assets, procedures for the acquisition and disposal of assets, placing identification tags on capital assets, annual physical inventories and reporting the results of the inventory to the Board of Supervisors.

Response – The County will begin writing a policy for capital assets after we have reviewed other counties and will consider a private firm to take an initial physical inventory and placing of identification tags on the capital assets.

Conclusion – Response accepted.

II-E-02 Capital Projects Fund – The County included an expenditure for a vehicle in the Capital Projects Service Area for the Capital Projects, Chichaqua Bike Trail Fund. This expenditure does not meet the definition of a capital project.

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Recommendation – The County should only record expenditures related to capital projects in the Capital Projects Fund.

Response – The Board of Supervisors and the County Auditor’s Office agree, but the Conservation Director insisted that this expenditure be taken out of the Capital Projects Fund and the Conservation Board went along with his request. In the future, we will be more forceful in approving this type of expenditure.

Conclusion – Response accepted.

II-F-02 Separate Accounts – Separately maintained accounts are established for the Loskot Trust Fund and Jasper County Flex Benefits Fund. These accounts are not included in the County’s financial records. However, they have been included in this report as Agency Funds. The Loskot Trust Fund is included in the County Auditor’s Agency Fund.

Bank signature cards for the Loskot Trust and General Relief accounts were not updated to remove the names of former employees.

Recommendation – The Loskot Trust and Jasper County Flex Benefits accounts should be properly reflected in the County’s financial records. In addition, bank signature cards should be updated immediately upon an employee’s resignation.

Response – We will include the Loskot Trust Fund and the Flexible-Benefit Fund accounts within the County’s financial records and will update all bank signature cards.

Conclusion – Response accepted.

II-G-02 Receipts Books – Prenumbered receipt books are used by various Departments within the County. However, records are not maintained to identify the Departments with receipt books or the numerical sequence of the books in their possession.

Recommendation – The County Treasurer should maintain a log of the prenumbered receipt books issued to each Department. In addition, the numerical sequence of the receipt books should be monitored and new books should not be issued until the old receipt book is returned to the County Treasurer.

Response – We started this immediately at the time of the audit.

Conclusion – Response accepted.

II-H-02 County Sheriff – Several checks for trusts totaling \$9,815 were prepared, signed and held in the County Sheriff’s office for several months.

Recommendation – Collections should be added to the trusts list and deposited in the County Sheriff’s bank account. Checks should then be written when the trust is ready to be disbursed.

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Response – The checks in question are garnishment checks written to the Iowa Department of Revenue and Finance. All monies that were received from the garnishee weekly were deposited on a weekly basis. At the end of each month, a check was written for the total amount received and kept with the file until the total garnishment was collected. We are not sure how to show the trust list on the monthly, quarterly and yearly report.

Conclusion – Response acknowledged. Procedures for maintaining a trust list were discussed with County Sheriff personnel.

II-I-02 Forfeiture Accounts – The County Sheriff and County Attorney received forfeited and confiscated property. These collections were not reflected in the County's accounting system and have not been included in the County's annual budget or monthly financial reports.

In accordance with recommendations from the Iowa Attorney General's office, "Forfeited funds must be kept in a fund which is subject to the supervision of the governing body and it (the governing body) has the right to exercise some control over expenditures from that fund, so long as they enhance law enforcement. Agencies are not free to spend forfeited funds without some oversight and control from the governing body."

Recommendation – The activity of the forfeited and confiscated property monies should be included in the County's annual budget and financial statements. Funds should be deposited in an account within the General Fund or a Special Revenue Fund. Proceeds are accepted by the County with the understanding that they are for additional law enforcement efforts. This means that monies so designated are not to replace those already budgeted. The receipt and disbursement of proceeds of this type may require a budget amendment at some time before the end of the fiscal year. All proceeds disbursed should be charged to the appropriate expenditure account in accordance with the Uniform Chart of Accounts for County Governments in Iowa.

Response –

County Sheriff – The Jasper County Sheriff's Office has maintained a forfeiture account for seized funds for at least five years. At the recommendation of the County Attorney, we have always maintained a separate account to record, receive and distribute seized/forfeited funds. These disbursements have always followed the required guidelines for forfeiture accounts, i.e., that monies spent are for additional law enforcement efforts or to enhance law enforcement in the county. Some uses have been specialized training for the County-wide SERT team, equipment for the SERT team, DARE projects, "buy money" for drug operations, to name a few, all of which are things not normally budgeted for and are "enhancements" to the overall law enforcement effort.

Our reasons for maintaining the funds apart from the County's overall system have primarily been due to the County Attorney's request and advice. There has been a question of maintaining confidentiality of buy money, which has recently been answered, in part, by the State Auditors. There is also a concern of funds being readily available from the County Auditor, as funds can take as much as two to three

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weeks to be drawn down, which has the potential to tying our hands. Last but not least is the concern that the County Auditor and Board of Supervisors may decide to withhold funding to the Sheriff's Office budget if they feel we have a forfeiture account available to cover costs. (This is contrary to the "enhancement" requirement.) The Board has always had access to our forfeiture log for review (with the exception of specific buy money information) but has never exercised the offer to review it.

The Sheriff's Office would be willing to incorporate our current separate law enforcement enhancement account into a special account in the General Fund or a Special Revenue fund if it will be guaranteed that the Sheriff's Office will maintain control/availability over the funds and that money will not be diverted from the usual operating budget by the Board of Supervisors because of forfeiture money being in the special account.

County Attorney – The Jasper County Attorney Forfeiture Account is established under the provisions of Iowa Code Chapter 809A. Such account involves public funds but never any tax-generated funds and such account differs from other agency "forfeiture" accounts in that it involves only true Chapter 809A gift-backs from the Iowa Department of Justice of forfeited assets. Unlike the typical law enforcement agency accounts, no Iowa Code Chapter 809 property or proceeds are ever involved in the JCA Forfeiture Account. The subject account exists and operates solely under Iowa Code Chapter 809A provisions and rules lawfully adopted thereunder. Disposition of forfeited property is provided for under Iowa Code 809A.16 and 809A.17 and rules promulgated by the Iowa Attorney General under the provisions of Iowa Code 809A.25, Iowa Code Chapter 17A, and Iowa Administrative Code 61-33.1 through 61-33.10. The "recommendations" mentioned by State Auditor's Office personnel are just that, "recommendations". Such recommendations could easily have been,-- *but have not been*,-- either incorporated by the Iowa Legislature into the Code Chapter 809A provisions or given the authority of law by the Iowa Attorney General via adoption as rules under the provisions of Code 809A.25 and Code Chapter 17A. State Auditor personnel justify their position by indicating that the "recommendations" come from "their legal counsel" and therefore must be adopted by the State Auditor in the subject report. I understand and appreciate such position by the State Auditor. I also understand the long-standing conflicts created between state offices and state agencies vis-à-vis municipal governments in Iowa when all such sub-units of government seek to reply from time to time upon the advice and counsel of the Iowa Attorney General. I believe it quite significant to note that the Iowa Attorney General's former written "recommendations" referred to by the State Auditor *precede in time* the adoption (by the Iowa Attorney General) of the administrative rules now shown as IAC 61-33.1 through 61-33.10. Obviously, the Iowa Attorney General quite intentionally chose *not* to cause such prior "recommendations" to be made into a rule. I urge the Iowa Attorney General to either proceed through the rule-making process to give such "recommendations" the force and effect of law or abandon such altogether and simply follow the established oversight allowed under IAC 61-33.8 in the event that the Iowa Department of Justice should determine that an agency is not in compliance with the remainder of the rules actually promulgated under IAC 61-33.1 – 61-33.10.

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The subject account is handled as a “shared” fund and is under the direction and control of the heads of each of the law enforcement agencies in Jasper County. They make the spending decisions, upon majority vote. They have full and immediate access to all account records. A minimum of three signatures are required on each check written upon such account, and the account bank statements are reconciled by different persons on a rotating basis. Such account and all information relating to it is at all times fully accessible to the Iowa State Auditor as well. Such account has also been used as the “conduit” account to ensure agency submissions to the Iowa Department of Justice and distributions of 809A forfeited funds balances to the respective seizing agencies--a use which will no longer be made under the “recommended” procedure. I do not allow the participating law enforcement agencies to use any of the funds (\$6,485.49 as of May 14, 2003) for procurement of any offensive weapons. A few examples of agreed-upon current uses of the fund balance include: (1) payment of fees for “pagers” carried by the multi-agency efforts and participation in the Jasper County Select Enforcement Response Team (“SERT”); (2) annual procurement of training videotapes for officer education purposes; (3) purchases for respective agencies of videotape equipment, night vision equipment, alcohol-sensor equipment, etc.

For several reasons, I am quite reluctant to follow the “recommendations” portion of the Audit Report. Given the present handling of such account and the existing “checks and balances”, I consider such “recommendations” actually to be a “step backward” in every practical sense and by no means a “step forward”. The current system now in place helps avoid the political games playing made possible under the State Auditor recommendations, alluded to under the old A.G. “recommendations”, and incorporated as part of IAC 61-33.6(3),--which expressly states that “questions regarding the propriety of the disposition of forfeited assets should be directed to the department” and does *not* provide for such questions to be directed to any local “governing body”. The phrase “governing body” is itself inaccurate given the legislative scheme to provide for independent elective offices of county government in Iowa.

The subject State Auditor recommendations under its control number II-I-02 exacerbate rather than promote or otherwise comport with the records keeping requirements of the JCA and the participating agencies themselves under IAC 61-33.7 and actually run contrary to such requirements at least in part. My reasons for hesitation in adopting the recommendations of the Iowa State Auditor in relation to the subject non-tax public funds account further include (first and foremost) the bottom-line fact that the public can’t really do much better than to have the heads of all of the law enforcement agencies in Jasper County serving in the existing “oversight” role. Combined, they are the “governing body” which oversees expenditures from the JCA Forfeiture Account. I also have concerns about the fact that quite often the bills processed through the office of the County Auditor result in a payment delay of up to two weeks. Oftentimes the next month’s billing reflects two months’ unpaid service charges (making budgeting a little more difficult...). And, quite unfortunately, we in Jasper County are all very much aware that the Board of Supervisors, the County Auditor, and even the previous private auditing firms (combined) apparently had insufficient oversight and control mechanisms in place to themselves “catch” the loss of \$198,119.05 at the former integrated Health Services

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of Jasper County (which was, thank you, finally uncovered and addressed in a review by the Iowa State Auditor).

While I do understand the position which the Iowa State Auditor feels must be taken by such office through its recommendations on the subject account, I shall await written findings and directives from the Iowa Attorney General, either under the provisions of Iowa Code 13.2(8) or IAC 61-33.8, before implementing such recommendations since I sincerely believe that such recommendations are not required by any law, rule or regulation expressly relating to Iowa Code Chapter 809A forfeited assets. I also appreciate that I am thereby placing at "political risk" the future support of the local law enforcement agency programs assisted via such JCA forfeiture fund in that the Iowa Department of Justice may exercise its discretion and "punish" my refusal to comply with procedural "recommendations" not yet made a part of our laws or applicable administrative rules by henceforth refusing to "gift" property forfeited to the State back to the JCA forfeiture account for support of such local programs. Of course, the Iowa Attorney General is deemed a "prosecuting attorney" for forfeiture purposes under Iowa Code 809A.1(6) and may directly initiate all 809A proceedings in Jasper County directly if deemed necessary to enforce the suggested "compliance" with "recommendations" which are not a part of our state's laws or administrative rules.

In conclusion, I suggest that the Iowa State Auditor refer this matter directly to the Iowa Department of Justice for further review and, if deemed necessary and appropriate by the Iowa Department of Justice, further response or directives.

Conclusion –

County Sheriff - Response accepted.

County Attorney - Response acknowledged. The forfeiture funds received by the County are public funds. As such, and in accordance with Article III, Section 31 of the Constitution of the State of Iowa, public funds may only be spent for the public benefit as discussed in finding IV-C-02. The County should implement procedures to ensure accountability for these public funds through the budgeting, accounting and reporting process in order to allow the governing body to perform its oversight function.

A copy of this report will be filed with the Office of Attorney General for review and determination as to what, if any, additional clarification is necessary and appropriate.

II-J-02 County Conservation – Receipts are not remitted to the County Treasurer on a timely basis.

Recommendation – Receipts should be remitted to the County Treasurer on a timely basis.

Response – Historically, I have advised the Office Manager that I would personally deposit miscellaneous receipts with the County Treasurer, thus allowing my review of the various accounts into which the receipts could most appropriately be placed, i.e.

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REAP, Conservation Reserve, Rock Creek Trail, etc. In retrospect, this has not worked, for I would tend to allow a number of checks to accumulate before deposit. As Director, I am not in the office everyday, as the position is a combination of administration and field responsibilities.

In view of this conflict, henceforth the Office Manager will be depositing all receipts from sources other than taxation with the County Treasurer. I have advised her of this added responsibility, and that the deposit shall be made as soon as practical, yet within 48-hours of their receipt by the Conservation Department.

Conclusion – Response accepted.

- II-K-02 Compensated Absences – Certain employees have accumulated unused vacation hours in excess of the maximum hours allowed under the County’s current personnel policy.

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

Response – The County will implement procedures to ensure that maximum hours of unused vacation do not exceed the personnel policy in the future.

Conclusion – Response accepted.

- II-L-02 Overtime – According to the Jasper County Human Resources Manual (Manual), non-union employees are required to follow the personnel policies and procedures outlined in the Manual. With regard to overtime, the Manual states that vacation and sick leave will not be considered work hours for the purpose of computing overtime pay.

During the year ended June 30, 2002, non-union employees within the Secondary Roads Department were receiving overtime pay. Specifically, one non-union employee working in the Secondary Roads Department was paid \$3,887 for 122.5 overtime hours that were not eligible under the County policy for non-union employees. This individual recorded overtime during periods in which vacation and/or sick leave were used. The vacation and/or sick leave hours were counted as work hours for purposes of computing the overtime.

In addition, the County Engineer indicated that there is no differentiation between non-union and union employees within the Secondary Roads Department with regard to overtime. Although the County Engineer approved the summary of timesheet information and overtime, written documentation does not exist to indicate whether the County Board of Supervisors authorized the County Engineer to deviate from the County’s overtime policy for non-union employees.

The County’s personnel policy and the Secondary Roads union agreement require that all overtime be approved in advance by the employee’s supervisor or department head (County official). However, these policies do not require that documentation be maintained to support the need or purpose for overtime or documentation to evidence that the overtime was approved in advance by a supervisor or department head (County official).

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

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

In addition to the \$3,887 calculated during the audit, the County Board of Supervisors should review and determine whether all non-union employees should reimburse the County for overtime payments in excess of the amount allowable per County policy.

Response –

Board of Supervisors – Human Resources has addressed the situation and non-union employees within the Secondary Roads Department will not receive overtime pay that does not comply with the Jasper County Human Resources Manual. In addition, we are looking into the legal ramifications of seeking reimbursement for the excess overtime payments made in the Secondary Roads Department.

County Engineer – Refer to 309.21 of the Iowa Code, I have directed, that due to the fact that three-fourths of the work force is under different contract for overtime calculations, that all non-union employees use the same method of computing overtime. This is also in keeping with long term past practice. It can be tracked back to the implementation of said policy in the early 1990's that the Secondary Roads Department has never followed County policy for non-union personnel. It would be a question of legality if the County policy could supercede Iowa statute 309.21, which leaves the responsibility with the County Engineer.

In response to the question of overtime hours of one employee, the amount of \$3,887 represents 122.5 hours; it is the recommendation of the Auditor that this should be reimbursed however part of that would be straight time wages. Before any reimbursement was made from said individual, there must be complete and accurate documentation as to how the figure of \$3,887 was arrived. To avoid possible litigation, the Board should be careful when and if they choose to address this issue.

Conclusion –

Board of Supervisors – Response acknowledged. The County should also require documentation supporting the need or purpose for overtime, including advance supervisory approval.

County Engineer – Chapter 309.21 of the Code of Iowa requires the County Engineer to supervise construction and maintenance work. It does not authorize the County Engineer to deviate from personnel policies established by the Board of Supervisors for non-union employees.

Documentation to support the overtime information identified in the comment will be provided to the Board of Supervisors for review.

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The County Engineer is subject to the direction of the Board of Supervisors under Chapter 309.18 of the Code of Iowa which says "said engineers shall, in the performance of their duties, work under the directions of said board..."

II-M-02 Vehicle Usage – The County Engineer approved vehicle assignments for nine employees in the Secondary Roads Department. The County Engineer stated that these individuals are assigned vehicles because they are on-call at all times. The written job descriptions of these individuals do not state that they are required to be on call at all times.

In addition, the County Engineer could not document the number of emergency calls that these individuals have responded to or other documentation to support that these individuals were on an on-call basis or the need to have vehicles assigned to these individuals.

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

Response –

Board of Supervisors – We will consider eliminating all personal use of vehicles in the Secondary Roads Department and will be looking to Iowa State Association of Counties and the Iowa State Association of County Engineers for model policies.

County Engineer – The value to be associated with having employees who are able to respond to an emergency situation on short notice at all hours is arguably no less than that of a County Sheriff's Deputy who has his/her car at home. Those precious minutes saved when it is necessary to move or give warning for an obstruction in the roadway or to repair a "Stop" sign, could save someone's life. The equipment housed in these vehicles is essential to our employees being able to properly respond to an inherently dangerous situation without putting themselves at a greater risk. These items include but are not limited to tools, warning flags, lights, county radio and personal protective gear.

As a County Engineer in Iowa, I am charged with the duty of using the resources provided to me in the best interest of Jasper County and for the safety of the entire traveling public. I believe that the current system is the highest and best use of our personnel and equipment in performing this duty. I also believe the cost of a human life to be potentially infinite which makes benefit/cost accounting in this situation nearly meaningless. We have many bridges in the county that have guardrail where it is not required by law and even more intersections with "Stop" signs that do not meet all required warrants for their placement. We paint white edge lines on our paved roads even though it is not required. We widen shoulders and flatten slopes whenever we have the opportunity. All of these items are expensive and law specifically requires none of them. It would be foolish for me to believe that the

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concern over having pickups assigned to employees to be taken home is anything more than a personal issue when no concern is shown for our other costly safety programs paid out of my budget.

Conclusion –

Board of Supervisors – Response accepted.

County Engineer – The County Engineer should maintain documentation that supports these assertions. This documentation should be provided to the Board of Supervisors on an annual basis in an effort to help them decide the cost versus benefits of having vehicles assigned to certain Secondary Roads Department personnel.

II-N-02 Secondary Roads Department – Certain purchases from the Secondary Roads Department were reviewed for the period January 1, 1999 to June 30, 2002. The following were noted:

- (a) From March 1, 1999 to July 31, 1999, the Secondary Roads Department entered into a lease-purchase agreement for a caterpillar 325 excavator. The agreement provided for five monthly lease payments totaling \$30,000 with the lease payments being applied to the purchase price. The Department then purchased the caterpillar for \$172,155 from Ziegler Inc. Based on the Department's previous practices, bids are usually taken for items of this nature. However, the Department could not provide evidence that bids were taken for this caterpillar.
- (b) Our review also identified the following inconsistencies in the Secondary Roads Department's bidding practices.

During the year ended June 30, 2000, the Secondary Roads Department purchased two tandem dump trucks from Housby Mack, Inc. According to the bid information provided by the County, Housby Mack, Inc. quoted a purchase price of \$73,200 per truck while Freightliner quoted a price of \$67,332 each. The County Engineer indicated that vendor selection was based on the lowest cost per year for the truck, not the lowest purchase price. Cost per year was calculated as follows: purchase price less resale value divided by the number of years expected to keep the item. Using this methodology, Housby Mack, Inc.'s cost per year for each truck was \$5,856 and Freightliner's was \$8,866.

During fiscal year 2001, the Secondary Roads Department purchased four single axle dump trucks from Housby Mack, Inc. According to the bid information provided by the County, Housby Mack, Inc. quoted a purchase price of \$64,600 each for a total of \$258,400. The County Engineer calculated a cost per year of \$9,044. Freightliner quoted a purchase price of \$47,241 each for a total of \$188,964. The County Engineer calculated a cost per year of \$6,648. The Department did not select the lowest bidder when purchasing the four dump trucks.

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- (c) The Secondary Roads Department paid A & B Mobile Wash to wash County motor graders, tractors, trucks, etc. at various times during the year. The Department paid a certain price for each of the different vehicles washed. The Department could not provide evidence that bids were taken for this service, nor could it provide a written contract which documented the agreed upon price per type of vehicle washed. During the year ended June 30, 2002, the County paid A & B Mobile Wash \$3,335.

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

Response –

Board of Supervisors – The Board of Supervisors will instruct the County Engineer to develop a written policy to ensure consistency with other County policies for the procurement of goods and services subject to the review and approval by the Board of Supervisors.

County Engineer

- (a) Be aware this was a used machine. It is not customary in any county in the state of Iowa to take bids on used equipment.
- (b) The law provides that we may disregard price and buy in the best interest of Jasper County. For example, Marshall County will not accept quotes on any motor graders except caterpillars. These items were discussed at a public meeting as an agenda item on April 18, 2000, and August 8, 2000, where they were voted and approved by then setting Board of Supervisors. As for recommendation that the Board review and approve procurement of goods and services, see Attorney General's opinion dated February 15, 1990 (opinion not included in this report).
- (c) A&B Mobile Wash, for one year, was stated as costing the County \$3,335. At an average cost for one employee with benefits it would be \$23.53 per hour, that would account for 141.73 hours of nonproductive work for one employee. A&B Mobile washes on the average 6 vehicles on one day per week. Past practice shows that it would take the average employee 2-3 hours to wash one vehicle. At that rate, the employee would possibly only wash 3 vehicles a day with breaks and lunch at the cost of \$23.53 per hour for 2-3 hours (\$43.06-70.59). The average cost of a vehicle washed by A&B Mobile is \$35, resulting in a difference of \$35.59 at maximum per vehicle when using in house employees. My recommendation is that it is cost effective to use an outside service as opposed to in house.

Jasper County

Schedule of Findings and Questioned Costs

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Conclusion –

Board of Supervisors – Response acknowledged. The County should also evaluate and prepare documentation to determine the cost efficiency of contracting for services to wash County vehicles and equipment.

County Engineer

- (a) The documentation provided by the County does not indicate that this was a used machine.
- (b) The documentation provided by the County did not identify any concerns about the vendors involved in the bidding process. If the lowest bid was not selected because it was in the “best interest of Jasper County”, the minutes record should reflect this discussion and the Board’s decision to not accept the lowest bid for these reasons.
- (c) If the Board agrees with the County Engineer’s analysis then, at a minimum, a written contract should be in place to document an agreed upon price per type of vehicle washed and the Board’s approval of the contract.

II-O-02 Construction Projects – Chapter 309.40 of the Code of Iowa states, in part, all contracts for road or bridge construction work and materials for which the engineer’s estimate exceeds fifty thousand dollars . . . shall be advertised and let at a public letting. Chapter 309.41 states, in part, contracts not embraced within the provisions of Chapter 309.40 shall be either advertised and let at a public letting; or, where the cost does not exceed the engineer’s estimate, let through informal bid procedure by contacting at least three qualified bidders prior to letting the contract. The informal bids received together with a statement setting forth the reasons for use of the informal procedure and bid acceptance shall be entered in the minutes of the board of supervisors meeting at which such action was taken.

The Secondary Roads Department (Department) does not have written policies and procedures for the bidding of construction projects and approval of change orders.

A listing of the construction projects in process during the years ended June 30, 2001 and 2002 was obtained from the Department. A review of certain project files identified the following:

- (a) The estimates calculated by the Department for certain projects were not always documented or documented in enough detail to determine the items (i.e. materials, labor, etc.) included in the estimate/calculation.
- (b) All costs associated with a particular project were not always documented or included when determining whether the project required competitive bidding or not. For example, for the Prairie Creek construction project, Project LL-PWA17300 PWA344 and local bridge project BL001, the estimates did not always include the labor and materials provided by the County for the projects. Had all costs been considered, the estimate would have been in excess of \$50,000 and competitive bidding would have been required in accordance with Chapter 309.40 of the Code of Iowa.

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- (c) The Department could not provide specific documentation to support the contractors who had requested and/or received copies of project specifications for bidding purposes.
- (d) The County and DOT agreed to share costs for specified paving and resurfacing projects within Jasper County. DOT requested bids for the projects and accepted a bid for \$1,373,404, with the County's share totaling \$523,953.

The County Engineer subsequently approved a change order to the contract for \$516,755. The change order added miles for resurfacing in various subdivisions and a county road not included in the original specifications.

The County did not seek bids for the additional work identified in the change order. It is unclear whether additional savings could have been realized through a separate bidding process. However, the County should have competitively bid this addition since the change order represented a significant change in the project and exceeded the requirements of Chapter 309.40 of the Code of Iowa.

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

Documentation should be maintained to support the contractors who requested and/or received project specifications for bidding purposes.

Significant change orders to an existing contract should be analyzed to determine whether a separate bidding process is required for compliance with the Code of Iowa. If not required by statute, the County should review and determine whether it would be cost beneficial to competitively bid. The County Board of Supervisors should approve all contracts and related change orders. In addition, written policies and procedures should be developed for the bidding of construction projects and approval of change orders to ensure consistency for all projects.

Response –

Board of Supervisors – The Board of Supervisors will instruct the County Engineer to develop written policies and procedures for the bidding of construction projects pursuant to Chapter 309.40 of the Code of Iowa. This will also apply to all change orders to be approved by the Board of Supervisors to ensure consistency for all projects.

County Engineer

- (a) This item is too vague to respond to. I would need documentation as to which projects you are referring to, some projects are let as labor only.

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- (b) The County, in fact, purchases some salvage material, which is the key element in the economy of this bridge system. The D.O.T. has not been consistent as to where these items should be charged. Therefore these contracts were install only. Once again, this was discussed and approved by the Board.
- (c) This was true and since then the Secondary Roads Department is sending all plans and bid letting papers by certified mail with return receipt.
- (d) The County did not share the cost with the D.O.T. on these projects. The County simply let a project in conjunction with the D.O.T. project. There was only one bid received on these projects. D.O.T. does not require the Board's signature on extra work orders; nor does it provide a space for their signatures. It is the County Engineer's responsibility for the engineering required for the job to be built properly. At the time the plans were done all signatures for one area were not received. However, the Board passed a resolution approving the additional paving on June 6, 2000, after receiving all signatures, the contract was let July 11, 2000 again only one bidder, extra work was added immediately.

Conclusion –

Board of Supervisors – Response acknowledged. In addition, documentation should be required and maintained, as recommended.

County Engineer

- (a) Documentation of the projects involved will be provided to the County. However, all costs should be considered in the estimate when determining whether a project should be bid or not, even if only the labor portion is being let.
- (b) All costs should be considered in the estimate when determining whether a project should be bid or not, even if only the labor/install portion is being let.
- (c) Response accepted.
- (d) As previously mentioned, the D.O.T. did let a project on July 11, 2000. However, the bid information did not include the subdivisions and county road subsequently added to the project through a change order dated and signed by the County Engineer on October 30, 2000. The County did not provide documentation and the change order did not indicate that a separate bidding process was undertaken, for the additional miles, with only one bid received. Furthermore, County personnel stated that the change order was not bid separately because it would have taken about a year to go through bidding, approval, etc.

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II-P-02 Service Provider Contracts – Each fiscal year, the County negotiates contracts with service providers for mental health services. We reviewed the contract agreements between Jasper County and Progress Industries, Inc. and Capstone Center, Inc. for the period July 1, 2001 through June 30, 2003 and noted the following:

- (a) There was no written agreement between Jasper County and Progress Industries, Inc. during the period July 1, 2001 to June 30, 2002. The Central Point Coordinator indicated that both parties were operating under the terms of the contract for the year ended June 30, 2001. However, the extension of this contract was not in writing or approved by either party.
- (b) The County and Capstone Center, Inc. agreed to an extension under the contract which ended June 30, 2001. The extension was for the period July 1, 2001 to December 31, 2001. The County and Capstone Center, Inc. did not sign the extension agreement until January 15, 2002.

Recommendation – The County should ensure that all service provider contract agreements are current and that extensions to any contract are in writing and approved before the extension period begins.

Response – Jasper County will make sure that all agreements and contracts are completed and signed prior to the ending date of an existing agreement or contract.

Conclusion – Response accepted.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

**CFDA Number 93.045: Special Programs for the Aging Title III, Part C, Nutrition Services
Federal Award Year: 2002**

**U.S. Department of Health and Human Services
Passed through the Iowa Department of Elder Affairs
Passed through Aging Resources of Central Iowa**

III-A-02 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. Generally one individual in the congregate meals office has control over cash receipts for which no compensating controls exist.

All incoming mail should be opened by an employee who is not authorized to make entries to the grant accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

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

Response – Due to our limited number of office employees we will use the Office Manager to open all mail and make a list of all checks that come in the mail. If we receive cash, the Office Manager will also count this and she will record the amount on the same list as the checks. After the Office Manager has recorded checks, cash, etc. she will give the funds to be deposited to the Program Director, who will take it to the Treasurer's office to be deposited. When the Program Director returns with a receipt from the Treasurer's office, the Director will have the Office Manager verify that the amounts coincide.

Conclusion – Response accepted.

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Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-02 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors for all accounts except the County Sheriff and County Recorder bank accounts. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.

Recommendation – A resolution naming official depositories for the County Sheriff and County Recorder accounts should be adopted by the Board of Supervisors.

Response – The Board of Supervisors will request that the County Sheriff and County Recorder present a resolution to the Board of Supervisors for action on naming Official Depositories for their respective offices.

Conclusion – Response accepted.

IV-B-02 Certified Budget – Disbursements during the year ended June 30, 2002 did not exceed the amounts budgeted.

IV-C-02 Questionable Expenditures – As previously noted in item II-I-02, the County Attorney has funds in a property forfeiture account which are to be used for additional law enforcement efforts. During the year ended June 30, 2002, the County Attorney's office paid claims from this account totaling \$288 for barbecue pork and a dunk tank rental for a rural chief picnic held at a local park. These expenditures do not appear to be in compliance with the intended use of these funds, and the public purpose served by the expenditures was not clearly documented.

Recommendation – Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. The County Board of Supervisors and County Attorney should determine and document the public purpose served by these expenditures before authorizing any further payments. In addition, the County Board of Supervisors and County Attorney should ensure that expenditures of forfeiture funds are used towards additional law enforcement efforts.

Response – Such expenditure did more to enhance law enforcement in Jasper County than any other single expenditure for the year. I can appreciate how those outside law enforcement might fail to see the enhancements to our entire countywide law enforcement community resulting from the annual renewal of friendships, unity, camaraderie, solidarity, etc. which this event allows via efforts to bring together all peace officers, their families and friends for fun and fellowship. Knowing that no tax money is involved and that the "bad guys" actually have paid for the event makes it just that much more enjoyable for those who attend. The audit recommendation is not a finding via IAC Section 61-33.8 of any failure to comply with applicable rules, but I believe the recommendation should be and will be followed by me in the future, except that such matters need not and will not be taken before the Board of Supervisors for approval since not required. The County Board of Supervisors has no legal decision-making authority over any part of the subject fund under controlling Iowa Code Chapter 809A or any of the rules promulgated thereunder. A mere "recommendation" from counsel to the State Auditor is just that, only a recommendation. The Legislature has not mandated any control by the County Supervisors, and the Iowa Attorney

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General, (although he could attempt to do so), has chosen not to incorporate such “recommendation” into any rule under the Iowa Administrative Code, perhaps due to an awareness that the controlling statute does not mandate such.

In the future, I will not allow use of any of the JCA forfeiture account funds to be used to support the annual event. I will encourage the chiefs’ group to either raise funds through independent donations or sell tickets to the event.

Conclusion – Response acknowledged. As noted, forfeiture funds are “public funds” under the fiduciary control of the County. Accordingly, the County must exercise oversight and should implement procedures to insure consistency and accountability in the expenditure of all public funds.

A copy of this report will be filed with the Office of Attorney General for their review and determination as to what, if any, additional clarification is necessary and appropriate.

IV-D-02 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-02 Business Transactions – Business transactions between the County and County officials or employees were as follows:

Name, Title and Business Connection	Description	Amount
Loren Milligan, Board of Supervisor member, Son owns Milligan Electronics	Radio equipment purchase and installation	\$9,852

In accordance with Chapter 331.342 of the Code of Iowa, the above transactions may represent a conflict of interest since total transactions were more than \$1,500 during the fiscal year and the transactions were not competitively bid.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – The problem will not occur again since the voters of Jasper County terminated the Supervisor in question in November of 2002, effective December 31, 2002. In the future, the Board will comply with Chapter 331.342 of the Code of Iowa in all transactions.

Conclusion – Response accepted.

IV-F-02 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 that coverage is adequate for current operations.

IV-G-02 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

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- (a) Although minutes of the Board proceedings were published within the time period required by Chapter 349.18 of the Code of Iowa, the claims listed in the publication did not include the purpose of the claim.
- (b) Some interfund transfers were not approved in the minutes by Board resolution as required by Chapter 331.432 of the Code of Iowa.
- (c) The Board went into closed session on November 20, 2001. The Board minutes did not reference a specific code exemption as required by Chapter 21.5 of the Code of Iowa.

Recommendation – The County should insure that the minutes publication includes the purpose of the claim as required.

All interfund transfers should be approved by the Board of Supervisors by resolution as required by Chapter 331.432 of the Code of Iowa.

The Board minutes should reference a specific code exemption as required.

Response –

- (a) We will ask the County Attorney to review Chapter 349.18 of the Code of Iowa for his opinion and act accordingly.
- (b) The interfund transfer was an agenda item and acted upon in the regular Board meeting of July 3, 2001 but was inadvertently not included in the Official Minute Book. We will try to proof the official minutes more closely in the future.
- (c) The reason for the Closed Session of November 20, 2001 was stated on the agenda, but was left out of the official minutes as an oversight. We will try to always state the Code Section as required by Chapter 21.5 of the Code of Iowa in the future.

Conclusion – Response accepted.

IV-H-02 Deposits and Investments – Except as noted above, no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-I-02 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-J-02 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, 2002 for the County Extension Office did not exceed the amount budgeted.

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Year ended June 30, 2002

Signature cards were not updated to remove the names of former employees.

Certain invoices and supporting documentation were not marked paid to help prevent duplicate payment.

Certain expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. These expenditures totaled \$236, and included food and refreshments for meetings, a Christmas dinner for staff, and floral gifts.

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

Recommendation – Signature cards should be updated immediately upon an employee's resignation.

All invoices and supporting documents should be properly cancelled to help prevent duplicate payments.

The Council should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the Council should establish written policies and procedures, including requirement for proper documentation.

Response – I was under the assumption that when we changed signatures on the checking account, they were changed on the money market account as well. I will have new cards signed.

We will start canceling the invoices.

The Council will discuss a policy and procedure.

Conclusion – Response accepted.

IV-K-02 County Conservation Board Minutes – Certain minutes of the meetings of the County Conservation Board were not signed.

Recommendation – The Chairman should ensure that all meetings of the County Conservation Board are properly signed to authenticate the record.

Response – The Jasper County Conservation Board has an excellent record of board minutes. Five official minute books have been filled with detailed activities of regular and special board meetings for the last 33 years. On occasion, the elected Board Secretary's signing of a previous meeting has inadvertently been overlooked.

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It is the sole responsibility of the Director to carry out the policies of the Board, as empowered in Chapter 350.4(6) Code of Iowa to ensure that minutes of prior meetings are signed. Henceforth I, the Board Director, will be more vigilant in having the minutes of the board signed by the appropriate official upon approval of the minutes at a regular or special scheduled meeting.

Conclusion – Response accepted.

IV-L-02 Board of Health Minutes – Certain minutes of the meetings of the Board of Health (BOH) were not signed.

Recommendation – The Board should ensure that minutes are properly signed to authenticate the record.

Response – The minutes were signed at the next BOH meeting. They are current except for last meeting. The next time I see the secretary is at next BOH meeting.

Conclusion – Response acknowledged. At the time of the audit, certain minutes were not signed. The secretary subsequently obtained signatures for all meetings except the last, most recent meeting.

IV-M-02 Request for Reaudit – All items in the citizens' petition request for reaudit were resolved except as noted.

Jasper County

Staff

This audit was performed by:

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Pamela L. Brandenburg, Senior Auditor
Timothy D. Houlette, CPA, Senior Auditor
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