



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

May 22, 2012

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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 \$50,193,903 for the year ended June 30, 2011, which included \$1,682,015 in tax credits from the state. The County forwarded \$37,356,252 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$12,837,651 of the local tax revenue to finance County operations, a less than 1% decrease from the prior year. Other revenues included charges for service of \$1,514,322, operating grants, contributions and restricted interest of \$6,966,429, capital grants, contributions and restricted interest of \$1,896,313, tax increment financing of \$676,989, local option sales tax of \$1,322,175, unrestricted investment earnings of \$174,187 and other general revenues of \$267,702.

Expenses for County operations totaled \$24,808,527, a 4% increase over the prior year. Expenses included \$8,008,500 for roads and transportation, \$5,030,941 for public safety and legal services and \$3,644,684 for mental health.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1110-0050-B00F.pdf>.

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JASPER COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011

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Jasper County

Officials

(Before January 2011)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John Parsons	Board of Supervisors	Jan 2011
Richard Tiedje	Board of Supervisors	Jan 2011
Dennis Stevenson	Board of Supervisors	Jan 2013
Dennis Parrott	County Auditor	Jan 2013
Doug Bishop	County Treasurer	Jan 2011
Nancy Parrott	County Recorder	Jan 2011
Mike Balmer	County Sheriff	Jan 2013
Mike Jacobsen	County Attorney	Jan 2011
John Deegan	County Assessor	Jan 2016

(After January 2011)

Dennis Stevenson	Board of Supervisors	Jan 2013
Joe Brock	Board of Supervisors	Jan 2015
Dennis Carpenter	Board of Supervisors	Jan 2015
Dennis Parrott	County Auditor	Jan 2013
Doug Bishop	County Treasurer	Jan 2015
Nancy Parrott	County Recorder	Jan 2015
Mike Balmer	County Sheriff	Jan 2013
Mike Jacobsen	County Attorney	Jan 2015
John Deegan	County Assessor	Jan 2016

Jasper County



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Independent Auditor's Report

To the Officials of Jasper County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Jasper County's management. Our responsibility is to express opinions on these financial statements based on our audit.

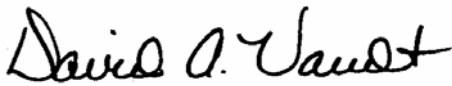
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County at June 30, 2011, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated May 1, 2012 on our consideration of Jasper County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 46 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jasper County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 1, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Jasper County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 1.2%, or approximately \$322,000, from fiscal year 2010 to fiscal year 2011. Operating grants, contributions and restricted interest increased approximately \$673,000, capital grants, contributions and restricted interest decreased approximately \$806,000 and charges for service decreased approximately \$171,000.
- Program expenses of the County's governmental activities increased 3.8%, or approximately \$914,000, from fiscal year 2010 to fiscal year 2011. Expenses increased approximately \$289,000 in the public safety and legal services function, approximately \$332,000 in the mental health function and approximately \$474,000 in the administration function. Also, expenses decreased approximately \$146,000 in the governmental services to residents function.
- The County's net assets increased 2.2%, or approximately \$847,000, from June 30, 2010 to June 30, 2011.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Jasper County's combined net assets increased from a year ago, from approximately \$37,884,000 to approximately \$38,731,000. The analysis that follows focuses on the changes in the net assets of governmental activities.

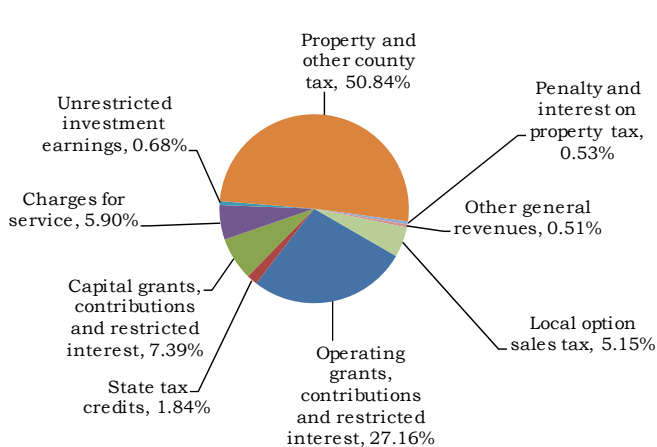
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2011	2010
Current and other assets	\$ 29,327	26,600
Capital assets	41,851	42,426
Total assets	71,178	69,026
Long-term liabilities	17,101	16,940
Other liabilities	15,346	14,202
Total liabilities	32,447	31,142
Net assets:		
Invested in capital assets, net of related debt	33,155	33,141
Restricted	8,215	7,201
Unrestricted	(2,639)	(2,458)
Total net assets	\$ 38,731	37,884

Net assets of Jasper County's governmental activities increased approximately \$847,000 (approximately \$38,731,000 compared to approximately \$37,884,000). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—decreased from approximately (\$2,458,000) at June 30, 2010 to approximately (\$2,639,000) at the end of this year, a decrease of 7.4%. The unrestricted net assets deficit balance is a result of the County issuing general obligation bonds and notes for capital assets not owned by the County.

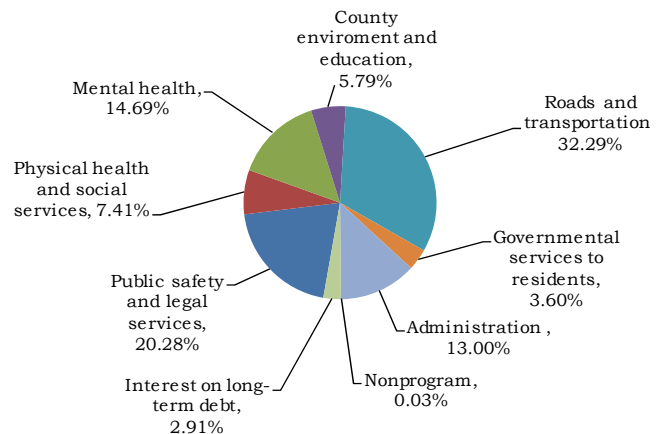
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2011	2010
Revenues:		
Program revenues:		
Charges for service	\$ 1,514	1,685
Operating grants, contributions and restricted interest	6,967	6,294
Capital grants, contributions and restricted interest	1,896	2,702
General revenues:		
Property and other county tax, including tax increment financin	13,043	12,926
Penalty and interest on property tax	137	122
State tax credits	472	533
Local option sales tax	1,322	1,267
Unrestricted investment earnings	174	200
Other general revenues	131	249
Total revenues	25,656	25,978
Program expenses:		
Public safety and legal services	5,031	4,742
Physical health and social services	1,839	1,911
Mental health	3,645	3,313
County enviroment and education	1,436	1,325
Roads and transportation	8,009	8,041
Governmental services to residents	894	1,040
Administration	3,224	2,750
Nonprogram	8	7
Interest on long-term debt	723	766
Total expenses	24,809	23,895
Increase in net assets	847	2,083
Net assets beginning of year	37,884	35,801
Net assets end of year	\$ 38,731	37,884

Revenues by Source



Expenses by Function



Jasper County's net assets of governmental activities increased approximately \$847,000 during the year. Revenues for governmental activities decreased approximately \$322,000 from the prior year. Property and other county tax revenue increased approximately \$117,000, or less than 1%, over the prior year. Capital grants, contributions and restricted interest decreased approximately \$806,000, or 29.8%, due to fewer farm-to-market projects being contributed to the County by the Iowa Department of Transportation (DOT) in the current fiscal year. Operating grants, contributions and restricted interest increased approximately \$673,000, or 10.7%, over the prior year, due primarily to FEMA disaster grants received during the fiscal year.

The County decreased property tax rates for fiscal year 2011 an average of 6.8%. This decrease and increases in taxable valuations raised the County's property tax revenue approximately \$117,000 in fiscal year 2011.

The cost of all governmental activities this year was approximately \$24.8 million compared to approximately \$23.9 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$14.4 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,514,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$8,863,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2011 from approximately \$10,681,000 to approximately \$10,377,000, primarily due to fewer farm-to-market road projects being contributed to the County by the Iowa DOT. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jasper County completed the year, its governmental funds reported a combined fund balance of approximately \$13.3 million, an increase of almost \$1 million from last year's total of approximately \$12.3 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures remained consistent when compared to the prior year. The ending fund balance increased approximately \$404,000 over the prior year to \$4,563,977.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$3,626,922, an increase of approximately \$317,000, or 9.6%, over the prior year. Revenues decreased approximately \$468,000, or 12.1%, due to a decrease in property tax. The Special Revenue, Mental Health Fund balance at year end decreased approximately \$235,000 to \$1,994,009.
- There were no significant changes in revenues and expenditures of the Special Revenue, Rural Services Fund. At year end, the fund balance was \$635,372 compared to the prior year ending balance of \$401,126.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$159,000, or 3.7%, primarily due to an increase in road use tax received from the State. Expenditures increased approximately \$235,000, or 4.0%, over the prior year due to increased road maintenance expenditures during fiscal year 2011. The fund balance at June 30, 2011 was \$3,077,043 compared to the prior year ending fund balance of \$3,172,716, a decrease of \$95,673.
- There were no significant changes in revenues, expenditures and the fund balance of the Debt Service Fund.
- During the year ended June 30, 2011, the County issued \$750,000 of general obligation capital loan notes to help finance repairs and improvements to the County Courthouse and other buildings. The proceeds from the notes were placed in the Capital Projects Fund. At June 30, 2011, the fund balance in the Capital Projects Fund was \$585,213.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jasper County amended its budget two times. The first amendment was made in March 2011 and resulted in an increase in budgeted receipts for proceeds of debt issued and an increase in budgeted disbursements for the capital projects function for repairs to the Courthouse and Community Center. The second amendment was made in June 2011. This amendment was made to provide for additional disbursements in certain County departments.

The County's receipts were \$1,385,379 less than budgeted, a difference of 5.5%. The most significant variance resulted from the County receiving less in intergovernmental receipts than anticipated.

Total disbursements were \$5,937,989 less than budgeted. Actual disbursements for the capital projects, roads and transportation and mental health functions were \$2,983,871, \$1,354,293 and \$507,170, respectively, less than budgeted. These differences were due to moving capital projects forward to next year, less road maintenance projects being performed than expected and clients needing less expensive mental health services than anticipated.

Even with the budget amendments, the County exceeded the budgeted amount in the debt service function for the year ended June 30, 2011.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, Jasper County had approximately \$41.9 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net decrease (including additions and deletions) of approximately \$575,000, or 1.4%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2011	2010
Land	\$ 1,003	1,005
Construction in progress	-	374
Buildings and improvements	8,946	9,569
Equipment and vehicles	2,371	2,234
Infrastructure	29,531	29,244
Total	\$ 41,851	42,426

The County had depreciation expense of \$2,891,879 in fiscal year 2011 and total accumulated depreciation of \$23,631,928 at June 30, 2011. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

Jasper County had general obligation bonds and capital loan notes outstanding at June 30, 2011 and June 30, 2010, as shown below.

	Outstanding Debt of Governmental Activities at Year-End	
	(Expressed in Thousands)	
	June 30,	
	2011	2010
General obligation bonds and capital loan notes	\$ 15,307	15,657

The County continues to carry a general obligation bond rating of A1 assigned by national rating agencies to the County's debt since 2008. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Jasper County's outstanding general obligation debt of approximately \$15.3 million is significantly below its constitutional debt limit of approximately \$118 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Jasper County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates and fees charged for various County activities. In an ongoing effort to maintain County services, the Jasper County Board of Supervisors is committed to limiting expenditure increases, using excess fund balances and reducing funding to non-mandated programs to provide essential services for the citizens of Jasper County.

The Jasper County Board of Supervisors has stated it is determined to use all of the one cent Local Option Sales and Services Tax (LOSST) funds for property tax relief. Therefore, in the fiscal year 2012 budget, all of the LOSST money estimated to be received in fiscal year 2012 (approximately \$900,000) was used to offset a property tax increase in fiscal year 2012.

Amounts available for appropriation in the operating budget are approximately \$24,094,000, a decrease of 4% from the final fiscal year 2011 budget. Intergovernmental receipts are expected to decrease due to federal bridge replacement funding. Budgeted disbursements decreased approximately \$1,186,000 from the final fiscal year 2011 budget, mainly due to expected decreases in the roads and transportation function offset by expected increased costs for mental health services. The County has added no major new programs or initiatives to the fiscal year 2012 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of fiscal year 2012.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Jasper County

Basic Financial Statements

Exhibit A

Jasper County
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 13,603,652
Receivables:	
Property tax:	
Delinquent	18,236
Succeeding year	13,082,000
Succeeding year tax increment financing	679,000
Interest and penalty on property tax	63,578
Accounts	257,359
Accrued interest	1,509
Special assessments	29,352
Due from other governments	1,117,306
Inventories	350,298
Prepaid expense	124,186
Capital assets (net of accumulated depreciation)	41,851,334
Total assets	<u>71,177,810</u>
Liabilities	
Accounts payable	489,037
Accrued interest payable	55,178
Salaries and benefits payable	306,253
Due to other governments	557,283
Deferred revenue:	
Succeeding year property tax	13,082,000
Succeeding year tax increment financing	679,000
Other	177,215
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	463,000
General obligation bonds	835,000
Compensated absences	515,116
Portion due or payable after one year:	
General obligation capital loan notes	2,269,000
General obligation bonds	11,740,000
Compensated absences	1,150,936
Net OPEB liability	127,425
Total liabilities	<u>32,446,443</u>
Net Assets	
Invested in capital assets, net of related debt	33,154,507
Restricted for:	
Nonexpendable:	
Permanent fund	12,000
Expendable:	
Supplemental levy purposes	766,724
Mental health purposes	1,974,906
Rural services purposes	602,176
Road purposes	2,364,939
Conservation land acquisition	134,299
Debt service	150,682
Other purposes	2,209,845
Unrestricted	(2,638,711)
Total net assets	<u>\$ 38,731,367</u>

See notes to financial statements.

Jasper County
Statement of Activities
Year ended June 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 5,030,941	395,184	46,364	-	(4,589,393)
Physical health and social services	1,839,187	194,671	618,916	-	(1,025,600)
Mental health	3,644,684	1,323	1,444,738	-	(2,198,623)
County environment and education	1,436,350	40,460	122,521	-	(1,273,369)
Roads and transportation	8,008,500	182,909	4,532,124	1,896,313	(1,397,154)
Governmental services to residents	893,575	564,679	94	-	(328,802)
Administration	3,223,870	75,971	64,762	-	(3,083,137)
Non-program	8,156	59,125	-	-	50,969
Interest on long-term debt	723,264	-	136,910	-	(586,354)
Total	\$ 24,808,527	1,514,322	6,966,429	1,896,313	(14,431,463)
General Revenues:					
Property and other county tax levied for:					
General purposes					11,743,738
Debt service					622,280
Tax increment financing					676,989
Penalty and interest on property tax					136,443
State tax credits					471,633
Local option sales tax					1,322,175
Unrestricted investment earnings					174,187
Miscellaneous					131,259
Total general revenues					15,278,704
Change in net assets					847,241
Net assets beginning of year					37,884,126
Net assets end of year					\$ 38,731,367
See notes to financial statements.					

Jasper County
Balance Sheet
Governmental Funds

June 30, 2011

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 4,816,667	2,582,629	656,623	2,753,149
Receivables:				
Property tax:				
Delinquent	12,258	2,947	2,086	-
Succeeding year	8,319,000	1,857,000	2,107,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	63,578	-	-	-
Accounts	234,004	-	365	22,990
Accrued interest	1,509	-	-	-
Special assessments	-	-	-	29,352
Due from other governments	141,325	13,875	-	756,738
Inventories	-	-	-	350,298
Prepaid expenditures	121,040	-	166	2,980
Total assets	\$ 13,709,381	4,456,451	2,766,240	3,915,507
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 121,303	67,171	3,091	279,310
Salaries and benefits payable	215,188	4,320	3,643	83,102
Due to other governments	18,798	523,360	15,048	77
Deferred revenue:				
Succeeding year property tax	8,319,000	1,857,000	2,107,000	-
Succeeding year tax increment financing	-	-	-	-
Other	471,115	10,591	2,086	475,975
Total liabilities	9,145,404	2,462,442	2,130,868	838,464
Fund balances:				
Nonspendable:				
Inventories	-	-	-	350,298
Prepaid expenditures	121,040	-	166	2,980
Dental care	-	-	-	-
Restricted for:				
Supplemental levy purposes	874,925	-	-	-
Mental health purposes	-	1,994,009	-	-
Rural services purposes	-	-	635,206	-
Secondary roads purposes	-	-	-	2,723,765
Conservation land acquisition	134,299	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	17,645	-	-	-
Assigned for:				
Courthouse projects	-	-	-	-
Other capital projects	-	-	-	-
Unassigned	3,416,068	-	-	-
Total fund balances	4,563,977	1,994,009	635,372	3,077,043
Total liabilities and fund balances	\$ 13,709,381	4,456,451	2,766,240	3,915,507

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
204,948	598,298	1,991,338	13,603,652
912	-	33	18,236
799,000	-	-	13,082,000
-	-	679,000	679,000
-	-	-	63,578
-	-	-	257,359
-	-	-	1,509
-	-	-	29,352
-	-	205,368	1,117,306
-	-	-	350,298
-	-	-	124,186
1,004,860	598,298	2,875,739	29,326,476
-	13,085	5,077	489,037
-	-	-	306,253
-	-	-	557,283
799,000	-	-	13,082,000
-	-	679,000	679,000
912	-	33	960,712
799,912	13,085	684,110	16,074,285
-	-	-	350,298
-	-	-	124,186
-	-	12,000	12,000
-	-	-	874,925
-	-	-	1,994,009
-	-	-	635,206
-	-	-	2,723,765
-	-	-	134,299
204,948	-	-	204,948
-	435,228	-	435,228
-	-	2,179,629	2,197,274
-	100,000	-	100,000
-	49,985	-	49,985
-	-	-	3,416,068
204,948	585,213	2,191,629	13,252,191
1,004,860	598,298	2,875,739	29,326,476

Jasper County

Jasper County

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

June 30, 2011

Total governmental fund balances (page 19) \$ 13,252,191

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$65,483,262 and the accumulated depreciation is \$23,631,928. 41,851,334

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 783,497

Long-term liabilities, including general obligation capital loan notes payable, general obligation bonds payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (17,155,655)

Net assets of governmental activities (page 16) \$ 38,731,367

See notes to financial statements.

Jasper County

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

Year ended June 30, 2011

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 7,812,431	1,878,307	2,048,909	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	-	-
Interest and penalty on property tax	126,863	-	-	-
Intergovernmental	1,163,598	1,509,180	82,763	4,278,333
Licenses and permits	19,843	-	28,349	18,475
Charges for service	965,392	1,323	350	8,375
Use of money and property	271,634	-	-	-
Miscellaneous	297,519	2,665	16	154,139
Total revenues	10,657,280	3,391,475	2,160,387	4,459,322
Expenditures:				
Operating:				
Public safety and legal services	4,691,105	-	-	-
Physical health and social services	1,762,850	-	-	-
Mental health	-	3,626,922	-	-
County environment and education	868,412	-	453,823	-
Roads and transportation	-	-	-	5,994,849
Governmental services to residents	855,852	-	-	-
Administration	2,747,187	-	-	-
Non-program	8,156	-	-	-
Debt service	-	-	-	-
Capital projects	612	-	-	53,872
Total expenditures	10,934,174	3,626,922	453,823	6,048,721
Excess (deficiency) of revenues over (under) expenditures	(276,894)	(235,447)	1,706,564	(1,589,399)
Other financing sources (uses):				
Sale of capital assets	1,668	-	-	2,498
Operating transfers in	998,204	-	225,085	1,878,256
Operating transfers out	(318,637)	-	(1,697,403)	(387,028)
General obligation notes issued	-	-	-	-
Total other financing sources (uses)	681,235	-	(1,472,318)	1,493,726
Net change in fund balances	404,341	(235,447)	234,246	(95,673)
Fund balances beginning of year, as restated	4,159,636	2,229,456	401,126	3,172,716
Fund balances end of year	\$ 4,563,977	1,994,009	635,372	3,077,043

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
622,017	-	-	12,361,664
-	-	676,989	676,989
-	-	1,322,175	1,322,175
-	-	-	126,863
155,078	19,532	28,725	7,237,209
-	-	-	66,667
-	-	6,513	981,953
4,764	-	2,479	278,877
-	-	38,499	492,838
<u>781,859</u>	<u>19,532</u>	<u>2,075,380</u>	<u>23,545,235</u>
-	-	28,908	4,720,013
-	-	777	1,763,627
-	-	-	3,626,922
-	-	4,364	1,326,599
-	-	-	5,994,849
-	-	-	855,852
-	-	23,795	2,770,982
-	-	-	8,156
1,828,698	-	-	1,828,698
-	364,927	-	419,411
<u>1,828,698</u>	<u>364,927</u>	<u>57,844</u>	<u>23,315,109</u>
<u>(1,046,839)</u>	<u>(345,395)</u>	<u>2,017,536</u>	<u>230,126</u>
-	-	-	4,166
1,046,579	109,299	-	4,257,423
-	-	(1,854,355)	(4,257,423)
-	750,000	-	750,000
<u>1,046,579</u>	<u>859,299</u>	<u>(1,854,355)</u>	<u>754,166</u>
(260)	513,904	163,181	984,292
205,208	71,309	2,028,448	12,267,899
<u>204,948</u>	<u>585,213</u>	<u>2,191,629</u>	<u>13,252,191</u>

Jasper County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds to the Statement
of Activities

Year ended June 30, 2011

Net change in fund balances - Total governmental funds (page 23) \$ 984,292

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

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

Expenditures for capital assets	\$ 1,075,838	
Capital assets contributed by the Iowa Department of Transportation	1,716,772	
Depreciation expense	<u>(2,891,879)</u>	(99,269)

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (474,910)

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

Property tax	4,354	
Other	<u>587,739</u>	592,093

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Issued	(750,000)	
Repaid	<u>1,100,000</u>	350,000

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

Compensated absences	(505,866)	
Other postemployment benefits	(4,533)	
Interest on long-term debt	<u>5,434</u>	(504,965)

Change in net assets of governmental activities (page 17) \$ 847,241

See notes to financial statements.

Jasper County
Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2011

	Other Employee Benefit Trust	Private Purpose Trust	Agency
Assets			
Cash and pooled investments:			
County Treasurer	\$ 106,435	48,997	2,060,474
Other County officials	-	-	64,116
Receivables:			
Property tax:			
Delinquent	-	-	54,790
Succeeding year	-	-	36,253,000
Special assessments	-	-	373,305
Accounts	-	-	34,727
Due from other governments	-	-	35,557
Total assets	106,435	48,997	38,875,969
Liabilities			
Accounts payable	-	-	16,790
Salaries and benefits payable	-	-	13,163
Due to other governments	-	-	38,526,750
Trusts payable	-	-	192,422
Compensated absences	-	-	126,844
Total liabilities	-	-	38,875,969
Net assets			
Held in trust for employee benefits and others	\$ 106,435	48,997	-

See notes to financial statements.

Jasper County
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2011

	Other Employee Benefit Trust	Private Purpose Trust
Additions:		
Donations and contributions	\$ 60,087	483
Deductions:		
Distribution to participants and others	73,272	828
Change in net assets held in trust	(13,185)	(345)
Net assets beginning of year	119,620	49,342
Net assets end of year	<u>\$ 106,435</u>	<u>48,997</u>

See notes to financial statements.

Jasper County

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Jasper County Assessor’s Conference Board, Jasper County Emergency Management Commission and Jasper County Joint E911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the Newton Sanitary Landfill, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County’s nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in following categories:

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

Restricted net assets

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

Expendable – Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following fiduciary funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year.

However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

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

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

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

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

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

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

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

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

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

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

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

Deferred revenue in the Statement of Net Assets consists of succeeding year property and tax increment financing tax receivables that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave in excess of 1,440 hours will be paid at the last rate of pay to an employee upon retirement. Upon retirement, employees may elect to convert up to 720 hours of accumulated sick leave to cash to be accounted for in the Fiduciary, Employee Benefit Trust Fund and used for continued health care coverage. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

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

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements exceeded the amount budgeted in the debt service function.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Local Option Sales and Services Tax	<u>\$ 998,204</u>
Special Revenue: Rural Services	Special Revenue: Local Option Sales and Services Tax	<u>225,085</u>
Secondary Roads	General	180,853
	Special Revenue: Rural Services	<u>1,697,403</u>
		<u>1,878,256</u>
Debt Service	Special Revenue: Secondary Roads	387,028
	Tax Increment Financing	631,066
	General	28,485
		<u>1,046,579</u>
Capital Projects	General	<u>109,299</u>
Total		<u>\$ 4,257,423</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,004,656	-	1,885	1,002,771
Construction in progress	374,149	1,716,772	2,090,921	-
Total capital assets not being depreciated	<u>1,378,805</u>	<u>1,716,772</u>	<u>2,092,806</u>	<u>1,002,771</u>
Capital assets being depreciated:				
Buildings	11,861,003	35,464	1,856,532	10,039,935
Improvements other than buildings	423,993	196,917	-	620,910
Machinery, equipment and vehicles	7,926,021	963,418	611,568	8,277,871
Infrastructure	43,450,854	2,090,921	-	45,541,775
Total capital assets being depreciated	<u>63,661,871</u>	<u>3,286,720</u>	<u>2,468,100</u>	<u>64,480,491</u>
Less accumulated depreciation for:				
Buildings	2,641,077	239,980	1,263,546	1,617,511
Improvements other than buildings	75,139	21,452	-	96,591
Machinery, equipment and vehicles	5,692,085	826,057	611,568	5,906,574
Infrastructure	14,206,862	1,804,390	-	16,011,252
Total accumulated depreciation	<u>22,615,163</u>	<u>2,891,879</u>	<u>1,875,114</u>	<u>23,631,928</u>
Total capital assets being depreciated, net	<u>41,046,708</u>	<u>394,841</u>	<u>592,986</u>	<u>40,848,563</u>
Governmental activities capital assets, net	<u>\$ 42,425,513</u>	<u>2,111,613</u>	<u>2,685,792</u>	<u>41,851,334</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 243,822
Physical health and social services	16,732
County environment and education	68,735
Roads and transportation	2,432,635
Governmental services to residents	32,144
Administration	97,811
Total depreciation expense - governmental activities	<u>\$ 2,891,879</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 18,798
Special Revenue:		
Mental Health	Services	523,360
Rural Services		15,048
Secondary Roads		77
Total for governmental funds		<u>\$ 557,283</u>
Agency:		
County Assessor	Collections	\$ 718,106
Schools		21,134,041
Community Colleges		874,883
Corporations		8,904,375
Auto License and Use Tax		742,576
All other		6,152,769
Total for agency funds		<u>\$ 38,526,750</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	General Obligation Capital Loan Notes	General Obligation Bonds	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 2,287,000	13,370,000	1,160,186	122,892	16,940,078
Increases	750,000	-	1,013,956	88,733	1,852,689
Decreases	305,000	795,000	508,090	84,200	1,692,290
Balance end of year	<u>\$ 2,732,000</u>	<u>12,575,000</u>	<u>1,666,052</u>	<u>127,425</u>	<u>17,100,477</u>
Due within one year	\$ 463,000	835,000	515,116	-	1,813,116

General Obligation Capital Loan Notes

A summary of the County's June 30, 2011 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 2001			Series 2003					
	Issued Jul 26, 2001			Issued May 16, 2003					
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest			
2012	5.00%	\$ 70,000	45,495	5.25%	\$ 40,000	2,100			
2013	5.10	70,000	41,995		-	-			
2014	5.15	75,000	38,425		-	-			
2015	5.20	80,000	34,562		-	-			
2016	5.25	85,000	30,402		-	-			
2017-2021	5.30-5.50	480,000	80,467		-	-			
Total		\$ 860,000	271,346		\$ 40,000	2,100			

Year Ending June 30,	Series 2006			Series 2006A					
	Issued Feb 15, 2006			Issued Oct 31, 2006					
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest			
2012	4.00%	\$ 45,000	9,600	6.15%	\$ 17,000	10,455			
2013	4.00	45,000	7,800	6.15	18,000	9,410			
2014	4.00	50,000	6,000	6.15	19,000	8,303			
2015	4.00	50,000	4,000	6.15	21,000	7,134			
2016	4.00	50,000	2,000	6.15	22,000	5,842			
2017-2021		-	-	6.15	73,000	9,163			
Total		\$ 240,000	29,400		\$ 170,000	50,307			

Year Ending June 30,	Series 2006B			Series 2007					
	Issued Oct 31, 2006			Issued Jul 6, 2007					
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest			
2012	6.00%	\$ 110,000	21,300	7.00%	\$ 15,000	11,130			
2013	6.00	120,000	14,700	7.00	17,000	10,080			
2014	6.00	125,000	7,500	7.00	18,000	8,890			
2015		-	-	7.00	19,000	7,630			
2016		-	-	7.00	20,000	6,300			
2017-2021		-	-	7.00	70,000	10,010			
Total		\$ 355,000	43,500		\$ 159,000	54,040			

Year Ending June 30,	Series 2007A			Series 2011			Total		
	Issued Nov 16, 2007			Issued April 4, 2011					
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2012	6.10%	\$ 16,000	9,638	2.85%	\$ 150,000	25,175	463,000	134,893	597,893
2013	6.10	17,000	8,662	2.85	150,000	17,337	437,000	109,984	546,984
2014	6.10	18,000	7,625	2.85	150,000	13,003	455,000	89,746	544,746
2015	6.10	19,000	6,527	2.85	150,000	8,669	339,000	68,522	407,522
2016	6.10	20,500	5,368	2.85	150,000	4,346	347,500	54,258	401,758
2017-2021	6.10	67,500	8,356		-	-	690,500	107,996	798,496
Total		\$ 158,000	46,176		\$ 750,000	68,530	\$ 2,732,000	565,399	3,297,399

During the year ended June 30, 2011, the County issued \$750,000 of general obligation capital loan notes and retired \$305,000 of general obligation capital loan notes.

General Obligation Bonds

A summary of the County's June 30, 2011 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2003			Series 2005		
	Issued Nov 1, 2003			Issued Mar 1, 2005		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	4.50%	\$ 290,000	186,085	3.50%	\$ 545,000	122,487
2013	3.65	305,000	173,035	3.75	565,000	103,413
2014	3.65	315,000	159,310	3.75	585,000	82,225
2015	3.75	330,000	147,812	3.40	600,000	60,287
2016	3.85	345,000	135,438	3.60	115,000	39,887
2017-2021	4.00-4.40	1,940,000	458,710	3.70-4.00	630,000	132,157
2022-2026	4.50	900,000	61,200	4.00-4.05	285,000	17,344
2027		-	-		-	-
Total		\$ 4,425,000	1,321,590		\$ 3,325,000	557,800

Year Ending June 30,	Series 2007B			Total		
	Issued Nov 1, 2007					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2012	5.00%	\$ -	263,842	835,000	572,414	1,407,414
2013	5.00	-	263,842	870,000	540,290	1,410,290
2014	5.00	240,000	263,842	1,140,000	505,377	1,645,377
2015	5.10	250,000	251,842	1,180,000	459,941	1,639,941
2016	5.20	265,000	239,092	725,000	414,417	1,139,417
2017-2021	5.28-5.45	1,550,000	970,436	4,120,000	1,561,303	5,681,303
2022-2026	5.50-5.70	2,040,000	496,009	3,225,000	574,553	3,799,553
2027	5.75	480,000	27,600	480,000	27,600	507,600
Total		\$ 4,825,000	2,776,505	12,575,000	4,655,895	17,230,895

During the year ended June 30, 2011, the County retired \$795,000 of general obligation bonds.

(7) Private Redevelopment Agreements

Alpha Products International

On July 16, 2007, the County entered into a private redevelopment agreement with G & L Properties, LLC (G & L) and Alpha Products International (Alpha Products). G & L is a development company which constructed two 25,000 square feet warehouses and leased them to Alpha Products. The County made economic development grants totaling \$200,000 to Alpha Products. The County and Alpha Products also entered into a minimum assessment agreement, whereby the minimum assessed value shall not be less than \$1,000,000 upon completion of the two warehouses. Alpha Products agreed to create and retain 10 full time employment (FTE) units paying an average wage of not less than \$8 per hour until at least January 31, 2019. The County has not received annual FTE certifications from Alpha Products, which recently sold the property. The County is consulting legal counsel to determine what actions, if any, the County should pursue.

Opus/TPI

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

The County also entered into an employer incentive agreement with TPI and the City of Newton. TPI agreed to employ at least 500 full-time employees (FTEs) until at least December 31, 2012. The County provided \$600,000 of bond proceeds to satisfy the local match requirements associated with an Iowa Department of Economic Development grant of \$2,000,000 awarded to TPI. Also, if TPI maintains the FTEs required during calendar year 2011, TPI will receive tax rebate payments funded from the tax increment revenues generated from the improvements. If TPI fails to maintain the required FTEs, the tax rebate payments will be reduced proportionally to the percentage of FTEs achieved. For calendar years 2012 through 2017, TPI is entitled to receive additional economic development grant payments, subject to TPI maintaining the required FTEs.

In consideration for the County including the City of Newton's share of the required local match in the series 2007B general obligation bond, the City of Newton agreed to pay the County one half of the interest payments due on the bonds during fiscal year 2010 through fiscal year 2013. During the year ended June 30, 2011, the City paid the County \$132,146 for interest and other bond fees.

(8) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$597,413, \$552,557 and \$539,694, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical, dental and vision benefits for employees and retirees and their spouses. There are 174 active and 11 retired members in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service.

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

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

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

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 88,433
Interest on net OPEB obligation	5,000
Adjustment to annual required contribution	<u>(4,700)</u>
Annual OPEB cost	88,733
Contributions made	<u>(84,200)</u>
Increase in net OPEB obligation	4,533
Net OPEB obligation beginning of year	<u>122,892</u>
Net OPEB obligation end of year	<u>\$ 127,425</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the County contributed \$84,200 to the health plan. Plan members eligible for benefits contributed \$78,521, or 48.3% of the premium costs.

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 88,433	14.8%	\$ 75,259
2010	88,533	46.3%	122,892
2011	88,733	94.9%	127,425

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$688,015, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$688,015. The covered payroll (annual payroll of active employees covered by the plan) was \$7,966,945 and the ratio of the UAAL to covered payroll was 8.6%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding

Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

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

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

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in

capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2011 were \$186,540.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

(11) Other Employee Benefits

During the year ended June 30, 2005, the Board of Supervisors approved a plan whereby an employee who is eligible to remain on the employer’s group health plan (EGHP) at retirement may convert accrued sick leave hours, up to 720 hours, and use them to pay for continued health care coverage through the EGHP. The County accounts for the activity in the Fiduciary, Other Employee Benefit Trust Fund. Eleven employees participated in this program during the year ended June 30, 2011 and the County contributed \$60,087 to the fund for continued health care coverage.

(12) Lessor Operating Leases

The County leases two parcels of land, a piece of farm ground and a pasture. The following is a schedule by year of minimum future rentals on these operating leases as of June 30, 2011:

Year ending June 30,	Amount
2012	<u>\$ 29,563</u>

(13) County Care Facility Sale

The County has entered into a contract totaling \$550,000 for the sale of the county care facility. The County agreed to forgive \$350,000 of the purchase price upon receipt of \$200,000. As of June 30, 2011, revenues of \$1,668 from the sale have been collected. The balance of \$198,332 remaining on the contract at June 30, 2011 will be paid with monthly payments of \$556 and annual payments of \$33,328 for the next five years, until the buyer’s payments total \$200,000.

(14) Pending Litigation

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

(15) Subsequent Event

In December 2011, the County issued \$7,580,000 of general obligation refunding bonds which were used to refund general obligation capital loan notes series 2001, 2006, 2006A, 2006B, 2007, 2007A and the 2003 general obligation bonds.

(16) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Special Revenue		
	General	Conservation	
		Acquisition	Land
Balances June 30, 2010, as previously reported	\$ 4,001,954	105,479	253,317
Change in fund type classification per implementation of GASB Statement No. 54	157,682	(105,479)	(52,203)
Balances July 1, 2010, as restated	\$ 4,159,636	-	201,114

Jasper County

Required Supplementary Information

Jasper County

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

Required Supplementary Information

Year ended June 30, 2011

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 14,355,582	-	14,355,582
Interest and penalty on property tax	127,020	-	127,020
Intergovernmental	7,349,017	-	7,349,017
Licenses and permits	66,131	-	66,131
Charges for service	967,861	-	967,861
Use of money and property	282,662	-	282,662
Miscellaneous	527,217	-	527,217
Total receipts	23,675,490	-	23,675,490
Disbursements:			
Public safety and legal services	4,708,465	-	4,708,465
Physical health and social services	1,762,649	-	1,762,649
Mental health	3,493,689	-	3,493,689
County environment and education	1,320,539	-	1,320,539
Roads and transportation	5,930,388	-	5,930,388
Governmental services to residents	848,705	-	848,705
Administration	2,767,632	-	2,767,632
Non-program	8,156	-	8,156
Debt service	1,828,698	-	1,828,698
Capital projects	416,491	-	416,491
Total disbursements	23,085,412	-	23,085,412
Excess (deficiency) of receipts over (under) disbursements	590,078	-	590,078
Other financing sources, net	754,166	-	754,166
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,344,244	-	1,344,244
Balance beginning of year	12,259,408	60,347	12,199,061
Balance end of year	\$ 13,603,652	60,347	13,543,305

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
13,977,927	14,262,776	92,806
100,000	100,000	27,020
8,691,529	8,974,277	(1,625,260)
65,626	58,126	8,005
862,790	850,403	117,458
343,955	267,768	14,894
469,550	547,519	(20,302)
<u>24,511,377</u>	<u>25,060,869</u>	<u>(1,385,379)</u>
4,939,173	5,032,807	324,342
1,950,068	2,069,046	306,397
4,434,959	4,000,859	507,170
1,317,225	1,374,428	53,889
7,287,381	7,284,681	1,354,293
977,546	988,893	140,188
2,903,044	3,029,040	261,408
14,700	14,700	6,544
1,828,585	1,828,585	(113)
2,600,362	3,400,362	2,983,871
<u>28,253,043</u>	<u>29,023,401</u>	<u>5,937,989</u>
(3,741,666)	(3,962,532)	4,552,610
-	742,498	11,668
(3,741,666)	(3,220,034)	4,564,278
<u>9,776,257</u>	<u>12,077,718</u>	<u>121,343</u>
<u>6,034,591</u>	<u>8,857,684</u>	<u>4,685,621</u>

Jasper County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 23,675,490	(130,255)	23,545,235
Expenditures	23,085,412	229,697	23,315,109
Net	590,078	(359,952)	230,126
Other financing sources, net	754,166	-	754,166
Beginning fund balances	12,259,408	8,491	12,267,899
Ending fund balances	\$ 13,603,652	(351,461)	13,252,191

See accompanying independent auditor's report.

Jasper County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$770,358. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2011, disbursements exceeded the amount budgeted in the debt service function.

Jasper County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 688	688	0.00%	\$ 8,083	8.5%
2010	Jul 1, 2008	-	688	688	0.00	7,876	8.7
2011	Jul 1, 2008	-	688	688	0.00	7,967	8.6

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

See accompanying independent auditor's report.

Other Supplementary Information

Jasper County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2011

	Special Revenue			
	County Recorder's Records Management	Resource Enhancement and Protection	Local Option Sales and Services Tax	Drainage Districts
Assets				
Cash and pooled investments	\$ 14,650	183,921	1,316,222	60,347
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Due from other governments	-	-	205,368	-
Total assets	\$ 14,650	183,921	1,521,590	60,347
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	-	-
Deferred revenue:				
Succeeding year tax increment financing	-	-	-	-
Other	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Nonspendable - dental care	-	-	-	-
Restricted for:				
Other purposes	14,650	183,921	1,521,590	60,347
Total fund balances	14,650	183,921	1,521,590	60,347
Total liabilities and fund balances	\$ 14,650	183,921	1,521,590	60,347

See accompanying independent auditor's report.

Tax Increment Financing	Other	Permanent	Total
207,848	192,259	16,091	1,991,338
33	-	-	33
679,000	-	-	679,000
-	-	-	205,368
886,881	192,259	16,091	2,875,739
-	5,077	-	5,077
679,000	-	-	679,000
33	-	-	33
679,033	5,077	-	684,110
-	-	12,000	12,000
207,848	187,182	4,091	2,179,629
207,848	187,182	16,091	2,191,629
886,881	192,259	16,091	2,875,739

Jasper County

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

Year ended June 30, 2011

	Special Revenue			
	County Recorder's Records Management	Resource Enhance- ment	Local Option Sales and Services Tax	Drainage Districts
Revenues:				
Tax increment financing	\$ -	-	-	-
Local option sales tax	-	-	1,322,175	-
Intergovernmental	-	21,201	-	-
Charges for service	6,513	-	-	-
Use of money and property	94	1,507	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>6,607</u>	<u>22,708</u>	<u>1,322,175</u>	<u>-</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	-	-	-
County environment and education	-	-	-	-
Administration	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	6,607	22,708	1,322,175	-
Other financing uses:				
Operating transfers out	-	-	(1,223,289)	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	6,607	22,708	98,886	-
Fund balances beginning of year, as restated	8,043	161,213	1,422,704	60,347
Fund balances end of year	<u>\$ 14,650</u>	<u>183,921</u>	<u>1,521,590</u>	<u>60,347</u>

See accompanying independent auditor's report.

Tax Increment Financing	Other	Permanent	Total
676,989	-	-	676,989
-	-	-	1,322,175
7,524	-	-	28,725
-	-	-	6,513
-	661	217	2,479
-	38,499	-	38,499
684,513	39,160	217	2,075,380
-	28,908	-	28,908
-	389	388	777
4,364	-	-	4,364
-	23,795	-	23,795
4,364	53,092	388	57,844
680,149	(13,932)	(171)	2,017,536
(631,066)	-	-	(1,854,355)
49,083	(13,932)	(171)	163,181
158,765	201,114	16,262	2,028,448
207,848	187,182	16,091	2,191,629

Jasper County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	3,107	301,015	312,563	11,773
Other County officials	64,116	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	333	816	33,478	1,110
Succeeding year	-	212,000	529,000	20,788,000	862,000
Special assessments	-	-	-	-	-
Accounts	3,280	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 67,396	215,440	830,831	21,134,041	874,883
Liabilities					
Accounts payable	\$ -	-	1,168	-	-
Salaries and benefits payable	-	-	10,257	-	-
Due to other governments	19,875	215,440	718,106	21,134,041	874,883
Trusts payable	47,521	-	-	-	-
Compensated absences	-	-	101,300	-	-
Total liabilities	\$ 67,396	215,440	830,831	21,134,041	874,883

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
131,927	4,116	6,864	742,576	546,533	2,060,474
-	-	-	-	-	64,116
18,448	290	-	-	315	54,790
8,754,000	338,000	-	-	4,770,000	36,253,000
-	-	373,305	-	-	373,305
-	-	-	-	31,447	34,727
-	-	-	-	35,557	35,557
8,904,375	342,406	380,169	742,576	5,383,852	38,875,969
-	-	-	-	15,622	16,790
-	-	-	-	2,906	13,163
8,904,375	342,406	380,169	742,576	5,194,879	38,526,750
-	-	-	-	144,901	192,422
-	-	-	-	25,544	126,844
8,904,375	342,406	380,169	742,576	5,383,852	38,875,969

Jasper County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 46,522	215,117	709,988	20,919,923	817,709
Additions:					
Property and other county tax	-	212,126	530,960	20,846,148	862,766
E911 surcharge	-	-	-	-	-
State tax credits	-	8,137	19,945	794,049	30,973
Driver's license fees	-	-	-	-	-
Office fees and collections	834,180	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	380,820	-	-	-	-
Miscellaneous	-	-	1,238	-	-
Total additions	1,215,000	220,263	552,143	21,640,197	893,739
Deductions:					
Agency remittances:					
To other funds	631,627	-	-	-	-
To other governments	287,011	219,940	431,300	21,426,079	836,565
Trusts paid out	275,488	-	-	-	-
Total deductions	1,194,126	219,940	431,300	21,426,079	836,565
Balances end of year	\$ 67,396	215,440	830,831	21,134,041	874,883

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
8,593,032	324,525	343,598	712,529	3,332,744	36,015,687
8,665,883	343,087	-	-	4,684,900	36,145,870
-	-	-	-	214,510	214,510
296,546	12,989	-	-	47,743	1,210,382
-	-	-	158,652	-	158,652
-	-	-	-	19,375	853,555
-	-	-	8,742,862	-	8,742,862
-	-	106,399	-	-	106,399
-	-	-	-	1,236,901	1,617,721
-	-	-	-	1,260,536	1,261,774
8,962,429	356,076	106,399	8,901,514	7,463,965	50,311,725
-	-	-	345,557	-	977,184
8,651,086	338,195	69,828	8,525,910	4,217,622	45,003,536
-	-	-	-	1,195,235	1,470,723
8,651,086	338,195	69,828	8,871,467	5,412,857	47,451,443
8,904,375	342,406	380,169	742,576	5,383,852	38,875,969

Jasper County

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

For the Last Ten Years

	Modified Accrual Basis			
	2011	2010	2009	2008
Revenues:				
Property and other county tax	\$ 12,361,664	12,332,220	12,148,843	11,905,983
Tax increment financing	676,989	592,150	419,479	267,768
Local option sales tax	1,322,175	1,266,740	1,241,293	1,243,746
Interest and penalty on property tax	126,863	117,212	124,322	109,752
Intergovernmental	7,237,209	7,095,801	8,715,856	7,141,355
Licenses and permits	66,667	74,724	72,004	70,816
Charges for service	981,953	984,163	1,057,610	990,787
Use of money and property	278,877	298,819	375,452	556,844
Miscellaneous	492,838	572,780	510,187	579,022
Total	\$ 23,545,235	23,334,609	24,665,046	22,866,073
Expenditures:				
Operating:				
Public safety and legal services	\$ 4,720,013	4,490,429	4,363,202	4,204,230
Physical health and social services	1,763,627	1,879,107	1,751,652	1,774,103
Mental health	3,626,922	3,309,741	3,614,092	4,085,414
County environment and education	1,326,599	1,234,876	3,007,680	1,446,616
Roads and transportation	5,994,849	5,791,297	5,463,308	5,933,784
Governmental services to residents	855,852	938,498	867,398	843,578
Administration	2,770,982	2,614,877	2,682,493	2,656,102
Non-program	8,156	7,279	5,860	38,553
Debt service	1,828,698	1,833,025	1,826,464	1,676,997
Capital projects	419,411	43,778	1,329,406	4,948,584
Total	\$ 23,315,109	22,142,907	24,911,555	27,607,961

See accompanying independent auditor's report.

2007	2006	2005	2004	2003	2002
11,868,910	11,705,904	10,433,414	8,585,612	8,558,533	9,472,434
294,204	238,561	171,439	155,837	96,688	50,415
1,056,192	-	-	-	-	-
111,155	106,187	113,364	142,490	95,570	100,809
7,719,665	7,518,337	7,765,029	7,588,530	7,180,507	7,734,924
72,550	104,297	112,586	104,919	68,371	72,772
984,919	1,034,993	1,004,702	1,065,016	1,071,297	953,013
644,635	466,665	265,129	157,559	168,858	284,837
608,518	424,392	413,696	686,770	651,622	399,740
23,360,748	21,599,336	20,279,359	18,486,733	17,891,446	19,068,944
3,947,911	3,707,359	3,350,867	3,129,432	3,058,425	2,919,333
1,764,524	1,681,600	1,707,344	1,547,630	1,682,536	1,752,734
3,935,254	3,694,993	3,469,165	3,745,451	3,780,377	3,858,862
1,135,184	1,046,555	1,004,377	821,661	1,035,423	1,008,646
4,976,047	4,773,484	5,601,722	6,080,708	6,388,078	4,736,532
798,300	1,121,043	822,015	690,879	654,019	669,898
2,582,618	2,138,150	1,906,315	1,808,403	1,802,173	1,784,915
798	6,320	-	-	-	-
1,615,440	1,422,630	791,053	330,233	265,146	209,588
1,238,670	2,065,874	8,642,212	5,416,138	2,391,818	2,237,536
21,994,746	21,658,008	27,295,070	23,570,535	21,057,995	19,178,044

Schedule 6

Jasper County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 33,693
U.S. Department of Commerce:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Public Safety Interoperable Communications Grant Program	11.555	2007-GS-H7-0042-04	355,226
U.S. Department of Justice:			
Governor's Office of Drug Control:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program			
	16.580	09-DEC-7475	7,731
U.S. Department of Transportation:			
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP-10-410 Task 39	630
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP-11-410 Task 41	27,422
			<u>28,052</u>
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0170-10-01-00	1,801
U.S. Department of Health and Human Services:			
Aging Resources of Central Iowa:			
Aging Cluster:			
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045		113,020
Nutrition Services Incentive Program	93.053		102,186
ARRA- Aging Home-Delivered Nutrition Services for States	93.705		8,585
ARRA- Aging Congregate Nutrition Services for States	93.707		4,088
			<u>227,879</u>

Jasper County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5880BT50	13,285
Public Health Emergency Preparedness	93.069	5881BT50	16,598
Public Health Emergency Preparedness	93.069	5881BT350	14,984
			<u>44,867</u>
Centers for Disease Control and Prevention -			
Investigations and Technical Assistance	93.283	5881OB28	8,250
Social Services Block Grant	93.667	5881C050	2,555
			<u>2,555</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State			
Administered Programs	93.566		25
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596		8,252
Foster Care - Title IV-E	93.658		13,374
Adoption Assistance	93.659		3,246
Children's Health Insurance Program	93.767		156
Medical Assistance Program	93.778		32,388
Social Services Block Grant	93.667		11,538
Social Services Block Grant	93.667		137,405
			<u>148,943</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency			
Management Division:			
Disaster Grants - Public Assistance			
(Presidentially Declared Disasters)	97.036	FEMA-1930-DR-IA	446,758
Hazard Mitigation Grant	97.039	DR-1763-0010-01	41,291
Emergency Management Performance Grants	97.042	EMPG-11-PT-50	32,642
			<u>446,758</u>
			<u>41,291</u>
			<u>32,642</u>
Total			<u>\$ 1,437,129</u>

* - Includes \$52,031 of non-cash awards.

** - Total for CFDA Number 93.667 is \$151,498.

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 in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

Jasper County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

To the Officials of Jasper County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated May 1, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-11 and II-B-11 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-11 through II-F-11 to be significant deficiencies.

Compliance and Other Matters

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

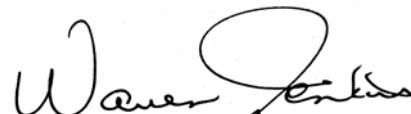
Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Jasper County and other parties to whom Jasper County may report, including federal awarding agencies and pass-through entities, and 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

May 1, 2012

**Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133**

Jasper County



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133

To the Officials of Jasper County:

Compliance

We have audited Jasper County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Jasper County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Jasper County's management. Our responsibility is to express an opinion on Jasper County's compliance based on our audit.

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

In our opinion, Jasper County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

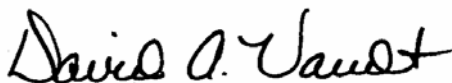
The management of Jasper County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Jasper County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jasper County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance we consider to be material weaknesses.

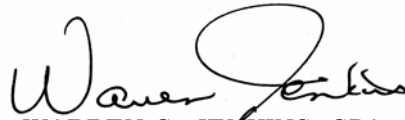
A deficiency in the County's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs as items III-A-11 and III-B-11 to be material weaknesses.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Jasper County and other parties to whom Jasper County may report, including federal awarding agencies and pass-through entities, and 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

May 1, 2012

Jasper County
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 11.555 – Public Safety Interoperable Communications Grant Program
 - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Jasper County did not qualify as a low-risk auditee.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.

Applicable Offices

Treasurer,
Sheriff (Civil),
Recorder,
Environmental Health
and Home Care Aides,
Conservation,
Community Services,
Elderly Nutrition,
Emergency
Management and
E-911

(2) Generally, one individual may have control over listing mail receipts, collecting, depositing, posting, maintaining receivable records and daily reconciling of receipts for which no compensating controls exist. The initial listing is not compared to receipt records by an independent person.

Treasurer, Sheriff
(Civil and Jail),
Engineer, Recorder,
Community Services,
Environmental Health
and Home Care Aides,
Conservation, Elderly
Nutrition, Emergency
Management and
E-911

In the County Treasurer's Office and the County Recorder's Office, a listing of mail receipts is not prepared.

(3) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.

Treasurer, Sheriff
(Jail) and Elderly
Nutrition

(4) The person responsible for the detailed record keeping of investments is also the custodian of the investments. Investments are not periodically inspected or reconciled to investment records by an independent person and an independent verification of interest earnings is not performed.

Treasurer

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

- | | |
|---|------------------------|
| (5) Depositing, reconciling and recording of receipts is done by the custodian of the change funds for which no compensating controls exist. | Treasurer |
| (6) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash receipts. | Sheriff (Jail) |
| (7) Daily cash reconciliations for motor vehicle and driver's licenses are not reviewed and approved by an independent person for propriety. Daily cash reconciliations prepared in the Recorder's Office are not reviewed and approved by an independent person for propriety. | Treasurer and Recorder |
| (8) All individuals in tax, motor vehicle and driver's license have the ability to void receipts in Eden/Arts (DOT system), including individuals who perform daily balancing. No report is maintained or review performed over voided receipts. | Treasurer |

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

Responses –

Treasurer – We do our best to segregate duties with a limited staff. We will create a system to check voided receipts and bank reconciliations will be reviewed by an independent person.

Sheriff – A small staff limits the segregation of duties in the office, as all four office employees are cross-trained to handle each other's duties so operations can continue when one or more persons are absent. The number of staff available in the jail to handle mail and money receipting is also limited since the primary job responsibility is dealing with inmates. A periodic review of bank reconciliation by the Sheriff will be initiated.

Recorder – Staff size limits us from segregating the above duties. We work as a team to reconcile end of the day receipts so no one person does it all. I will prepare a listing of checks more frequently. The bookkeeper will begin signing off on the daily cash reconciliations.

Engineer – We have implemented a system where one individual opens and logs receipts and another processes them.

Community Services – Community services has two staff. Duties are segregated as much as possible. I will continue to look for ways to segregate further within staffing limits.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

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

Conservation – Due to limited staff size and staff being out in the field often, segregation of duties is difficult, but we do make an effort as often as possible.

Elderly Nutrition – Due to limited staff, segregation of duties is difficult. We will continue to review bank reconciliations.

Emergency Management – Given the fact there are at most two people in the office, it makes it very difficult to meet the segregation of duties requirement.

E-911 – We will ask Sheriff employees to assist in segregating duties.

Conclusions –

Sheriff, Recorder, Community Services, Environmental Health and Home Care Aides, Conservation, Elderly Nutrition and E-911 – Responses accepted.

Treasurer – A listing of mail receipts should be prepared by an employee not authorized to make entries to the accounting records. The listing should later be traced to receipt records. Investment records and interest earnings should be reviewed by an independent person.

Emergency Management – Response acknowledged. The Emergency Management office should utilize personnel from other offices to provide additional control through review of financial transactions and reports.

Engineer – Response acknowledged. The initial listing should be compared to receipt records.

- II-B-11 Financial Reporting – During the audit, we identified \$588,735 of receivables not recorded in the County's financial statements and \$82,559 of revenues which were improperly recorded as receivables. In addition, the Iowans Helping Iowans grant activity was accounted for in an Agency Fund rather than the General Fund. Adjustments were subsequently made by the County to properly record these amounts in the financial statements.

Recommendations – The County should establish procedures to ensure receivables and grants are properly identified and included in the County's financial statements.

Response – The County will establish procedures to ensure receivables and grants are properly identified and included in the County's financial statements.

Conclusion – Responses accepted.

- II-C-11 Check Endorsement – Checks are not restrictively endorsed upon receipt in the County Emergency Management office.

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

Responses – We will start restrictively endorsing checks.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

- II-D-11 Timesheets – Individual timesheets prepared by non-salaried Secondary Roads employees are not approved by a supervisor. In addition, salaried personnel do not prepare and file timesheets.

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

Response – During the fiscal year, we implemented a system of supervisor approval for timesheets and began timesheets for salaried employees.

Conclusion – Response accepted.

- II-E-11 County Engineer – Fuel usage reports are not generated and reviewed by an independent person.

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

Response – We will start reviewing fuel usage reports.

Conclusion – Response accepted.

- II-F-11 Manual Receipts - The County issues manual receipts prior to entering the receipts into the Eden system. An independent person does not reconcile the manual receipts to ensure they were properly recorded into the Eden system.

Recommendation – The County should utilize the Eden system for its receipting process. If the County continues to rely on manual receipts, an independent person should reconcile all manual receipts to ensure they were properly recorded.

Response – Manual receipts will no longer be processed. The County will rely on the Eden system.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 11.555: Public Safety Interoperable Communications Grant Program
Pass-through Number: 2007-GS-H7-0042-04
Federal Award Year: 2009
U.S. Department of Commerce
Passed through the Iowa Department of Public Defense
Iowa Homeland Security and Emergency Management Division

- III-A-11 Segregation of Duties Over Federal Revenue – The Jasper County E-911 Service Board did not properly segregate opening the mail, collecting, depositing, posting and reconciling functions for revenues, including those related to federal programs. See item II-A-11.

CFDA Number 97.036: Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Pass-through Number: FEMA-1930-DR-IA
Federal Award Year: 2011
U.S. Department of Homeland Security
Passed through the Iowa Department of Public Defense
Iowa Homeland Security and Emergency Management Division

- III-B-11 Segregation of Duties Over Federal Revenue – The Jasper County Engineer did not properly segregate opening the mail, collecting, depositing, posting and reconciling functions for revenues, including those related to federal programs. See item II-A-11.

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 exceeded the amount budgeted in the debt service function.

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

Response – This was overlooked in the budget. In the future, we will make sure disbursements are within the budget.

Conclusion – Response accepted.

IV-B-11 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-11 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-11 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-11 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-11 Deposits and Investments – Deposits and investments were in compliance with provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy, except for the following:

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

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

Response – We will make a corrective journal entry to allocate interest to the Capital Projects Fund. We will work with the assistant budget director to address the interest to be allocated to the TIF Fund.

Conclusion – Response accepted.

IV-H-11 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).

Jasper County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

- IV-I-11 Public Hearing – During the year ended June 30, 2011, the County held a public hearing for the sale of the Jasper County Care Facility. However, the County did not publish notice of the public hearing prior to the sale as required by Chapter 331.361(2) of the Code of Iowa.

Recommendation – The County should publish notice as required.

Response – We have searched for the publication but cannot find where we published the public notice on the sale of the County Care Facility. In the future, we will publish the proper notices when disposing of real property.

Conclusion – Response accepted.

- IV-J-11 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, 2011 for the County Extension Office did not exceed the amount budgeted.

The initial listing of receipts is not compared to receipt records by an independent person. Bank reconciliations contained no evidence of review by an independent person for propriety.

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

Response – We will work to segregate duties. Council members will review bank reconciliations.

Conclusion – Response accepted.

Jasper County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Selina V. Johnson, CPA, Senior Auditor II
Jenny M. Podrebarac, Senior Auditor
Daniel W. Henaman, Staff Auditor
Jessica P.V. Green, Staff Auditor
Kassi D. Adams, Staff Auditor
Emily K. Creighton, Assistant Auditor
Matthew S. Nye, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State