

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

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE

March 29, 2018

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$54,864,404 for the year ended June 30, 2017, which included \$4,151,897 in tax credits from the state. The County forwarded \$40,105,400 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$14,759,004 of the local tax revenue to finance County operations, a less than 1% increase over the prior year. Other revenues included charges for service of \$2,789,655, operating grants, contributions and restricted interest of \$7,338,434, capital grants, contributions and restricted interest of \$2,272,869, tax increment financing of \$690,205, local option sales and services tax of \$1,504,695, unrestricted investment earnings of \$76,393 and other general revenues of \$280,018.

Expenses for County operations for the year ended June 30, 2017 totaled \$25,134,525, a 4.1% increase over the prior year. Expenses included \$9,139,537 for roads and transportation, \$6,118,485 for public safety and legal services and \$2,857,045 for administration.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1710-0050-B00F>.

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JASPER COUNTY

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

JUNE 30, 2017

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Jasper County

Officials

(Before January 2017)

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

(After January 2017)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Joe Brock	Board of Supervisors	Jan 2019
Dennis Carpenter	Board of Supervisors	Jan 2019
Doug Cupples	Board of Supervisors	Jan 2021
Dennis Parrott	County Auditor	Jan 2021
Doug Bishop	County Treasurer	Jan 2019
Denise Allan	County Recorder	Jan 2019
John Halferty	County Sheriff	Jan 2021
Mike Jacobsen	County Attorney	Jan 2019
John Deegan	County Assessor	Retired (Jan 2018)
Tracy DeJong	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Jasper County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County as of June 30, 2017, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 52 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jasper County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2018 on our consideration of Jasper County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jasper County's internal control over financial reporting and compliance.



MARY MOSIMAN, CPA
Auditor of State

March 20, 2018

Jasper County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Jasper County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2017. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2017 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 16.5%, or approximately \$4,203,000, from fiscal year 2016 to fiscal year 2017. Property tax increased approximately \$390,000, operating grants, contributions and restricted interest increased approximately \$1,405,000 and capital grants, contributions and restricted interest increased approximately \$2,273,000.
- Program expenses of the County's governmental activities increased 4.1%, or approximately \$992,000, from fiscal year 2016 to fiscal year 2017. Expenses increased approximately \$636,000 in the non-program function and approximately \$514,000 in the mental health function. Expenses decreased approximately \$434,000 in the roads and transportation function and approximately \$170,000 in the county environment and education function.
- The County's net position increased 10.1%, or approximately \$4,577,000, over the June 30, 2016 balance.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. 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 Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

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

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

The required financial statements for fiduciary funds include a Statement of Fiduciary Assets and Liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Jasper County's combined net position increased from approximately \$45.4 million to approximately \$50 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2017	2016
Current and other assets	\$ 35,552	33,296
Capital assets	49,494	48,043
Total assets	85,046	81,339
Deferred outflows of resources	2,511	1,155
Long-term liabilities	21,821	21,185
Other liabilities	878	889
Total liabilities	22,699	22,074
Deferred inflows of resources	14,851	14,990
Net position:		
Net investment in capital assets	45,449	43,303
Restricted	14,257	12,125
Unrestricted	(9,699)	(9,998)
Total net position	\$ 50,007	45,430

Net position of Jasper County's governmental activities increased 10.1% (approximately \$50 million compared to approximately \$45.4 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

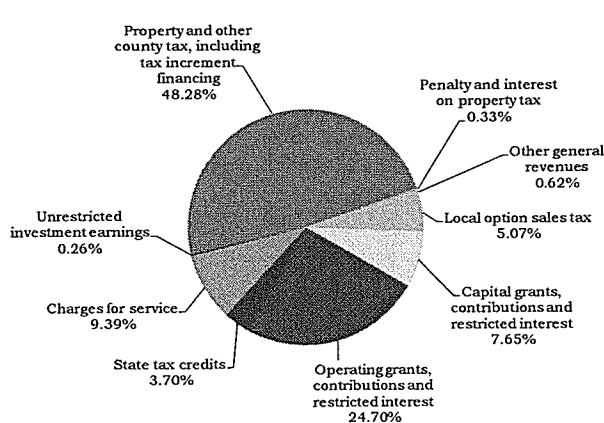
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$2,132,000, or 17.6%, over the prior year. The increase is primarily due to an increase in secondary roads and local option sales tax funds held at year end.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of approximately (\$9,998,000) at June 30, 2016 to a deficit of approximately (\$9,699,000) at the end of this year, an increase of 3%. The unrestricted net position deficit is due to reporting the net pension liability and the County issuing general obligation bonds and notes for capital assets not owned by the County.

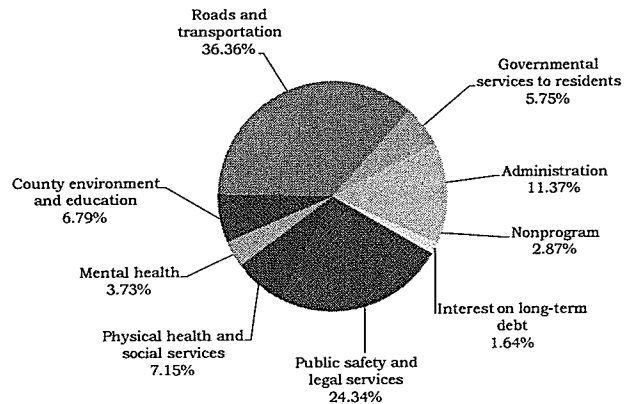
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2017	2016
Revenues:		
Program revenues:		
Charges for service	\$ 2,790	2,045
Operating grants, contributions and restricted interest	7,338	5,933
Capital grants, contributions and restricted interest	2,273	-
General revenues:		
Property and other county tax, including tax increment financing	14,350	13,960
Penalty and interest on property tax	97	110
State tax credits	1,099	1,689
Local option sales tax	1,505	1,382
Unrestricted investment earnings	76	73
Other general revenues	183	316
Total revenues	29,711	25,508
Program expenses:		
Public safety and legal services	6,118	5,958
Physical health and social services	1,798	1,677
Mental health	938	424
County environment and education	1,706	1,876
Roads and transportation	9,139	9,573
Governmental services to residents	1,445	1,331
Administration	2,857	2,802
Nonprogram	721	85
Interest on long-term debt	412	416
Total expenses	25,134	24,142
Change in net position	4,577	1,366
Net position beginning of year	45,430	44,064
Net position end of year	\$ 50,007	45,430

Revenues by Source



Expenses by Function



Revenues for governmental activities increased approximately \$4,203,000 from the prior year. Capital grants, contributions and restricted interest increased approximately \$2,273,000 primarily due to farm-to-market projects contributed to the County by the Iowa Department of Transportation (DOT) in the current fiscal year.

The County increased the countywide property tax rate for fiscal year 2017 by 5.24%. This increase, combined with increases in taxable valuations, increased the County's property tax revenue approximately \$390,000 in fiscal year 2017. The general basic levy increased 14.7%, from \$3.74 per \$1,000 of taxable valuation to \$4.29 per \$1,000 of taxable valuation. The County services (mental health) levy decreased from \$0.86 per \$1,000 of taxable valuation to \$0.58 per \$1,000 of taxable valuation.

The cost of all governmental activities this year was approximately \$25.1 million compared to approximately \$24.1 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$12.7 million because some of the cost was paid by those directly benefiting from the programs (approximately \$2,790,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$9,611,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2017 from approximately \$7,978,000 to approximately \$12,401,000, primarily due to farm-to-market road projects contributed to the County by the Iowa DOT.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jasper County completed the year, its governmental funds reported a combined fund balance of approximately \$20 million, an increase of approximately \$2,000,000 over last year's total of approximately \$18 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$1,455,000, or 12.2%, primarily due to an increase in property tax. Expenditures increased approximately \$707,000, or 5.5%. The ending fund balance increased approximately \$187,000, or 4.2%, over the prior year to \$4,639,694.
- The County has continued to look for ways to effectively manage the cost of mental health services. Expenditures decreased approximately \$94,000 from the prior year, primarily due to mental health regionalization. During the year, the County remitted \$749,161 to the Central Iowa Community Services Mental Health Region. Revenues decreased approximately \$392,000 due primarily to a decrease in property tax. The Special Revenue, Mental Health Fund balance decreased approximately \$85,000 during the year to \$382,337.
- Special Revenue, Rural Services Fund revenues decreased approximately \$19,000, a decrease of less than 1%. Expenditures increased approximately \$54,000, or 11.4%. The ending fund balance decreased approximately \$536,000 from the prior year to \$1,146,010.
- Special Revenue, Secondary Roads Fund revenues decreased approximately \$276,000, or 4.4%, from the prior year and expenditures decreased approximately \$164,000, or 2.2%, from the prior year. The fund balance at June 30, 2017 was \$6,300,974 compared to the prior year ending fund balance of \$4,901,306, an increase of \$1,399,668.

- Debt Service Fund revenues decreased approximately \$252,000, or 19.3%, primarily due to a \$547,707 tax credit received in fiscal year 2016 for a courthouse restoration project completed in the prior year. Expenditures increased approximately \$71,000 due to the interest payment for the crossover refunding capital loan note. At year end, the fund balance was \$4,372,373 compared to the prior year ending fund balance of \$4,370,184, an increase of \$2,189. During the prior year, the County issued \$3,665,000 of general obligation capital notes for a crossover refunding and reported \$3,547,064 of U.S. Treasury securities on deposit with escrow agent at June 30, 2017. In a crossover refunding, liabilities for both the old and the new debt, as well as the U.S. Treasury securities on deposit with the escrow agent, are reported in the government-wide financial statements. However, only the U.S. Treasury securities are reported in the fund financial statements since the liabilities are not a fund liability. The bonds (old debt) will be called on June 1, 2018.
- Capital Projects Fund revenues increased approximately \$1,153,000 over the prior year due to reimbursements for the Chichaqua bike trail and the Mitchellville to Prairie City Rails-to-Trails Corridor Development project. Expenditures increased approximately \$1,008,000 over the prior year due to repairs to the Chichaqua bike trail and the purchase of land for the Mitcheville to Prairie City Rails-to-Trails Corridor Development project. At June 30, 2017, the balance of the Capital Projects Fund decreased to a deficit fund balance of \$39,303.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jasper County amended its budget two times. The first amendment was made in October 2016 and increased budgeted disbursements in the capital projects function and increased budgeted intergovernmental receipts. The final amendment was made in June 2017 and increased budgeted disbursements in the public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, administration, non-program and capital projects functions and decreased budgeted disbursements in the government services to residents and debt service functions. The increases were for the payment of pipeline pass through funds, payment to the mental health region, radio payment and increased disbursements for district court fees. The final amendment increased budgeted other county taxes, intergovernmental, licenses and permits, charges for service, use of money and property and miscellaneous receipts.

The County's receipts were \$1,320,012 less than budgeted, a variance of 4.6%. The most significant variance resulted from the County receiving less intergovernmental receipts than anticipated.

Total disbursements were \$4,110,243 less than the amended budget, a variance of 13.9%. Actual disbursements for the roads and transportation, public safety and legal services and administration functions were \$1,570,438, \$595,846 and \$575,076, respectively, less than budgeted. This was primarily due to costs being less than anticipated.

During the year ended June 30, 2017, disbursements exceeded the amounts budgeted in the non-program and capital projects functions prior to the amendments. In addition, disbursements in certain departments exceeded the amounts appropriated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, Jasper County had approximately \$49.5 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 increase (including additions and deletions) of approximately \$1,452,000, or 3% over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2017	2016
Land	\$ 2,170	1,287
Construction in progress	2,347	90
Buildings and improvements	10,578	10,302
Equipment and vehicles	3,808	4,040
Intangibles	116	123
Infrastructure	30,476	32,201
Total	<u>\$ 49,495</u>	<u>48,043</u>

The County had depreciation/amortization expense of \$3,222,765 in fiscal year 2017 and total accumulated depreciation/amortization of \$37,899,925 at June 30, 2017. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2017, Jasper County had \$12,735,000 of general obligation bonds and capital loan notes outstanding, compared to \$14,035,000 at June 30, 2016, as shown below:

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2017	2016
General obligation bonds and capital loan notes	<u>\$ 12,735</u>	<u>14,035</u>

The County carries a general obligation bond rating of Aa2 assigned by national rating agencies to the County's debt. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Jasper County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$136 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 2018 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 2018 budget, all of the LOSST money estimated to be received in fiscal year 2018 (approximately \$900,000) was used to offset a property tax increase in fiscal year 2018.

Amounts available for appropriation (budgeted receipts) in the operating budget are approximately \$24,379,000 a 15.6% decrease from the final fiscal year 2017 budget. Budgeted disbursements increased approximately \$3,349,000 over the final fiscal year 2017 budget, primarily in the roads and transportation and physical health and social services functions. The County has added no major new programs or initiatives to the fiscal year 2018 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease 73.2% by the close of fiscal year 2018.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Jasper County
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Cash and pooled investments	\$ 15,863,457
U.S. Treasury securities on deposit with escrow agent	3,547,064
Receivables:	
Property tax:	
Delinquent	35,993
Succeeding year	13,998,000
Succeeding year tax increment financing	645,000
Interest and penalty on property tax	55,084
Accounts	121,901
Due from other governments	672,900
Inventories	483,806
Prepaid expense	128,781
Capital assets, net of accumulated depreciation/amortization	49,494,474
Total assets	85,046,460
Deferred Outflows of Resources	
Pension related deferred outflows	2,510,667
Liabilities	
Accounts payable	595,665
Accrued interest payable	25,173
Salaries and benefits payable	213,537
Due to other governments	44,068
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	270,000
General obligation bonds	1,065,000
Compensated absences	575,916
Portion due or payable after one year:	
General obligation capital loan notes	4,485,000
General obligation bonds	6,915,000
Compensated absences	1,211,924
Net pension liability	6,898,808
Net OPEB liability	398,900
Total liabilities	22,698,991
Deferred Inflows of Resources	
Unavailable property tax revenue	13,998,000
Unavailable tax increment financing revenue	645,000
Pension related deferred inflows	207,729
Total deferred inflows of resources	14,850,729
Net Position	
Net investment in capital assets	45,449,474
Restricted for:	
Nonexpendable:	
Permanent Fund	12,000
Expendable:	
Supplemental levy purposes	3,189,568
Mental health purposes	316,348
Rural services purposes	1,107,116
Secondary roads purposes	5,574,712
Local option sales and services tax purposes	1,722,649
Conservation land acquisition	159,348
Debt service	1,589,535
Other purposes	585,452
Unrestricted	(9,698,795)
Total net position	\$ 50,007,407

See notes to financial statements.

Jasper County

Statement of Activities

Year ended June 30, 2017

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 6,118,485	576,603	11,547	-	(5,530,335)
Physical health and social services	1,797,839	363,282	381,670	-	(1,052,887)
Mental health	938,197	-	-	-	(938,197)
County environment and education	1,705,650	88,937	1,277,166	-	(339,547)
Roads and transportation	9,139,537	272,635	5,622,407	2,272,869	(971,626)
Governmental services to residents	1,444,746	700,715	384	-	(743,647)
Administration	2,857,045	114,584	18,446	-	(2,724,015)
Non-program	720,572	672,899	-	-	(47,673)
Interest on long-term debt	412,454	-	26,814	-	(385,640)
Total	\$ 25,134,525	2,789,655	7,338,434	2,272,869	(12,733,567)
General Revenues:					
Property and other county tax levied for:					
General purposes					12,715,449
Debt service					944,313
Tax increment financing					690,205
Penalty and interest on property tax					96,886
State tax credits					1,099,242
Local option sales and services tax					1,504,695
Unrestricted investment earnings					76,393
Gain on disposition of capital assets					28,561
Miscellaneous					154,571
Total general revenues					17,310,315
Change in net position					4,576,748
Net position beginning of year					45,430,659
Net position end of year					\$ 50,007,407

See notes to financial statements.

Jasper County
Balance Sheet
Governmental Funds

June 30, 2017

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 4,757,436	385,985	1,189,438	5,618,451
U. S. Treasury securities on deposit with escrow agent	-	-	-	-
Receivables:				
Property tax:				
Delinquent	25,074	2,078	5,678	-
Succeeding year	9,856,000	769,000	2,546,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	55,084	-	-	-
Accounts	116,500	-	25	5,376
Due from other governments	35,007	-	-	534,556
Inventories	-	-	-	483,806
Prepaid expenditures	128,781	-	-	-
Total assets	\$ 14,973,882	1,157,063	3,741,141	6,642,189
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 230,542	1,122	6,215	290,862
Salaries and benefits payable	141,314	2,526	20,652	49,045
Due to other governments	26,174	-	16,586	1,308
Total liabilities	398,030	3,648	43,453	341,215
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	9,856,000	769,000	2,546,000	-
Succeeding year tax increment financing	-	-	-	-
Other	80,158	2,078	5,678	-
Total deferred inflows of resources	9,936,158	771,078	2,551,678	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	483,806
Prepaid expenditures	128,781	-	-	-
Permanent Fund	-	-	-	-
Restricted for:				
Supplemental levy purposes	3,222,122	-	-	-
Mental health purposes	-	382,337	-	-
Rural services purposes	-	-	1,146,010	-
Secondary roads purposes	-	-	-	5,817,168
Local option sales and services tax purposes	-	-	-	-
Conservation land acquisition	159,348	-	-	-
Debt service	-	-	-	-
Other purposes	61,712	-	-	-
Unassigned	1,067,731	-	-	-
Total fund balances	4,639,694	382,337	1,146,010	6,300,974
Total liabilities, deferred inflows of resources and fund balances	\$ 14,973,882	1,157,063	3,741,141	6,642,189

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
825,309	27,621	3,059,217	15,863,457
3,547,064	-	-	3,547,064
2,400	-	763	35,993
827,000	-	-	13,998,000
-	-	645,000	645,000
-	-	-	55,084
-	-	-	121,901
-	-	103,337	672,900
-	-	-	483,806
-	-	-	128,781
<u>5,201,773</u>	<u>27,621</u>	<u>3,808,317</u>	<u>35,551,986</u>
-	66,924	-	595,665
-	-	-	213,537
-	-	-	44,068
-	<u>66,924</u>	-	<u>853,270</u>
827,000	-	-	13,998,000
-	-	645,000	645,000
2,400	-	763	91,077
<u>829,400</u>	-	<u>645,763</u>	<u>14,734,077</u>
-	-	-	483,806
-	-	-	128,781
-	-	12,000	12,000
-	-	-	3,222,122
-	-	-	382,337
-	-	-	1,146,010
-	-	-	5,817,168
-	-	1,722,649	1,722,649
-	-	-	159,348
4,372,373	-	904,172	5,276,545
-	-	523,733	585,445
-	(39,303)	-	1,028,428
<u>4,372,373</u>	<u>(39,303)</u>	<u>3,162,554</u>	<u>19,964,639</u>
<u>5,201,773</u>	<u>27,621</u>	<u>3,808,317</u>	<u>35,551,986</u>

Jasper County

Jasper County

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

June 30, 2017

Total governmental fund balances (page 21) \$ 19,964,639

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$87,394,399 and the accumulated depreciation/amortization is \$37,899,925. 49,494,474

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 91,077

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 2,510,667	
Deferred inflows of resources	<u>(207,729)</u>	2,302,938

Long-term liabilities, including general obligation capital loan notes payable, general obligation bonds payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (21,845,721)

Net position of governmental activities (page 18) \$ 50,007,407

See notes to financial statements.

Jasper County

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

Year ended June 30, 2017

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 9,429,804	781,239	2,503,320	-
Tax increment financing	-	-	-	-
Local option sales and services tax	-	-	-	-
Interest and penalty on property tax	87,524	-	-	-
Intergovernmental	1,535,688	65,408	143,910	5,758,986
Licenses and permits	28,758	-	76,752	92,395
Charges for service	1,174,749	-	75	-
Use of money and property	140,010	-	-	-
Miscellaneous	1,005,064	-	-	130,171
Total revenues	13,401,597	846,647	2,724,057	5,981,552
Expenditures:				
Operating:				
Public safety and legal services	5,966,711	-	-	-
Physical health and social services	1,793,766	-	-	-
Mental health	-	931,970	-	-
County environment and education	927,273	-	527,061	-
Roads and transportation	-	-	-	7,274,732
Governmental services to residents	1,396,248	-	-	-
Administration	2,691,354	-	-	-
Non-program	720,572	-	-	-
Debt service	-	-	-	-
Capital projects	24,756	-	-	40,255
Total expenditures	13,520,680	931,970	527,061	7,314,987
Excess (deficiency) of revenues over (under) expenditures	(119,083)	(85,323)	2,196,996	(1,333,435)
Other financing sources (uses):				
Transfers in	499,175	-	-	2,733,103
Transfers out	(193,016)	-	(2,733,103)	-
Total other financing sources (uses)	306,159	-	(2,733,103)	2,733,103
Change in fund balances	187,076	(85,323)	(536,107)	1,399,668
Fund balances beginning of year	4,452,618	467,660	1,682,117	4,901,306
Fund balances end of year	\$ 4,639,694	382,337	1,146,010	6,300,974

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
943,651	-	-	13,658,014
-	-	690,166	690,166
-	-	1,504,695	1,504,695
-	-	-	87,524
78,275	1,191,843	46,664	8,820,774
-	-	-	197,905
-	-	6,967	1,181,791
26,844	-	3,817	170,671
-	-	38,430	1,173,665
<u>1,048,770</u>	<u>1,191,843</u>	<u>2,290,739</u>	<u>27,485,205</u>
-	-	17,861	5,984,572
-	-	-	1,793,766
-	-	-	931,970
-	-	-	1,454,334
-	-	-	7,274,732
-	-	3,340	1,399,588
-	-	6,314	2,697,668
-	-	-	720,572
1,714,585	-	-	1,714,585
-	1,469,857	5,855	1,540,723
<u>1,714,585</u>	<u>1,469,857</u>	<u>33,370</u>	<u>25,512,510</u>
<u>(665,815)</u>	<u>(278,014)</u>	<u>2,257,369</u>	<u>1,972,695</u>
671,970	196,982	-	4,101,230
(3,966)	-	(1,171,145)	(4,101,230)
<u>668,004</u>	<u>196,982</u>	<u>(1,171,145)</u>	<u>-</u>
2,189	(81,032)	1,086,224	1,972,695
<u>4,370,184</u>	<u>41,729</u>	<u>2,076,330</u>	<u>17,991,944</u>
<u>4,372,373</u>	<u>(39,303)</u>	<u>3,162,554</u>	<u>19,964,639</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, 2017

Change in fund balances - Total governmental funds (page 25) \$ 1,972,695

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

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

Expenditures for capital assets	\$ 2,398,504	
Capital assets contributed by the Iowa Department of Transportation	2,256,876	
Depreciation/amortization expense	<u>(3,222,765)</u>	1,432,615

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 18,616

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

Property tax	1,748	
Other	<u>(51,171)</u>	(49,423)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position. 1,300,000

The current year County IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 873,275

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	13,144	
Other postemployment benefits	(29,000)	
Pension expense	(957,305)	
Interest on long-term debt	<u>2,131</u>	<u>(971,030)</u>

Change in net position of governmental activities (page 19) \$ 4,576,748

See notes to financial statements.

Jasper County

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2017

	Other Employee Benefit Trust	Private Purpose Trust	Agency
Assets			
Cash and pooled investments:			
County Treasurer	\$ 62,297	49,498	2,183,887
Other County officials	-	-	39,982
Receivables:			
Property tax:			
Delinquent	-	-	93,497
Succeeding year	-	-	36,793,000
Accounts	-	-	26,097
Special assessments	-	-	160,426
Due from other governments	-	-	57,764
Total assets	62,297	49,498	39,354,653
Liabilities			
Accounts payable	-	-	18,241
Salaries and benefits payable	-	-	10,753
Due to other governments	-	-	39,045,968
Trusts payable	-	-	112,601
Compensated absences	-	-	167,090
Total liabilities	-	-	39,354,653
Net position			
Held in trust for employee benefits and others	\$ 62,297	49,498	-

See notes to financial statements.

Exhibit H

Jasper County

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30, 2017

	Other Employee Benefit Trust	Private Purpose Trust
Additions:		
Donations and contributions	\$ 13,766	-
Interest on investments	-	145
Total additions	13,766	145
Deductions:		
Distributions to participants	52,038	-
Change in net position held in trust	(38,272)	145
Net position beginning of year	100,569	49,353
Net position end of year	\$ 62,297	49,498

See notes to financial statements.

Jasper County

Notes to Financial Statements

June 30, 2017

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

Restricted net position:

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following fiduciary funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2016.

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 more than 15 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, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave in excess of 1,440 hours will be paid at the last rate of pay to an employee upon retirement. Upon retirement, employees may elect to convert up to 720 hours of accumulated sick leave to cash to be accounted for in the Fiduciary, Employee Benefit Trust Fund and used for continued health care coverage. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing tax receivables that will not be recognized until the year for which they are levied and the unrecognized items not yet credited to pension expense.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2017, disbursements exceeded the amounts budgeted in the non-program and capital projects functions prior to the amendments. In addition, disbursements in certain departments exceeded the amounts appropriated.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2017 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2017, an escrow agent held U.S. Treasury notes for the County with a carrying amount and fair value of \$3,547,064, which mature through June 1, 2018.

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

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Local Option Sales and Services Tax	<u>\$ 499,175</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services	<u>2,733,103</u>
Debt Service	Special Revenue: Tax Increment Financing	<u>671,970</u>
Capital Projects	General	193,016
	Debt Service	<u>3,966</u>
		<u>196,982</u>
Total		<u>\$ 4,101,230</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, 2017 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 1,287,133	882,549	-	2,169,682
Construction in progress	89,943	2,642,429	385,553	2,346,819
Total capital assets not being depreciated/amortized	1,377,076	3,524,978	385,553	4,516,501
Capital assets being depreciated/amortized:				
Buildings	10,987,590	174,500	-	11,162,090
Improvements other than buildings	2,634,086	459,780	-	3,093,866
Machinery, equipment and vehicles	9,728,215	561,572	324,213	9,965,574
Intangibles	145,252	-	-	145,252
Infrastructure	58,125,563	385,553	-	58,511,116
Total capital assets being depreciated/amortized	81,620,706	1,581,405	324,213	82,877,898
Less accumulated depreciation/amortization for:				
Buildings	2,716,405	229,437	-	2,945,842
Improvements other than buildings	603,370	128,713	-	732,083
Machinery, equipment and vehicles	5,688,394	746,475	277,379	6,157,490
Intangibles	21,789	7,263	-	29,052
Infrastructure	25,924,581	2,110,877	-	28,035,458
Total accumulated depreciation/amortization	34,954,539	3,222,765	277,379	37,899,925
Total capital assets being depreciated/amortized, net	46,666,167	(1,641,360)	46,834	44,977,973
Governmental activities capital assets, net	\$ 48,043,243	1,883,618	432,387	49,494,474

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 361,204
Physical health and social services	5,258
County environment and education	89,477
Roads and transportation	2,547,010
Governmental services to residents	36,758
Administration	183,058
Total depreciation/amortization expense - governmental activities	<u>\$ 3,222,765</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 at June 30, 2017 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 26,174
Special Revenue:		
Rural Services		16,586
Secondary Roads		1,308
		<u>17,894</u>
Total for governmental funds		<u>\$ 44,068</u>
Agency:		
County Assessor	Collections	\$ 655,475
Schools		22,488,988
Community Colleges		1,039,525
Corporations		9,960,484
Auto License and Use Tax		971,814
All other		<u>3,929,682</u>
Total for agency funds		<u>\$ 39,045,968</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	General Obligation Capital Loan Notes	General Obligation Bonds	Compen- sated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year	\$ 5,020,000	9,015,000	1,800,984	4,979,229	369,900	21,185,113
Increases	-	-	718,917	1,919,579	58,100	2,696,596
Decreases	265,000	1,035,000	732,061	-	29,100	2,061,161
Balance end of year	<u>\$ 4,755,000</u>	<u>7,980,000</u>	<u>1,787,840</u>	<u>6,898,808</u>	<u>398,900</u>	<u>21,820,548</u>
Due within one year	<u>\$ 270,000</u>	<u>1,065,000</u>	<u>575,916</u>	-	-	<u>1,910,916</u>

General Obligation Capital Loan Notes

On May 16, 2016, the County issued \$3,655,000 of taxable general obligation capital loan refunding notes, with interest rates ranging from 1.15% to 2.60% per annum, for a crossover refunding of \$3,500,000 of general obligation bonds urban renewal bonds dated November 1, 2007. The bonds will be called on June 1, 2018.

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

A summary of the County's June 30, 2017 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Refunding Issued May 15, 2013			Refunding Issued May 16, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2018	0.70%	\$ 135,000	9,050	1.15%	\$ -	72,158
2019	0.90	135,000	8,105	1.15	380,000	72,158
2020	1.00	135,000	6,890	1.35	385,000	67,787
2021	1.20	135,000	5,540	1.55	390,000	62,590
2022	1.35	140,000	3,920	1.80	395,000	56,545
2023-2027	1.45	140,000	2,030	2.00-2.60	2,115,000	157,100
Total		<u>\$ 820,000</u>	<u>35,535</u>		<u>\$ 3,665,000</u>	<u>488,338</u>

Year Ending June 30,	County Care Facility Issued June 27, 2016			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2018	1.50%	\$ 135,000	4,050	270,000	85,258	355,258
2019	1.50	135,000	2,025	650,000	82,288	732,288
2020		-	-	520,000	74,677	594,677
2021		-	-	525,000	68,130	593,130
2022		-	-	535,000	60,465	595,465
2023-2027		-	-	2,255,000	159,130	2,414,130
Total		<u>\$ 270,000</u>	<u>6,075</u>	<u>4,755,000</u>	<u>529,948</u>	<u>5,284,948</u>

During the year ended June 30, 2017, principal payments of \$265,000 were made by the County on the general obligation capital loan notes.

General Obligation Bonds

A summary of the County's June 30, 2017 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Urban Renewal			Courthouse Improvement and Refunding		
	Issued Nov 1, 2007			Issued Jan 10, 2012		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2018	5.33%	\$ 295,000	210,793	1.40%	\$ 300,000	26,820
2019	5.38	310,000	195,069	1.60	315,000	22,620
2020	5.40	325,000	178,406	1.85	320,000	17,580
2021	5.45	345,000	160,856	2.00	325,000	11,660
2022	5.50	365,000	142,054	2.15	240,000	5,160
2023-2027	5.55-5.75	2,155,000	381,555		-	-
Total		\$ 3,795,000	1,268,733		\$ 1,500,000	83,840

Year Ending June 30,	Refunding			Refunding		
	Issued Jan 10, 2012			Issued Jan 10, 2012		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2018	2.25%	\$ 70,000	3,325	1.40%	\$ 400,000	48,035
2019	2.50	70,000	1,750	1.60	405,000	42,435
2020		-	-	1.85	420,000	35,955
2021		-	-	2.00	430,000	28,185
2022		-	-	2.15	440,000	19,585
2023-2027		-	-	2.25	450,000	10,125
Total		\$ 140,000	5,075		\$ 2,545,000	184,320

Year Ending June 30,	Total		
	Principal	Interest	Total
2018	\$ 1,065,000	288,973	1,353,973
2019	1,100,000	261,874	1,361,874
2020	1,065,000	231,941	1,296,941
2021	1,100,000	200,701	1,300,701
2022	1,045,000	166,799	1,211,799
2023-2027	2,605,000	391,680	2,996,680
Total	\$ 7,980,000	1,541,968	9,521,968

During the year ended June 30, 2017, principal payments of \$1,035,000 were made by the County on the general obligation bonds.

(7) Pension Plan

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

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

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

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

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

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

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

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

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

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

Contributions – Contributions rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.63% of covered payroll for a total rate of 19.26%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2017 totaled \$873,275.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the County reported a liability of \$6,898,808 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the County's proportion was 0.109621%, which was an increase of 0.008837% over its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$957,305. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,724	145,218
Changes of assumptions	97,921	27,961
Net difference between projected and actual earnings on IPERS' investments	1,285,835	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	196,912	34,550
County contributions subsequent to the measurement date	873,275	-
Total	<u>\$ 2,510,667</u>	<u>207,729</u>

\$873,275 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2018	\$ 166,693
2019	166,693
2020	687,917
2021	405,871
2022	2,489
Total	<u>\$ 1,429,663</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	<u>100%</u>	

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$ 12,287,848	6,898,808	2,354,740

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

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2017.

(8) Private Redevelopment Agreements

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

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

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 165 active and 7 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, 2017, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 57,400
Interest on net OPEB obligation	14,800
Adjustment to annual required contribution	<u>(14,100)</u>
Annual OPEB cost	58,100
Contributions made	<u>(29,100)</u>
Increase in net OPEB obligation	29,000
Net OPEB obligation beginning of year	<u>369,900</u>
Net OPEB obligation end of year	<u>\$ 398,900</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, 2017.

For the year ended June 30, 2017, the County contributed \$29,100 to the health plan. Plan members eligible for benefits contributed \$10,697, or 26.9% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 57,400	30.5%	\$ 331,000
2016	58,000	32.9	369,900
2017	58,100	50.1	398,900

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was approximately \$501,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$501,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,488,000 and the ratio of the UAAL to covered payroll was 5.3%. As of June 30, 2017, there were no trust fund assets.

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

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

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 8.0%. The ultimate medical trend rate is 5%. The medical trend rate is reduced .5% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purposes of this calculation.

Mortality rates are from the MP-2014 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

Projected claim costs of the medical plan are \$1,082 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 753 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2017 were \$201,418.

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 \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2017, no liability has been recorded in the County's financial statements. As of June 30, 2017, 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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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

(11) Voluntary Termination Benefit Program

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

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

All program benefits are financed on a pay-as-you-go basis by the County. The County accounts for retiree activity in the Fiduciary, Other Employee Benefit Trust Fund. Amounts due for the program have been included in and reported as compensated absences on the government-wide financial statements. The liability for expected future health insurance benefits under this program at June 30, 2017 is \$1,079,350.

For the year ended June 30, 2017, nine employees participated and received benefits totaling \$52,038 under the program. The County contributed \$13,766 to the fund for retirees under the program.

(12) Lessor Operating Leases

The County leases two parcels of land, a piece of farm ground and a pasture. The minimum future rentals on these operating leases as of June 30, 2017 is \$37,988 due during the year ended June 30, 2018.

(13) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Baxter	Urban renewal and economic development projects	\$ 7,507
City of Kellogg	Urban renewal and economic development projects	\$ 6,743
City of Newton	Urban renewal and economic development projects	\$ 23,393
City of Prairie City	Urban renewal and economic development projects	\$ 7,451
City of Sully	Urban renewal and economic development projects	\$ 416

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

The Central Iowa Community Services (CICS) Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Boone County, Franklin County, Hamilton County, Hardin County, Jasper County, Madison County, Marshall County, Poweshiek County, Story County and Warren County. The financial activity of Jasper County's Special Revenue, Mental Health Fund is included in the CICS Mental Health Region for the year ended June 30, 2017, as follows:

Revenues:		
Property and other county tax		\$ 781,239
Intergovernmental:		
State tax credits	\$ 65,351	
Other	57	65,408
Total revenues		<u>846,647</u>
Expenditures:		
Services to persons with:		
Mental illness	26,686	
Intellectual disabilities	14,411	
Other developmental disabilities	<u>14,848</u>	55,945
General administration:		
Direct administration	126,864	
Distribution to regional fiscal agent	<u>749,161</u>	<u>876,025</u>
Total expenditures		<u>931,970</u>
Deficiency of expenditures over revenues		(85,323)
Fund balance beginning of year		<u>467,660</u>
Fund balance end of year		<u>\$ 382,337</u>

(16) Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance of \$39,303 as of June 30, 2017. The County is reviewing options for eliminating this deficit.

(17) New Accounting Pronouncement

The County adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the County.

(18) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's other postemployment benefits.

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, 2017

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 15,967,502	-	15,967,502
Interest and penalty on property tax	87,524	-	87,524
Intergovernmental	8,654,897	-	8,654,897
Licenses and permits	195,767	-	195,767
Charges for service	1,288,267	-	1,288,267
Use of money and property	152,289	-	152,289
Miscellaneous	1,206,573	-	1,206,573
Total receipts	<u>27,552,819</u>	-	<u>27,552,819</u>
Disbursements:			
Public safety and legal services	5,942,801	-	5,942,801
Physical health and social services	1,790,930	-	1,790,930
Mental health	931,307	-	931,307
County environment and education	1,418,800	-	1,418,800
Roads and transportation	7,282,994	-	7,282,994
Governmental services to residents	1,410,199	-	1,410,199
Administration	2,752,454	-	2,752,454
Non-program	697,362	-	697,362
Debt service	1,639,248	-	1,639,248
Capital projects	1,669,789	-	1,669,789
Total disbursements	<u>25,535,884</u>	-	<u>25,535,884</u>
Excess (deficiency) of receipts over (under) disbursements	2,016,935	-	2,016,935
Other financing sources, net	11,100	-	11,100
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,028,035	-	2,028,035
Balance beginning of year	<u>13,835,422</u>	57,884	<u>13,777,538</u>
Balance end of year	<u>\$ 15,863,457</u>	57,884	<u>15,805,573</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		Final to
<u>Original</u>	<u>Final</u>	<u>Net</u>
		<u>Variance</u>
15,483,073	15,983,073	(15,571)
66,200	66,200	21,324
6,903,837	10,174,920	(1,520,023)
79,573	129,563	66,204
943,904	1,042,309	245,958
133,575	134,876	17,413
472,836	1,341,890	(135,317)
<u>24,082,998</u>	<u>28,872,831</u>	<u>(1,320,012)</u>
6,306,154	6,538,647	595,846
2,123,092	2,154,653	363,723
833,307	954,812	23,505
1,476,004	1,499,069	80,269
8,782,025	8,853,432	1,570,438
1,584,103	1,572,067	161,868
3,320,675	3,327,530	575,076
29,000	1,029,000	331,638
1,673,630	1,639,248	-
935,000	2,077,669	407,880
<u>27,062,990</u>	<u>29,646,127</u>	<u>4,110,243</u>
(2,979,992)	(773,296)	2,790,231
-	11,100	-
(2,979,992)	(762,196)	2,790,231
<u>12,509,107</u>	<u>12,509,107</u>	<u>1,268,431</u>
<u>9,529,115</u>	<u>11,746,911</u>	<u>4,058,662</u>

Jasper County

Jasper County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2017

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 27,552,819	(67,614)	27,485,205
Expenditures	25,535,884	(23,374)	25,512,510
Net	2,016,935	(44,240)	1,972,695
Other financing sources	11,100	(11,100)	-
Beginning fund balances	13,835,422	4,156,522	17,991,944
Ending fund balances	\$ 15,863,457	4,101,182	19,964,639

See accompanying independent auditor's report.

Jasper County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2017

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$2,583,137. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2017, disbursements exceeded the amounts budgeted in the non-program and capital projects functions prior to the amendments. In addition, disbursements in certain departments exceeded the amounts appropriated.

Jasper County

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

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

Required Supplementary Information

	2017	2016	2015
County's proportion of the net pension liability	0.109621%	0.100784%	0.096791%
County's proportionate share of the net pension liability	\$ 6,899	4,979	3,839
County's covered-employee payroll	\$ 9,494	8,840	8,482
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.67%	56.32%	45.26%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

Jasper County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 873	868	810	776
Contributions in relation to the statutorily required contribution	<u>(873)</u>	<u>(868)</u>	<u>(810)</u>	<u>(776)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 9,582	9,494	8,840	8,482
Contributions as a percentage of covered-employee payroll	9.11%	9.14%	9.16%	9.15%

See accompanying independent auditor's report.

2013	2012	2011	2010	2009	2008
732	685	597	553	540	484
(732)	(685)	(597)	(553)	(540)	(484)
-	-	-	-	-	-
8,172	8,104	7,997	7,869	8,069	7,753
8.96%	8.45%	7.47%	7.03%	6.69%	6.24%

Jasper County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2017

Changes of benefit terms:

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

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

Changes of assumptions:

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

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

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

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

Jasper County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 688	688	0.0%	\$ 8,083	8.5%
2010	Jul 1, 2008	-	688	688	0.0	7,876	8.7
2011	Jul 1, 2008	-	688	688	0.0	7,967	8.6
2012	Jul 1, 2011	-	777	777	0.0	7,825	9.9
2013	Jul 1, 2011	-	777	777	0.0	7,825	9.9
2014	Jul 1, 2011	-	777	777	0.0	7,825	9.9
2015	Jul 1, 2014	-	501	501	0.0	8,478	5.9
2016	Jul 1, 2014	-	501	501	0.0	9,431	5.3
2017	Jul 1, 2014	-	501	501	0.0	9,488	5.3

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

See accompanying independent auditor's report.

Jasper County

Supplementary Information

Jasper County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2017

	County Recorder's Records Management	Resource Enhancement and Protection	Special Local Option Sales and Services Tax
Assets			
Cash and pooled investments	\$ 27,856	233,997	1,619,322
Receivables:			
Delinquent property tax	-	-	-
Succeeding year tax increment financing	-	-	-
Due from other governments	-	-	103,327
Total assets	\$ 27,856	233,997	1,722,649
Deferred Inflows of Resources and Fund Balances			
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year tax increment financing	\$ -	-	-
Other	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances:			
Nonspendable - Permanent Fund	-	-	-
Restricted for:			
Local option sales and services tax purposes	-	-	1,722,649
Debt service	-	-	-
Other purposes	27,856	233,997	-
Total fund balances	27,856	233,997	1,722,649
Total deferred inflows of resources and fund balances	\$ 27,856	233,997	1,722,649

See accompanying independent auditor's report.

<u>Revenue</u>				
Drainage Districts	Tax Increment Financing	Other	<u>Permanent Loskot Trust</u>	Total
57,884	904,172	199,693	16,293	3,059,217
-	763	-	-	763
-	645,000	-	-	645,000
-	-	10	-	103,337
<u>57,884</u>	<u>1,549,935</u>	<u>199,703</u>	<u>16,293</u>	<u>3,808,317</u>
-	645,000	-	-	645,000
-	763	-	-	763
-	645,763	-	-	645,763
-	-	-	12,000	12,000
-	-	-	-	1,722,649
-	904,172	-	-	904,172
<u>57,884</u>	<u>-</u>	<u>199,703</u>	<u>4,293</u>	<u>523,733</u>
<u>57,884</u>	<u>904,172</u>	<u>199,703</u>	<u>16,293</u>	<u>3,162,554</u>
<u>57,884</u>	<u>1,549,935</u>	<u>199,703</u>	<u>16,293</u>	<u>3,808,317</u>

Jasper County

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

Year ended June 30, 2017

	County Recorder's Records Management	Resource Enhancement and Protection	Special Local Option Sales and Services Tax
Revenues:			
Tax increment financing	\$ -	-	-
Local option sales and services tax	-	-	1,504,695
Intergovernmental	-	21,566	-
Charges for service	6,967	-	-
Use of money and property	68	578	-
Miscellaneous	-	-	-
Total revenues	<u>7,035</u>	<u>22,144</u>	<u>1,504,695</u>
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
Government services to residents	3,340	-	-
Administration	-	-	-
Capital projects	-	5,855	-
Total expenditures	<u>3,340</u>	<u>5,855</u>	<u>-</u>
Excess of revenues over expenditures	3,695	16,289	1,504,695
Other financing uses:			
Transfers out	-	-	(499,175)
Change in fund balances	3,695	16,289	1,005,520
Fund balances beginning of year	24,161	217,708	717,129
Fund balances end of year	<u>\$ 27,856</u>	<u>233,997</u>	<u>1,722,649</u>

See accompanying independent auditor's report.

Revenue				
Drainage Districts	Tax Increment Financing	Other	Permanent Loskot Trust	Total
-	690,166	-	-	690,166
-	-	-	-	1,504,695
-	23,089	2,009	-	46,664
-	-	-	-	6,967
-	3,027	96	48	3,817
-	-	38,430	-	38,430
-	716,282	40,535	48	2,290,739
-	-	17,861	-	17,861
-	-	-	-	3,340
-	-	6,314	-	6,314
-	-	-	-	5,855
-	-	24,175	-	33,370
-	716,282	16,360	48	2,257,369
-	(671,970)	-	-	(1,171,145)
-	44,312	16,360	48	1,086,224
57,884	859,860	183,343	16,245	2,076,330
57,884	904,172	199,703	16,293	3,162,554

Jasper County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	2,459	254,112	224,956	10,934
Other County officials	39,982	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	623	1,010	58,032	2,591
Succeeding year	-	234,000	553,000	22,206,000	1,026,000
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 39,982	237,082	808,122	22,488,988	1,039,525
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	13,226	-	-
Salaries and benefits payable	-	-	7,472	-	-
Due to other governments	24,851	237,082	655,475	22,488,988	1,039,525
Trusts payable	15,131	-	-	-	-
Compensated absences	-	-	131,949	-	-
Total liabilities	\$ 39,982	237,082	808,122	22,488,988	1,039,525

See accompanying independent auditor's report.

Corporations	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
114,657	3,506	7,258	971,814	594,191	2,183,887
-	-	-	-	-	39,982
29,827	918	-	-	496	93,497
9,816,000	392,000	-	-	2,566,000	36,793,000
-	-	-	-	26,097	26,097
-	-	160,426	-	-	160,426
-	-	-	-	57,764	57,764
<u>9,960,484</u>	<u>396,424</u>	<u>167,684</u>	<u>971,814</u>	<u>3,244,548</u>	<u>39,354,653</u>
-	-	-	-	5,015	18,241
-	-	-	-	3,281	10,753
9,960,484	396,424	167,684	971,814	3,103,641	39,045,968
-	-	-	-	97,470	112,601
-	-	-	-	35,141	167,090
<u>9,960,484</u>	<u>396,424</u>	<u>167,684</u>	<u>971,814</u>	<u>3,244,548</u>	<u>39,354,653</u>

Jasper County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 48,938	237,376	738,730	21,661,010	1,080,793
Additions:					
Property and other county tax	-	234,394	554,937	22,285,415	1,028,752
E-911 surcharge	-	-	-	-	-
State tax credits	-	19,592	31,739	1,791,525	85,787
Driver's license fees	-	-	-	-	-
Office fees and collections	1,022,608	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	1,262,768	-	-	-	-
Miscellaneous	-	-	8,320	-	-
Total additions	2,285,376	253,986	594,996	24,076,940	1,114,539
Deductions:					
Agency remittances:					
To other funds	703,447	-	-	-	-
To other governments	470,078	254,280	525,604	23,248,962	1,155,807
Trusts paid out	1,120,807	-	-	-	-
Total deductions	2,294,332	254,280	525,604	23,248,962	1,155,807
Balances end of year	\$ 39,982	237,082	808,122	22,488,988	1,039,525

See accompanying independent auditor's report.

Corporations	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
9,665,841	384,329	196,704	956,087	3,281,777	38,251,585
9,763,768	394,443	-	-	2,791,036	37,052,745
-	-	-	-	573,819	573,819
1,093,937	21,544	-	-	8,531	3,052,655
-	-	-	179,694	-	179,694
-	-	-	-	6,968	1,029,576
-	-	-	11,288,416	-	11,288,416
-	-	50,645	-	-	50,645
-	-	-	-	710,862	1,973,630
-	-	-	-	322,538	330,858
10,857,705	415,987	50,645	11,468,110	4,413,754	55,532,038
-	-	-	398,156	-	1,101,603
10,563,062	403,892	79,665	11,054,227	3,731,983	51,487,560
-	-	-	-	719,000	1,839,807
10,563,062	403,892	79,665	11,452,383	4,450,983	54,428,970
9,960,484	396,424	167,684	971,814	3,244,548	39,354,653

Jasper County

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

For the Last Ten Years

	2017	2016	2015	2014
Revenues:				
Property and other county tax	\$ 13,658,014	13,027,674	12,725,632	12,476,599
Tax increment financing	690,166	926,595	1,023,421	1,046,732
Local option sales and services tax	1,504,695	1,381,665	1,323,595	1,291,837
Interest and penalty on property tax	87,524	96,676	91,437	103,701
Intergovernmental	8,820,774	8,637,330	7,255,314	6,273,322
Licenses and permits	197,905	122,709	102,606	115,039
Charges for service	1,181,791	1,088,179	959,536	978,744
Use of money and property	170,671	139,867	227,081	226,008
Miscellaneous	1,173,665	624,019	618,609	521,057
Total	\$ 27,485,205	26,044,714	24,327,231	23,033,039
Expenditures:				
Operating:				
Public safety and legal services	\$ 5,984,572	5,878,181	5,678,863	5,223,925
Physical health and social services	1,793,766	1,679,516	1,828,490	1,817,665
Mental health	931,970	1,025,846	3,278,357	1,040,216
County environment and education	1,454,334	1,410,311	1,369,270	1,375,502
Roads and transportation	7,274,732	7,442,248	6,412,667	5,713,570
Governmental services to residents	1,399,588	1,487,312	1,074,056	962,079
Administration	2,697,668	2,668,452	2,870,280	2,927,232
Non-program	720,572	85,392	6,564	42,394
Debt service	1,714,585	1,643,933	1,959,181	3,772,649
Capital projects	1,540,723	670,308	1,615,469	1,202,624
Total	\$ 25,512,510	23,991,499	26,093,197	24,077,856

See accompanying independent auditor's report.

Modified Accrual Basis					
2013	2012	2011	2010	2009	2008
12,562,086	13,150,092	12,361,664	12,332,220	12,148,843	11,905,983
1,045,731	656,972	676,989	592,150	419,479	267,768
1,257,023	1,258,294	1,322,175	1,266,740	1,241,293	1,243,746
118,511	112,902	126,863	117,212	124,322	109,752
6,756,315	7,194,041	7,237,209	7,095,801	8,715,856	7,141,355
96,379	87,118	66,667	74,724	72,004	70,816
1,028,561	926,143	981,953	984,163	1,057,610	990,787
181,483	211,185	278,877	298,819	375,452	556,844
644,364	549,034	492,838	572,780	510,187	579,022
23,690,453	24,145,781	23,545,235	23,334,609	24,665,046	22,866,073
4,898,752	4,807,315	4,720,013	4,490,429	4,363,202	4,204,230
1,871,986	1,656,699	1,763,627	1,879,107	1,751,652	1,774,103
941,390	4,345,312	3,626,922	3,309,741	3,614,092	4,085,414
1,830,482	1,325,737	1,326,599	1,234,876	3,007,680	1,446,616
6,602,333	6,544,659	5,994,849	5,791,297	5,463,308	5,933,784
915,088	925,388	855,852	938,498	867,398	843,578
2,950,132	2,805,074	2,770,982	2,614,877	2,682,493	2,656,102
9,346	15,829	8,156	7,279	5,860	38,553
1,915,330	3,960,276	1,828,698	1,833,025	1,826,464	1,676,997
1,015,233	2,217,792	419,411	43,778	1,329,406	4,948,584
22,950,072	28,604,081	23,315,109	22,142,907	24,911,555	27,607,961

Schedule 6

Jasper County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

Grantor/Program	CFDA Number	Pass-through Entity Identifying 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		\$ 36,035
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	TAP-R-C050(110)--8T-50	280,000
Recreational Trails Program	20.219	NRT-C050(108)--9G-50	<u>186,887</u>
			<u>466,887</u>
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
National Priority Safety Programs	20.616	16-405d-M6OT Task 25-00-00	<u>2,274</u>
Iowa Department of Homeland Security and Emergency Management:			
Interagency Hazardous Materials			
Public Sector Training and Planning Grants	20.703	DR-4114-0003-01	<u>9,156</u>
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	Title III/ES: Nutrition	121,674
Nutrition Services Incentive Program	93.053	Title III/ES: Nutrition	<u>61,696</u>
			<u>183,370</u>
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements			
	93.074	5887BT30	53,540
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements			
	93.074	5885BT450	<u>8,332</u>
			<u>61,872</u>
Immunization Cooperative Agreements	93.268	5886I443B	8,647
Immunization Cooperative Agreements	93.268	5888I443B	<u>7,778</u>
			<u>16,425</u>

Jasper County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2017

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>107</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>10,235</u>
Foster Care Title IV-E	93.658		<u>13,377</u>
Adoption Assistance	93.659		<u>4,140</u>
Social Services Block Grant	93.667		<u>10,627</u>
Children's Health Insurance Program	93.767		<u>286</u>
Medical Assistance Program	93.778		<u>62,906</u>
Total			<u>\$ 877,697</u>

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Jasper County under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Jasper County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Jasper County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Jasper County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

Jasper County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

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

To the Officials of Jasper County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jasper County, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 20, 2018.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-17 and II-B-17 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items II-C-17 and II-D-17 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, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


Jasper County's Responses to the Findings

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

Purpose of this Report

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

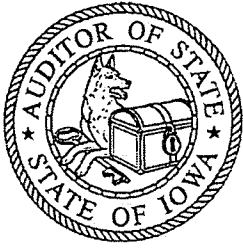
We would like to acknowledge the many courtesies and assistance extended to us by personnel of Jasper County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State

March 20, 2018

**Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance**

Jasper County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Officials of Jasper County:

Report on Compliance for Each Major Federal Program

We have audited Jasper County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2017. Jasper County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Jasper County's major federal program based on our audit of the types of compliance requirements referred to above. 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 Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Jasper County's compliance.

Opinion on the Major Federal Program

In our opinion, Jasper County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance


The management of Jasper County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jasper County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

A deficiency in 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-17 to be a material weakness.

Jasper County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Jasper County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


MARY MOSIMAN, CPA
Auditor of State

March 20, 2018

Jasper County
Schedule of Findings and Question Costs
Year ended June 30, 2017

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (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) A material weakness in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was the Highway Planning and Construction Cluster:
 - 20.205 Highway Planning and Construction
 - 20.219 Recreational Trails Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Jasper County did not qualify as a low-risk auditee.

Jasper County

Schedule of Findings and Question Costs

Year ended June 30, 2017

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-17 Segregation of Duties

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

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

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

Jasper County

Schedule of Findings and Question Costs

Year ended June 30, 2017

(6) Daily cash reconciliations for motor vehicle and driver's licenses are not reviewed and approved by an independent person for propriety. Daily cash reconciliations prepared in the Recorder's Office are not reviewed and approved by an independent person for propriety. Treasurer and Recorder

(7) All individuals in tax, motor vehicle and driver's license have the ability to void receipts in Eden/Arts (DOT system), including individuals who perform daily balancing. No report is maintained or review performed over voided receipts. Treasurer

All individuals in the County Recorder's and County Sheriff's Offices have the ability to void receipts, including individuals who perform daily balancing. No report is maintained or review performed over voided receipts. Recorder and Sheriff

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

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

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

Responses –

Treasurer – We will do our best to properly segregate duties according to the limited staff available.

Sheriff – We continue to have limited staff available to completely segregate all duties. We have made adjustments and separate duties as we are able. We acknowledge the Auditor's suggestions and make changes when possible. Based upon the Auditor's review and suggestion of an independent person review of accounts, we will identify a staff member, likely a supervisor, who cannot write or sign checks or open mail that will review accounts monthly. We will implement a charting document for voided receipts as suggested.

Recorder – The recommendations will be taken under advisement. I will continue to rectify the issues I can. Due to staff size, some will be difficult.

Jasper County

Schedule of Findings and Question Costs

Year ended June 30, 2017

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

Community Services – Most revenues are now direct deposit. If revenue is sent or brought to the CS office, we segregate the duties to the extent possible with limited staff. We will continue to encourage direct deposit and segregation of duties.

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 – Duties are segregated as much as possible with the very small staff numbers we have available.

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

Emergency Management – Given the fact that there are only two people in the office, it makes it difficult to meet the separation of duties requirement.

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

Conclusions – Responses accepted.

II-B-17 Financial Reporting

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

Condition – Material amounts of receivables were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly record these amounts in the financial statements.

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

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

Jasper County

Schedule of Findings and Question Costs

Year ended June 30, 2017

Recommendation – The County should establish procedures to ensure all receivables are properly identified and reported in the County’s financial statements.

Response – The County will do its best to ensure accrued receivables are monitored accordingly.

Conclusion – Response accepted.

II-C-17 Scrap Metal Sales

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

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

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

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

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

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

Conclusion – Response accepted.

II-D-17 Sheriff Change Fund

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

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

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

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

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

Jasper County

Schedule of Findings and Question Costs

Year ended June 30, 2017

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

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

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Jasper County

Schedule of Findings and Question Costs

Year ended June 30, 2017

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

**CFDA Number 20.205: Highway Planning and Construction
Pass-through Entity Identifying Number: TAP-R-C050 (110)-8T-50
Federal Award Year: 2017
U.S. Department of Transportation
Passed through the Iowa Department of Transportation**

**CFDA Number 20.219: Recreational Trails Program
Pass-through Entity Identifying Number: NRT-C050 (108)-9G-50
Federal Award Year: 2017
U.S. Department of Transportation
Passed through the Iowa Department of Transportation**

III-A-17 Segregation of Duties over Federal Revenues – The Conservation
(2017-001) Department 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-17.

Jasper County

Schedule of Findings and Question Costs

Year ended June 30, 2017

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-17 Certified Budget – Disbursements during the year ended June 30, 2017 exceeded the amounts budgeted in the non-program and capital projects functions prior to the budget amendments. In addition, disbursements in certain departments exceeded the amounts appropriated.

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

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

Response – The Auditor’s Office will monitor more closely potential funds that could exceed the budget and execute transfers before they exceed the amounts appropriated.

Conclusion – Response accepted.

IV-B-17 Questionable Expenditures – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.

IV-C-17 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-17 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-17 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-17 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. However, the minutes of one Board meeting were not published as required by Chapter 349.18 of the Code of Iowa.

Recommendation – The County should ensure the minutes from all Board meetings are published as required.

Response – The County will make every effort to comply with this recommendation.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Question Costs

Year ended June 30, 2017

IV-G-17 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-17 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-17 Annual Urban Renewal Report (AURR) – The amount reported by the County as TIF debt outstanding on the Levy Authority Summary was overstated by \$1,898,386. The Levy Authority Summary also included revenues, expenditures and ending cash balances which did not reconcile to the County's Special Revenue, Tax Increment Financing Fund.

Recommendation – The County should ensure the amounts reported on the Levy Authority Summary, including TIF debt outstanding, agree with the County's records.

Response – The Auditor's Office will make sure the County's records match the Levy Authority Summary, including the outstanding TIF debt.

Conclusion – Response accepted.

IV-J-17 Tax Increment Financing (TIF) – Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. Such certification makes it a duty of the County Auditor to provide for the division of property tax to repay the certified indebtedness. Chapter 403.19 of the Code of Iowa does not allow a municipality to set aside property tax divided for tax increment purposes for current or future urban renewal projects. Indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal and interest on the certified indebtedness. In addition, Chapter 403.19(6)(b) of the Code of Iowa requires the County to certify the amount of reductions resulting from the reduction of debt or any other reason to the County Auditor.

During the year ended June 30, 2016, the County issued Series 2016 general obligation refunding capital loan notes to refund the Series 2007B general obligation urban renewal bonds. The refunded Series 2007B general obligation urban renewal bonds were not decertified to reduce the obligation outstanding and the Series 2016 general obligation refunding capital loan notes principal of \$3,665,000 and interest of \$563,502 were not certified as TIF obligations.

Recommendation – The County should certify as a TIF obligation, the Series 2016 general obligation refunding capital loan notes principal and interest expected to be repaid with TIF collections and decertify the Series 2007B general obligation urban renewal bonds which were refunded by the 2016 issuance.

Response – The County will certify Series 2016 general obligation refunding capital loan notes principal and interest expected to be repaid with TIF collections and decertify Series 2007B general obligation urban renewal bonds.

Conclusion – Response accepted.

Jasper County

Schedule of Findings and Question Costs

Year ended June 30, 2017

IV-K-17 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, 2017 for the County Extension Office did not exceed the amount budgeted.

IV-L-17 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The image of the back of each cancelled check was not obtained by the County Treasurer.

Recommendation – The County Treasurer should obtain and retain an image of both the front and back of each cancelled check as required.

Response – We will see if our bank has copies of both sides of the check available for viewing.

Conclusion – Response accepted.

IV-M-17 Deficit Fund Balance – The Capital Projects Fund had a deficit fund balance of \$39,303 at June 30, 2017.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – The Auditor’s Office will make sure in the future the Capital Projects Fund does not have a negative balance.

Conclusion – Response accepted.

IV-N-17 Debt Service Fund Transfer – During the year ended June 30, 2017, the County transferred \$3,966 from the Debt Service Fund to the Capital Projects Fund.

According to Chapter 331.430 of the Code of Iowa, the Debt Service Fund can only be used to make payments related to debt issued by the County. Chapter 331.430(4) of the Code of Iowa states in part, “Only excess moneys remaining after retirement of all indebtedness payable from the debt service fund may be transferred from the fund to the fund most closely related to the project for which the indebtedness arose, or to the general fund, subject to the terms of the original bond issue.” The County has not retired all indebtedness, therefore, the County should not have transferred \$3,966 from the Debt Service Fund to the Capital Projects Fund.

Recommendation – The County should make a corrective transfer from the General Fund to the Debt Service Fund.

Response – The Auditor’s Office has learned debt service excesses cannot be used for any other purpose and will not do so in the future.

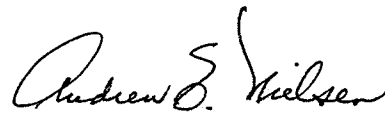
Conclusion – Response acknowledged. The County should make a corrective transfer from the General Fund to the Debt Service Fund.

Jasper County

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager
Anthony M. Heibult, Senior Auditor
Nicole L. Roethlisberger, Senior Auditor
Cole L. Hocker, CPA, Staff Auditor
Libby C. Lamfers, Assistant Auditor
Adam R. McCleish, Assistant Auditor
Jason J. Miller, Assistant Auditor
Madeline W. Petellin, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State

