



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

April 2, 2014

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

The County had local tax revenue of \$25,467,959 for the year ended June 30, 2013, which included \$1,075,959 in tax credits from the state. The County forwarded \$19,761,782 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,706,177 of the local tax revenue to finance County operations, a 4.7% increase over the prior year. Other revenues included charges for service of \$1,172,661, operating grants, contributions and restricted interest of \$4,299,462, capital grants, contributions and restricted interest of \$1,519,813, local option sales tax of \$827,026, gain on disposition of capital assets of \$39,362, unrestricted investment earnings of \$11,965, rent of \$149,658 and other general revenues of \$71,435.

Expenses for County operations for the year ended June 30, 2013 totaled \$12,754,619, a 4.9% decrease from the prior year. Expenses included \$5,701,910 for roads and transportation, \$1,436,223 for administration and \$1,934,977 for public safety and legal services.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1310-0049-B00F.pdf>.

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JACKSON COUNTY

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

JUNE 30, 2013

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Jackson County

Officials

(Before January 2013)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Larry "Buck" Koos	Board of Supervisors	Jan 2013
Steve Flynn	Board of Supervisors	Jan 2015
John J. Willey	Board of Supervisors	Jan 2015
Joell Deppe	County Auditor	Jan 2013
Nancy Roling	County Treasurer	Nov 2014
Arlene Schauf	County Recorder	Jan 2015
Russell Kettmann	County Sheriff	Jan 2013
Chris Raker	County Attorney	(Resigned Sep 2012)
Sara Davenport (Appointed)	County Attorney	Nov 2014
Deb Lane	County Assessor	Jan 2016

(After January 2013)

Steve Flynn	Board of Supervisors	Jan 2015
John J. Willey	Board of Supervisors	Jan 2015
Larry "Buck" Koos	Board of Supervisors	Jan 2017
Joell Deppe	County Auditor	Jan 2017
Nancy Roling	County Treasurer	Jan 2015
Arlene Schauf	County Recorder	Jan 2015
Russell Kettmann	County Sheriff	Jan 2017
Sara Davenport	County Attorney	Nov 2014
Deb Lane	County Assessor	Jan 2016



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Independent Auditor's Report

To the Officials of Jackson 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 Jackson County, Iowa, as of and for the year ended June 30, 2013, 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 Jackson County as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof 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 and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 48 through 52 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 Jackson 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, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 18, 2014 on our consideration of Jackson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jackson County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 18, 2014

Jackson County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Jackson 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, 2013. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 5%, or approximately \$656,000, from fiscal year 2012 to fiscal year 2013. Property and other county tax increased approximately \$211,000, operating grants, contributions and restricted interest decreased approximately \$671,000 and capital grants, contributions and restricted interest decreased approximately \$15,000.
- Program expenses of the County's governmental activities were 5%, or approximately \$654,000, less in fiscal year 2013 than in fiscal year 2012. Mental health expenses decreased approximately \$1.6 million.
- The County's net position decreased 2.4%, or approximately \$1,043,000, from June 30, 2012 to June 30, 2013.

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 Jackson 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 Jackson 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 financial information about activities for which Jackson County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

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 and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the County's assets and liabilities, with the difference between the two 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 three 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, Secondary Roads and Jackson County Revolving Loan, and 3) the Capital Projects 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) Proprietary funds account for the County's Internal Service Funds for employee self-funded health and dental plans. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) 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 drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is 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. Jackson County's combined net position of governmental activities increased from approximately \$43.1 million to approximately \$44.2 million. The analysis that follows focuses on the changes in the net position of governmental activities.

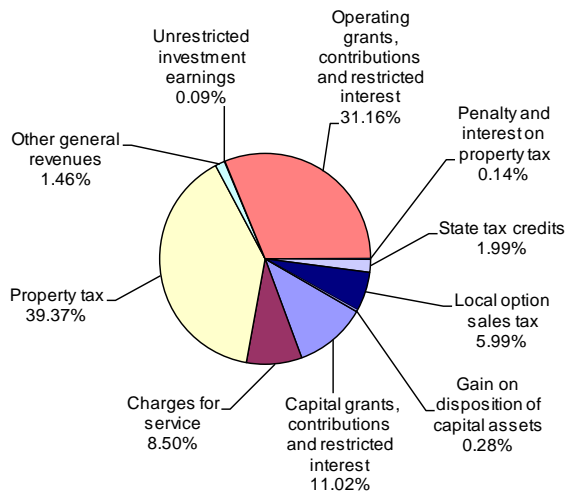
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2013	2012
Current and other assets	\$ 13,268	13,583
Capital assets	37,686	36,758
Total assets	<u>50,954</u>	<u>50,341</u>
Long-term liabilities	537	437
Other liabilities	6,235	6,765
Total liabilities	<u>6,772</u>	<u>7,202</u>
Net position:		
Net investment in capital assets	37,686	36,758
Restricted	5,292	5,994
Unrestricted	1,204	387
Total net position	<u>\$ 44,182</u>	<u>43,139</u>

Net position of Jackson County's governmental activities increased 2.4% (approximately \$43.1 million compared to approximately \$44.2 million). The largest portion of the County's net position is net investment in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment). Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. 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 approximately \$387,000 at June 30, 2012 to approximately \$1,204,000 at the end of this year, an increase of 211.1%.

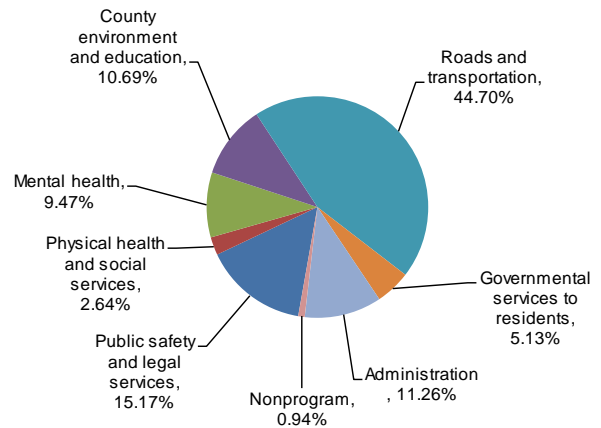
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2013	2012
Revenues:		
Program revenues:		
Charges for service	\$ 1,173	968
Operating grants, contributions and restricted interest	4,299	4,970
Capital grants, contributions and restricted interest	1,520	1,535
General revenues:		
Property tax	5,432	5,221
Penalty and interest on property tax	20	57
State tax credits	274	230
Local option sales tax	827	804
Unrestricted investment earnings	12	16
Gain on disposition of capital assets	39	95
Other general revenues	202	558
Total revenues	13,798	14,454
Program expenses:		
Public safety and legal services	1,935	1,700
Physical health and social services	337	292
Mental health	1,208	2,823
County environment and education	1,363	1,289
Roads and transportation	5,702	5,377
Governmental services to residents	654	568
Administration	1,436	1,360
Nonprogram	120	-
Total expenses	12,755	13,409
Increase in net position	1,043	1,045
Net position beginning of year	43,139	42,094
Net position end of year	\$ 44,182	43,139

Revenues by Source



Expenses by Program



Revenues for governmental activities decreased approximately \$656,000 from the prior year, with operating grants, contributions and restricted interest down from the prior year approximately \$671,000, or 13.5%.

The County's property tax rates for fiscal year 2013 decreased slightly, from \$8.31625 per \$1,000 of taxable valuation in fiscal year 2012 to \$8.272 per \$1,000 of taxable valuation in fiscal year 2013. Additionally, the property tax valuation increased approximately \$41.5 million. Based on increases in the total assessed valuation, property tax receipts are budgeted to increase an additional \$474,000 next year.

The cost of all governmental activities this year decreased from approximately \$13,409,000 in fiscal year 2012 to approximately \$12,755,000 in fiscal year 2013, about a 5% decrease. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was only \$5,762,683 because some of the cost was paid by those directly benefited from the programs (\$1,172,661) or by other governments and organizations which subsidized certain programs with grants and contributions (\$5,819,275). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2013 from approximately \$7,473,000 to approximately \$6,992,000, principally due to less operating grants revenue during fiscal year 2013.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jackson County completed the year, its governmental funds reported a combined fund balance of \$6,244,868, an increase of \$166,222 from last year's total of \$6,078,646. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased \$637,175 and expenditures increased \$702,078. The ending fund balance declined approximately \$42,000 from the prior year to \$1,712,330.
- The County has continued to look for ways to effectively manage the cost of mental health services. For fiscal year 2013, revenues totaled \$1,383,098, a decrease of 43.8% from the prior year. Expenditures totaled \$849,817, a decrease of 69.8% from the prior year. The decreases were primarily due to the statewide mental health redesign, which shifts Medicaid revenues and expenditures to the regional level and away from the County level and the change in the method the State pays for Medicaid services. The Special Revenue, Mental Health Fund balance at year end increased \$533,281 from the prior year to (\$5,987).
- The Special Revenue, Rural Services Fund ended fiscal year 2013 with a \$282,531 balance compared to the prior year ending balance of \$243,508. Revenues increased \$82,899 from the prior year. The increase was primarily due to an increase in property tax revenue of approximately \$64,777 for fiscal year 2013. Expenditures totaled \$689,848, which was relatively unchanged from the prior year.
- Special Revenue, Secondary Roads Fund revenues decreased \$33,213 and expenditures increased \$229,015 during fiscal year 2013. The decrease in revenues is due to a decrease in local option sales tax and road use tax revenue in fiscal year 2013. The increase in expenditures was primarily due to an increase in roads and transportation expenditures with the purchase of several trucks in fiscal year 2013. The Secondary Roads Fund ended fiscal year 2013 with a \$2,409,842 balance compared to the prior year ending balance of \$2,303,172.
- The Special Revenue, Jackson County Revolving Loan Fund ended fiscal year 2013 with a \$1,289,044 balance compared to the prior year ending balance of \$1,363,146. The decrease is due to the Jackson County Revolving Loan Fund expending \$225,000 for a loan to the Waste Authority of Jackson County during fiscal year 2013.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jackson County amended its budget two times. The amendments were made in October 2012 and April 2013 and resulted in an increase in budgeted disbursements, related primarily to county environment and education and capital projects.

The County's receipts were \$788,734 less than the amended budget. The most significant variance resulted from the County receiving less in mental health property tax relief and grants than anticipated.

Total disbursements were \$2,456,697 less than the amended budget. Actual disbursements for the county environment and education, mental health and roads and transportation functions were \$814,212, \$779,012 and \$141,047, respectively, less than budgeted. Disbursements for certain roads and transportation projects were less than anticipated by June 30, 2013. County environment and education disbursements were under budget due to fewer revolving loans in fiscal year 2013 than anticipated. Mental health disbursements were less than anticipated, due primarily to the change in the method the State pays for Medicaid services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, Jackson County had approximately \$37.7 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 \$928,000, or 2.5%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2013	2012
Land	\$ 1,491	1,492
Intangibles	1,584	1,584
Construction in progress	493	2,101
Buildings and improvements	1,634	1,430
Equipment and vehicles	2,986	2,955
Infrastructure	29,498	27,196
Total	<u>\$ 37,686</u>	<u>36,758</u>

This year's major additions included (in thousands):

Road network	\$ 1,328
Equipment and vehicles	<u>730</u>
Total	<u>\$ 2,058</u>

The County had depreciation expense of \$1,654,160 in fiscal year 2013 and total accumulated depreciation of \$22,419,320 at June 30, 2013. More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

Long-Term Debt

At June 30, 2013, Jackson County had no outstanding long-term debt.

The County does not carry a general obligation bond rating assigned by national rating agencies since it has not issued any general obligation bonds for a number of years. 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. Jackson County's general obligation constitutional debt limit is approximately \$75.7 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Jackson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates and fees charged for various County activities. One of those factors is the economy. The County's nonagricultural employment growth increased in 2012, averaging 1% over the last 5 years, while the population during 2005-2010 decreased 1.5%. Unemployment in the County now stands at 4.9% versus 5.4% a year ago.

Inflation continues to be lower than the national Consumer Price Index increase. Inflation has been modest here due, in part, to the slow residential housing market and modest increases in energy prices in 2012-2013.

These indicators were taken into account when adopting the budget for fiscal year 2014. For the fiscal year 2014 budget, the County continued the remodeling of a house adjacent to the jail property for the Mental Health Department. The house was purchased and renovated with money from the sale of two properties, one received through tax sale and the other donated to the County in fiscal year 2003 and sold in fiscal year 2012.

If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by the close of fiscal year 2014.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Jackson 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 Joell Deppe at the Jackson County Auditor's Office, by mail at 201 West Platt, Maquoketa, Iowa 52060 or by phone at (563) 652-3144.

Jackson County

Basic Financial Statements

Exhibit A

Jackson County
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 5,898,329
Receivables:	
Property tax:	
Delinquent	8,394
Succeeding year	5,724,000
Interest and penalty on property tax	1,257
Accounts	105,167
Accrued interest	454
Revolving loans	611,511
Due from other governments	418,235
Inventories	374,488
Prepaid insurance	126,222
Capital assets, net of accumulated depreciation	<u>37,685,992</u>
Total assets	<u>50,954,049</u>
Liabilities	
Accounts payable	274,736
Salaries and benefits payable	90,044
Due to other governments	146,707
Deferred revenue:	
Succeeding year property tax	5,724,000
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	206,786
Portion due or payable after one year:	
Compensated absences	20,288
Net OPEB liability	<u>309,550</u>
Total liabilities	<u>6,772,111</u>
Net Position	
Net investment in capital assets	37,685,992
Restricted for:	
Supplemental levy purposes	246,518
Rural services purposes	261,448
Secondary roads purposes	2,309,760
Capital projects	342,454
Revolving loans	1,289,044
Other purposes	842,581
Unrestricted	<u>1,204,141</u>
Total net position	<u>\$ 44,181,938</u>

See notes to financial statements.

Jackson County
Statement of Activities
Year ended June 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,934,977	127,812	19,451	-	(1,787,714)
Physical health and social services	336,784	16,328	151,187	-	(169,269)
Mental health	1,207,683	-	1,038,375	-	(169,308)
County environment and education	1,363,399	406,410	30,351	9,627	(917,011)
Roads and transportation	5,701,910	136,878	3,060,098	1,505,186	(999,748)
Governmental services to residents	653,528	374,849	-	-	(278,679)
Administration	1,436,223	94,655	-	-	(1,341,568)
Nonprogram	120,115	15,729	-	5,000	(99,386)
Total	\$ 12,754,619	1,172,661	4,299,462	1,519,813	(5,762,683)

General Revenues:

Property and other county tax levied for general purposes	5,432,218
Penalty and interest on property tax	19,989
State tax credits	273,959
Local option sales tax	827,026
Unrestricted investment earnings	11,965
Gain on disposition of capital assets	39,362
Rent	149,658
Miscellaneous	51,444
Total general revenues	6,805,621
Change in net position	1,042,938
Net position beginning of year	43,139,000
Net position end of year	\$ 44,181,938

See notes to financial statements.

Jackson County
Balance Sheet
Governmental Funds

June 30, 2013

	General	Mental Health	Special Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 1,588,815	141,652	278,584
Receivables:			
Property tax:			
Delinquent	8,394	-	-
Succeeding year	3,552,000	731,000	1,441,000
Interest and penalty on property tax	19	505	733
Accounts	95,993	-	-
Accrued interest	28	-	-
Revolving loans	-	-	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
Due from other governments	44,522	8,543	16,241
Inventories	-	-	-
Prepaid insurance	101,172	-	-
Total assets	\$ 5,390,943	881,700	1,736,558
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 66,515	34,395	690
Salaries and benefits payable	46,085	1,234	9,739
Due to other funds	4,829	-	-
Due to other governments	1,445	120,617	2,000
Deferred revenue:			
Succeeding year property tax	3,552,000	731,000	1,441,000
Other	7,739	441	598
Advances from other funds	-	-	-
Total liabilities	3,678,613	887,687	1,454,027
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	101,172	-	-
Restricted for:			
Supplemental levy purposes	261,456	-	-
Rural services purposes	-	-	282,531
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	18,181	-	-
Capital projects	-	-	-
Jackson County revolving loan	-	-	-
Other purposes	49,585	-	-
Assigned for:			
Andrew Jackson Care Facility	57,244	-	-
Jackson County Farm	44,235	-	-
Attorney collection incentive	37,883	-	-
Community drill	11,524	-	-
Other purposes	2,792	-	-
Unassigned	1,128,258	(5,987)	-
Total fund balances	1,712,330	(5,987)	282,531
Total liabilities and fund balances	\$ 5,390,943	881,700	1,736,558

See notes to financial statements.

Revenue				
Secondary Roads	Jackson County Revolving Loan	Nonmajor	Total	
1,912,020	1,223,500	605,219	5,749,790	
-	-	-	8,394	
-	-	-	5,724,000	
-	-	-	1,257	
9,174	-	-	105,167	
-	-	425	453	
-	611,511	-	611,511	
5,029	-	-	5,029	
-	65,544	-	65,544	
307,166	-	41,763	418,235	
374,488	-	-	374,488	
25,050	-	-	126,222	
2,632,927	1,900,555	647,407	13,190,090	
172,608	-	528	274,736	
31,365	-	1,621	90,044	
-	-	200	5,029	
239	-	22,406	146,707	
-	-	-	5,724,000	
18,873	611,511	-	639,162	
-	-	65,544	65,544	
223,085	611,511	90,299	6,945,222	
374,488	-	-	374,488	
25,050	-	-	126,222	
-	-	-	261,456	
-	-	-	282,531	
2,010,304	-	-	2,010,304	
-	-	105,478	105,478	
-	-	-	18,181	
-	-	342,454	342,454	
-	1,289,044	-	1,289,044	
-	-	109,176	158,761	
-	-	-	57,244	
-	-	-	44,235	
-	-	-	37,883	
-	-	-	11,524	
-	-	-	2,792	
-	-	-	1,122,271	
2,409,842	1,289,044	557,108	6,244,868	
2,632,927	1,900,555	647,407	13,190,090	

Jackson County

Jackson County

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position
June 30, 2013

Total governmental fund balances (page 21)	\$ 6,244,868
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 \$60,105,313 and the accumulated depreciation is \$22,419,321.	37,685,992
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.	639,162
The Internal Service Funds are used by management to charge the costs of partial self-funding of the County's health and dental plans to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	148,540
Compensated absences payable and other postemployment benefits payable are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(536,624)
Net position of governmental activities (page 18)	<u>\$ 44,181,938</u>

See notes to financial statements.

Jackson County

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

Year ended June 30, 2013

	General	Special	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 3,359,062	750,128	1,325,697
Local option sales tax	-	-	206,757
Interest and penalty on property tax	54,424	-	-
Intergovernmental	765,541	606,561	71,417
Licenses and permits	5,700	-	-
Charges for service	572,739	-	-
Use of money and property	161,212	-	-
Miscellaneous	67,259	26,409	-
Total revenues	4,985,937	1,383,098	1,603,871
Expenditures:			
Operating:			
Public safety and legal services	1,399,258	-	467,957
Physical health and social services	123,438	-	-
Mental health	350,560	849,817	-
County environment and education	890,104	-	218,811
Roads and transportation	-	-	-
Governmental services to residents	580,454	-	3,080
Administration	1,562,340	-	-
Capital projects	8,002	-	-
Total expenditures	4,914,156	849,817	689,848
Excess (deficiency) of revenues over (under) expenditures	71,781	533,281	914,023
Other financing sources (uses):			
Sale of capital assets	953	-	-
Operating transfers in	-	-	-
Operating transfers out	(115,000)	-	(875,000)
Total other financing sources (uses)	(114,047)	-	(875,000)
Change in fund balances	(42,266)	533,281	39,023
Fund balances beginning of year	1,754,596	(539,268)	243,508
Fund balances end of year	\$ 1,712,330	(5,987)	282,531

See notes to financial statements.

Revenue				
Secondary Jackson County				
Roads	Revolving Loan	Nonmajor		Total
-	-	-		5,434,887
620,269	-	-		827,026
-	-	-		54,424
3,237,640	-	143,308		4,824,467
15,359	-	15,465		36,524
449	-	46,392		619,580
-	150,898	395		312,505
142,500	-	15,101		251,269
4,016,217	150,898	220,661		12,360,682
-	-	13,952		1,881,167
-	-	201,417		324,855
-	-	-		1,200,377
-	225,000	174,003		1,507,918
4,748,492	-	-		4,748,492
-	-	760		584,294
-	-	-		1,562,340
69,205	-	316,913		394,120
4,817,697	225,000	707,045		12,203,563
(801,480)	(74,102)	(486,384)		157,119
8,150	-	-		9,103
900,000	-	90,000		990,000
-	-	-		(990,000)
908,150	-	90,000		9,103
106,670	(74,102)	(396,384)		166,222
2,303,172	1,363,146	953,492		6,078,646
2,409,842	1,289,044	557,108		6,244,868

Jackson County

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

Year ended June 30, 2013

Change in fund balances - Total governmental funds (page 25) \$ 166,222

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

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

Expenditures for capital assets	\$ 1,215,201	
Capital assets contributed by the Iowa Department of Transportation	1,327,644	
Depreciation expense	<u>(1,654,160)</u>	888,685

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. 39,362

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

Property tax	(37,104)	
Other	<u>82,132</u>	45,028

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	(11,911)	
Other postemployment benefits	<u>(87,949)</u>	(99,860)

Internal Service Funds are used by management to charge the costs of the partial self-funding of the County's health and dental plans to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities. 3,501

Change in net position of governmental activities (page 19) \$1,042,938

See notes to financial statements.

Jackson County
Statement of Net Position
Proprietary Funds
June 30, 2013

	<u>Internal Service</u>
Assets	
Cash and cash equivalents	\$ 148,539
Accrued interest receivable	<u>1</u>
Total assets	148,540
Liabilities	
Accounts payable	<u>-</u>
Net Position	
Unrestricted	<u>\$ 148,540</u>

See notes to financial statements.

Jackson County
Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Funds

Year ended June 30, 2013

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 114,690
Reimbursements from employees		<u>15,722</u>
Total operating revenues		130,412
Operating expenses:		
Medical claims	\$ 77,775	
Insurance premiums	39,301	
Administrative fees	<u>9,851</u>	<u>126,927</u>
Operating income		3,485
Non-operating revenues:		
Interest income		<u>16</u>
Net income		3,501
Net position beginning of year		<u>145,039</u>
Net position end of year		<u><u>\$ 148,540</u></u>

See notes to financial statements.

Jackson County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2013

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from operating funds and employees	\$ 130,412
Cash paid to suppliers for medical claims, administrative fees and insurance premiums	<u>(126,927)</u>
Net cash provided by operating activities	3,485
Cash flows from investing activities:	
Interest on investments	<u>16</u>
Net increase in cash and cash equivalents	3,501
Cash and cash equivalents beginning of year	<u>145,038</u>
Cash and cash equivalents end of year	<u>\$ 148,539</u>
See notes to financial statements.	

Jackson County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2013

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 797,290
Other County officials	5,270

Receivables:

Property tax:

Delinquent	13,153
Succeeding year	18,595,000

Accounts	20,103
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Accrued interest	1
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Special assessments:

Delinquent	3,317
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Succeeding year	21,696
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Due from other governments	17,721
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Total assets	<u>19,473,551</u>
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Liabilities

Accounts payable	1,174
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Salaries and benefits payable	5,777
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Due to other governments	19,444,224
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Trusts payable	5,270
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Compensated absences	17,106
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Total liabilities	<u>19,473,551</u>
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Net position	<u>\$ -</u>
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See notes to financial statements.

Jackson County

Notes to Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies

Jackson 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, Jackson 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 Jackson 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.

Green Island 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 Jackson 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 Jackson County Auditor's Office.

Jointly Governed Organizations – The County also 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: Jackson County Assessor’s Conference Board, Jackson County Emergency Management Commission, Jackson County Sanitary Disposal Agency, Jackson County Economic Development Commission, East Central Intergovernmental Association, Jackson County Public Safety Commission, Jackson County Joint E911 Service Board and Bear Creek Task Force. 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.

B. Basis of Presentation

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

The Statement of Net Position presents the County’s nonfiduciary assets and liabilities, 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.

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.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary 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 and proprietary funds are aggregated and reported as nonmajor governmental and proprietary 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 roads construction and maintenance. In addition, the portion of local option sales tax to be used for secondary roads construction projects is deposited directly to the Secondary Roads Fund.

The Jackson County Revolving Loan Fund is used to account for loans made to local businesses to provide for economic development in the County and subsequent repayments.

Additionally, the County reports the following funds:

Proprietary Funds – Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - 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, proprietary fund 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 - assigned and then unassigned fund balance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the County's Internal Service Funds is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

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

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

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2012.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

Asset Class	Amount
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
Intangibles	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	15 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	5 - 15

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

Advances to/from Other Funds – Non-current portions of long-term interfund loans receivable are reported as advances. The resulting fund balance is reported as restricted fund balance.

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

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

Deferred revenue in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, death or retirement. No payment for unused sick leave shall be made upon the termination of employment with the County. Full-time employees who do not utilize sick leave during a three-month span are entitled to an additional one-half day of floating personal time to be credited at the end of each calendar quarter. Floating time is credited to the employee's accumulated vacation. A liability is recorded when incurred in the government-wide, proprietary fund 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, 2013. 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 and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund 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.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service Funds are designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$3,307,530 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2013 is as follows:

Due To/Due From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 4,829
	Special Revenue:	
	Local Health	200
Total		<u>\$ 5,029</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Advances To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Jackson County Revolving Loan	Capital Projects	<u>\$ 65,544</u>

This balance results from a loan between funds which has not been repaid.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 25,000
	Special Revenue:	
	Rural Services	875,000
		<u>900,000</u>
Local Health	General	65,000
Capital Projects	General	25,000
Total		<u>\$ 990,000</u>

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

(5) Jackson County Revolving Loan Fund

During the year ended June 30, 1983, the Special Revenue, Jackson County Revolving Loan Fund was established. The purpose of the fund is to promote economic development in Jackson County. During the year ended June 30, 1983, the County received a Community Development Block Grant from the State for \$1,000,000 which was subsequently loaned to businesses in the County.

Upon receipt of loan payments from the businesses, the funds remain in the Jackson County Revolving Loan Fund for subsequent loans to other businesses. If the program is dissolved, all monies and interest earned will revert to the County. During the year ended June 30, 2013, one new loan totaling \$225,000 was made to the Waste Authority of Jackson County.

Outstanding loans receivable of the Jackson County Revolving Loan Fund at June 30, 2013 are as follows:

Loaned to	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Loan Balance June 30, 2013
T M Woodworks	Apr. 6, 2004	\$ 255,000	4.0%	15 years	\$ 76,776
Maquoketa Newspapers, Inc	June 13, 2006	205,000	5.5	7 years	2,946
Precision Metal Works	March 11, 2008	325,000	3.5	7 years	143,325
Maquoketa Newspapers, Inc	December 17, 2008	175,000	4.0	5 years	19,114
Iowa Firewood Products, Inc.	June 4, 2011	90,000	4.0	5 years	57,606
Maquoketa Newspapers, Inc	June 5, 2012	100,000	4.0	7 years	88,439
Waste Authority of Jackson County	January 29, 2013	225,000	2.0	10 years	223,305
Total					<u>\$ 611,511</u>

In addition, the County advanced \$140,544 in fiscal year 2010 to the Jackson County Conservation Board for the purchase of land for the Copper Creek Trail Project. The advance will be repaid by the Capital Projects Fund. The balance outstanding at June 30, 2013 was \$65,544.

(6) Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,491,443	-	-	1,491,443
Intangibles, road network	1,583,789	-	-	1,583,789
Construction in progress, road network	1,638,901	1,327,644	2,965,090	1,455
Construction in progress	462,319	29,100	-	491,419
Total capital assets not being depreciated	5,176,452	1,356,744	2,965,090	3,568,106
Capital assets being depreciated:				
Buildings	3,222,034	259,558	-	3,481,592
Improvements other than buildings	127,109	-	-	127,109
Equipment and vehicles	7,743,223	729,631	388,864	8,083,990
Infrastructure, road network	41,460,528	2,965,090	-	44,425,618
Infrastructure, other	196,035	260,567	37,705	418,897
Total capital assets being depreciated	52,748,929	4,214,846	426,569	56,537,206
Less accumulated depreciation for:				
Buildings	1,887,473	50,700	-	1,938,173
Improvements other than buildings	31,208	5,692	-	36,900
Equipment and vehicles	4,787,940	693,013	382,669	5,098,284
Infrastructure, road network	14,372,023	884,662	-	15,256,685
Infrastructure, other	88,792	20,093	19,607	89,278
Total accumulated depreciation	21,167,436	1,654,160	402,276	22,419,320
Total capital assets being depreciated, net	31,581,493	2,560,686	24,293	34,117,886
Governmental activities capital assets, net	\$36,757,945	3,917,430	2,989,383	37,685,992

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 59,661
Physical health and social services	13,019
Mental health	1,142
County environment and education	74,190
Roads and transportation	1,407,932
Governmental services to residents	60,640
Administration	33,564
Nonprogram	4,012
Total depreciation expense - governmental activities	\$ 1,654,160

(7) 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, 2013 is as follows:

Fund	Description	Amount
General	Services	\$ 1,445
Special Revenue:		
Mental Health	Services	120,617
Rural Services	Services	2,000
Secondary Roads	Services	239
Local Health	Services	22,406
		<u>145,262</u>
Total for governmental funds		<u>\$ 146,707</u>
Agency:		
County Assessor	Collections	\$ 618,882
Schools		10,919,640
Community Colleges		771,044
Corporations		5,307,255
Townships		251,647
County Hospital		895,803
E911 Services		182,445
All other		497,508
		<u>19,444,224</u>
Total for agency funds		<u>\$ 19,444,224</u>

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 215,163	221,601	436,764
Increases	305,982	125,071	431,053
Decreases	294,071	37,122	331,193
Balance end of year	<u>\$ 227,074</u>	<u>309,550</u>	<u>536,624</u>
Due within one year	<u>\$ 206,786</u>	-	<u>206,786</u>

(9) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.78% of their annual covered salary and the County is required to contribute 8.67% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$384,454, \$351,100 and \$300,454, respectively, equal to the required contributions for each year

(10) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 91 active and 3 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 medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Wellmark and Central States. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Additionally, the County offers an explicit rate subsidy for retirees where the County will reimburse 80% of the cost of health insurance for five years, or until the retiree turns 65 years of age, up to a maximum pay-out of \$5,000 per year.

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, 2013, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 125,014
Interest on net OPEB obligation	8,864
Adjustment to annual required contribution	(8,807)
Annual OPEB cost	<u>125,071</u>
Contributions made	<u>(37,122)</u>
Increase in net OPEB obligation	87,949
Net OPEB obligation beginning of year	<u>221,601</u>
Net OPEB obligation end of year	<u><u>\$ 309,550</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. 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, 2013.

For the year ended June 30, 2013, the County contributed \$37,122 to the medical plan. Plan members eligible for benefits contributed \$5,400, or 13% 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
2011	\$ 99,295	29.80%	\$ 160,256
2012	99,743	38.50%	221,601
2013	125,410	29.68%	309,550

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1,152,557, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,152,557. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,305,000 and the ratio of the UAAL to covered payroll was 26.8%. As of June 30, 2013, 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, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2012 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2012.

Projected claim costs of the medical plan range from \$200 for single retiree to \$1,564 per month for retirees plus their spouse who are 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.

(11) 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 679 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2013 were \$189,573.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2013, no liability has been recorded in the County's financial statements. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, 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.

(12) Jackson County Employee Partial Self-Funded Health Plan

The County entered into an administrative services agreement with Seabury & Smith, Inc. to administer the employee partial self-funded health plan which provides comprehensive hospital and medical coverage for eligible employees and, if elected, their spouses and dependents. The agreement was effective July 1, 1994 and is subject to automatic renewal provisions. Monthly payments of service fees and plan contributions are recorded as expenditures in the operating funds at the time of payment to the Internal Service, Employee Partial Self-Funded Health Plan Fund maintained by the County Treasurer. Under the agreement, reimbursement of eligible deductible and coinsurance expenses to employees are processed by Seabury & Smith, Inc. with payments from the Internal Service, Employee Partial Self-Funded Health Plan Fund.

(13) Jackson County Employee Self-Funded Dental Plan

The County entered into an administrative services agreement with Seabury & Smith, Inc. to administer the employee self-funded dental plan which provides comprehensive dental coverage for eligible employees and, if elected, their spouses and dependents. The agreement was effective July 1, 1996 and is subject to automatic renewal provisions. Monthly payments of service fees and plan contributions are recorded as expenditures in the operating funds at the time of payment to the Internal Service, Employee Self-Funded Dental Plan Fund maintained by the County Treasurer. Under the agreement, deductible and coinsurance expenses are processed by Seabury & Smith, Inc. with payments from the Internal Service, Employee Self-Funded Dental Plan Fund.

(14) Deficit Fund Balance

The Special Revenue, Mental Health Fund reported an unassigned fund balance deficit of \$5,987 at June 30, 2013.

Jackson County

Required Supplementary Information

Jackson 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, 2013

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 6,260,852	-	6,260,852
Interest and penalty on property tax	54,415	-	54,415
Intergovernmental	4,662,140	-	4,662,140
Licenses and permits	36,099	-	36,099
Charges for service	638,508	-	638,508
Use of money and property	318,181	380	317,801
Miscellaneous	253,946	10,094	243,852
Total receipts	12,224,141	10,474	12,213,667
Disbursements:			
Public safety and legal services	1,878,845	-	1,878,845
Physical health and social services	301,780	-	301,780
Mental health	1,919,644	-	1,919,644
County environment and education	1,508,735	5,364	1,503,371
Roads and transportation	4,725,067	-	4,725,067
Governmental services to residents	590,085	-	590,085
Administration	1,534,385	-	1,534,385
Non-program	-	-	-
Capital projects	795,689	-	795,689
Total disbursements	13,254,230	5,364	13,248,866
Excess (deficiency) of receipts over (under) disbursements	(1,030,089)	5,110	(1,035,199)
Other financing sources, net	9,103	-	9,103
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,020,986)	5,110	(1,026,096)
Balance beginning of year	6,770,776	100,368	6,670,408
Balance end of year	\$ 5,749,790	105,478	5,644,312

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
6,249,696	6,241,905	18,947
50,320	50,320	4,095
5,765,587	5,594,298	(932,158)
32,020	34,020	2,079
547,785	547,785	90,723
212,997	242,997	74,804
254,465	291,076	(47,224)
13,112,870	13,002,401	(788,734)
1,905,785	1,953,256	74,411
327,797	337,797	36,017
2,689,821	2,698,656	779,012
1,477,708	2,317,583	814,212
4,516,341	4,866,114	141,047
596,842	610,729	20,644
1,453,157	1,598,721	64,336
121,900	121,900	121,900
524,922	1,200,807	405,118
13,614,273	15,705,563	2,456,697
(501,403)	(2,703,162)	1,667,963
990,000	990,000	(980,897)
488,597	(1,713,162)	687,066
3,763,869	4,968,183	1,702,225
4,252,466	3,255,021	2,389,291

Jackson County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2013

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 12,224,141	136,541	12,360,682
Expenditures	13,254,230	(1,050,667)	12,203,563
Net	(1,030,089)	1,187,208	157,119
Other financing sources, net	9,103	-	9,103
Beginning fund balances	6,770,776	(692,130)	6,078,646
Ending fund balances	<u>\$ 5,749,790</u>	<u>495,078</u>	<u>6,244,868</u>

See accompanying independent auditor's report.

Jackson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2013

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, Internal Service Funds and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

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 and the Capital Projects 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 \$2,091,290. 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, 2013, disbursements did not exceed the amounts budgeted.

Jackson 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)
2010	Jul 1, 2009	-	\$ 883	883	0.0%	\$ 3,800	23.2%
2011	Jul 1, 2009	-	883	883	0.0	4,054	21.8
2012	Jul 1, 2009	-	883	883	0.0	4,171	21.2
2013	Jul 1, 2012	-	1,153	1,153	0.0	4,305	26.8

See Note 10 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.

Supplementary Information

Jackson County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2013

	County Recorder's Records Management	Green Island Drainage Districts	Local Health
Assets			
Cash, cash equivalents and pooled investments	\$ 8,912	105,478	12,466
Accrued interest receivable	-	-	425
Due from other governments	-	-	38,203
Total assets	\$ 8,912	105,478	51,094
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	528
Salaries and benefits payable	-	-	1,144
Due to other funds	-	-	200
Due to other governments	-	-	22,406
Advance from other funds	-	-	-
Total liabilities	-	-	24,278
Fund balances:			
Restricted for:			
Drainage purposes	-	105,478	-
Capital projects	-	-	-
Other purposes	8,912	-	26,816
Total fund balances	8,912	105,478	26,816
Total liabilities and fund balances	\$ 8,912	105,478	51,094

See accompanying independent auditor's report.

Special Revenue						
Resource						
Enhancement and Protection	Emergency Training Grant	Economic Development Grant	Pioneer Cemetery Trust	Capital Projects	Total	
59,878	5,281	-	5,206	407,998	605,219	
-	-	-	-	-	425	
1	3,559	-	-	-	41,763	
59,879	8,840	-	5,206	407,998	647,407	
-	-	-	-	-	528	
477	-	-	-	-	1,621	
-	-	-	-	-	200	
-	-	-	-	-	22,406	
-	-	-	-	65,544	65,544	
477	-	-	-	65,544	90,299	
-	-	-	-	-	105,478	
-	-	-	-	342,454	342,454	
59,402	8,840	-	5,206	-	109,176	
59,402	8,840	-	5,206	342,454	557,108	
59,879	8,840	-	5,206	407,998	647,407	

Jackson County

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

Year ended June 30, 2013

	County Recorder's Records Management	Green Island Drainage Districts	Local Health
Revenues:			
Intergovernmental	\$ 4,501		113,129
Licenses and permits	-	-	15,465
Charges for service	-	-	592
Use of money and property	1	380	-
Miscellaneous	-	10,094	7
Total revenues	4,502	10,474	129,193
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
Physical health and social services	-	-	201,417
County environment and education	-	3,167	-
Governmental services to residents	760	-	-
Capital projects	-	-	-
Total expenditures	760	3,167	201,417
Excess (deficiency) of revenues over (under) expenditures	3,742	7,307	(72,224)
Other financing sources:			
Operating transfers in	-	-	65,000
Change in fund balances	3,742	7,307	(7,224)
Fund balances beginning of year	5,170	98,171	34,040
Fund balances end of year	\$ 8,912	105,478	26,816

See accompanying independent auditor's report.

Special Revenue						
Resource						
Enhancement and Protection	Emergency Training Grant	Economic Development Grant	Pioneer Cemetery Trust		Capital Projects	Total
11,703	13,973	2	-	-	-	143,308
-	-	-	-	-	-	15,465
45,800	-	-	-	-	-	46,392
14	-	-	-	-	-	395
-	-	-	-	-	5,000	15,101
57,517	13,973	2	-	-	5,000	220,661
-	13,952	-	-	-	-	13,952
-	-	-	-	-	-	201,417
170,834	-	2	-	-	-	174,003
-	-	-	-	-	-	760
-	-	-	-	-	316,913	316,913
170,834	13,952	2	-	-	316,913	707,045
(113,317)	21	-	-	-	(311,913)	(486,384)
-	-	-	-	-	25,000	90,000
(113,317)	21	-	-	-	(286,913)	(396,384)
172,719	8,819	-	5,206	-	629,367	953,492
59,402	8,840	-	5,206	-	342,454	557,108

Jackson County

Jackson County

Combining Schedule of Net Position
Internal Service Funds

June 30, 2013

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Assets			
Cash and cash equivalents	\$ 117,292	31,247	148,539
Accrued interest receivable	1		1
Total assets	117,293	31,247	148,540
Liabilities			
None	-	-	-
Net Position			
Unrestricted	\$ 117,293	31,247	148,540

See accompanying independent auditor's report.

Schedule 4

Jackson County

Combining Schedule of Revenues, Expenses and
Changes in Fund Net Position
Internal Service Funds

Year ended June 30, 2013

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Operating revenues:			
Reimbursements from operating funds	\$ 63,775	50,915	114,690
Reimbursements from employees	8,107	7,615	15,722
Total operating revenues	71,882	58,530	130,412
Operating expenses:			
Medical claims	27,907	49,868	77,775
Insurance premiums	39,301	-	39,301
Administrative fees	4,993	4,858	9,851
Total operating expenses	72,201	54,726	126,927
Operating income (loss)	(319)	3,804	3,485
Non-operating revenues:			
Interest income	13	3	16
Change in net position	(306)	3,807	3,501
Net position beginning of year	117,599	27,440	145,039
Net position end of year	\$ 117,293	31,247	148,540

See accompanying independent auditor's report.

Jackson County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2013

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Operating revenues:			
Reimbursements from operating funds	\$ 63,775	50,915	114,690
Reimbursements from employees	8,107	7,615	15,722
Total operating revenues	71,882	58,530	130,412
Operating expenses:			
Medical claims	27,907	49,868	77,775
Insurance premiums	39,301	-	39,301
Administrative fees	4,993	4,858	9,851
Total operating expenses	72,201	54,726	126,927
Operating income (loss)	(319)	3,804	3,485
Non-operating revenues:			
Interest income	13	3	16
Change in net position	(306)	3,807	3,501
Net position beginning of year	117,599	27,440	145,039
Net position end of year	\$ 117,293	31,247	148,540

See accompanying independent auditor's report.

Jackson County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	2,503	221,859	139,952
Other County officials	5,270	-	-	-
Receivables:				
Property tax:				
Delinquent	-	128	289	7,688
Succeeding year	-	186,000	419,000	10,772,000
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Special assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 5,270	188,631	641,148	10,919,640
Liabilities				
Accounts payable	\$ -	-	84	-
Salaries and benefits payable	-	-	5,076	-
Due to other governments	-	188,631	618,882	10,919,640
Trusts payable	5,270	-	-	-
Compensated absences	-	-	17,106	-
Total liabilities	\$ 5,270	188,631	641,148	10,919,640

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	E911 Service Commission	Other	Total
9,531	43,472	3,515	12,194	145,710	218,554	797,290
-	-	-	-	-	-	5,270
513	3,783	132	609	-	11	13,153
761,000	5,260,000	248,000	883,000	-	66,000	18,595,000
-	-	-	-	20,103	-	20,103
-	-	-	-	1	-	1
-	-	-	-	-	3,317	3,317
-	-	-	-	-	21,696	21,696
-	-	-	-	17,721	-	17,721
771,044	5,307,255	251,647	895,803	183,535	309,578	19,473,551
-	-	-	-	1,090	-	1,174
-	-	-	-	-	701	5,777
771,044	5,307,255	251,647	895,803	182,445	308,877	19,444,224
-	-	-	-	-	-	5,270
-	-	-	-	-	-	17,106
771,044	5,307,255	251,647	895,803	183,535	309,578	19,473,551

Jackson County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 7,470	184,588	589,846	10,419,032
Additions:				
Property and other county tax	-	190,690	429,254	11,035,240
E911 surcharge	-	-	-	-
State tax credits	-	9,190	20,007	515,911
Drivers license fees	-	-	-	-
Office fees and collections	517,460	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Miscellaneous	156,372	97	6,494	5,444
Total additions	673,832	199,977	455,755	11,556,595
Deductions:				
Agency remittances:				
To other funds	250,702	-	-	-
To other governments	283,498	195,934	404,453	11,055,987
Trusts paid out	141,832	-	-	-
Total deductions	676,032	195,934	404,453	11,055,987
Balances end of year	\$ 5,270	188,631	641,148	10,919,640

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Auto License and Use Tax	E911 Service Commission	Other	Total
724,478	5,341,167	236,774	897,772	-	110,396	424,627	18,936,150
778,524	5,295,732	255,819	905,645	-	-	68,878	18,959,782
-	-	-	-	-	160,395	-	160,395
34,968	160,746	12,893	44,774	-	-	3,511	802,000
-	-	-	-	90,714	-	-	90,714
-	-	-	-	-	-	-	517,460
-	-	-	-	5,805,341	-	-	5,805,341
-	-	-	-	-	-	9,610	9,610
-	-	-	-	-	-	803,751	803,751
364	1,661	77	472	-	-	273,226	444,207
813,856	5,458,139	268,789	950,891	5,896,055	160,395	1,158,976	27,593,260
-	-	-	-	218,969	-	-	469,671
767,290	5,492,051	253,916	952,860	5,677,086	87,256	370,958	25,541,289
-	-	-	-	-	-	903,067	1,044,899
767,290	5,492,051	253,916	952,860	5,896,055	87,256	1,274,025	27,055,859
771,044	5,307,255	251,647	895,803	-	183,535	309,578	19,473,551

Jackson County

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

For the Last Ten Years

	2013	2012	2011	2010
Revenues:				
Property and other county tax	\$ 5,434,887	5,220,986	4,891,514	4,868,615
Local option sales tax	827,026	803,675	778,066	766,653
Interest and penalty on property tax	54,424	55,920	68,360	74,007
Intergovernmental	4,824,467	5,597,998	5,713,471	5,863,638
Licenses and permits	36,524	32,271	41,803	32,714
Charges for service	619,580	609,388	592,693	576,132
Use of money and property	312,505	434,050	331,760	342,637
Miscellaneous	251,269	176,911	249,269	179,597
Total	\$ 12,360,682	12,931,199	12,666,936	12,703,993
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,881,167	1,675,130	1,677,192	1,550,118
Physical health and social services	324,855	285,337	363,810	416,161
Mental health	1,200,377	2,814,781	2,365,214	2,205,598
County environment and education	1,507,918	1,167,820	1,377,842	1,728,069
Roads and transportation	4,748,492	4,408,597	4,181,338	4,249,632
Governmental services to residents	584,294	496,356	511,650	478,631
Administration	1,562,340	1,332,373	1,383,627	1,244,206
Debt service	-	-	-	-
Capital projects	394,120	434,459	420,028	1,000,473
Total	\$ 12,203,563	12,614,853	12,280,701	12,872,888

See accompanying independent auditor's report.

Modified Accrual Basis					
2009	2008	2007	2006	2005	2004
4,655,350	4,461,330	4,310,416	4,186,124	4,106,769	3,838,216
764,321	759,479	755,377	647,755	639,096	678,545
68,728	58,101	52,467	55,488	55,188	47,843
5,289,424	5,782,271	4,691,980	4,951,822	4,983,896	5,304,353
51,226	53,864	47,853	53,998	61,439	48,357
584,280	587,675	591,285	571,242	535,022	548,158
555,246	556,668	637,902	427,152	280,786	234,327
158,821	308,945	150,356	182,839	222,767	508,987
12,127,396	12,568,333	11,237,636	11,076,420	10,884,963	11,208,786
1,587,048	1,482,897	1,477,246	1,405,665	1,276,490	1,244,442
405,912	392,247	437,156	415,159	390,865	434,384
2,338,041	2,124,388	2,388,908	1,812,333	1,788,575	1,632,214
1,269,915	1,465,164	967,603	1,028,979	960,173	1,087,432
4,277,452	4,062,384	3,794,055	3,665,867	3,690,936	3,795,781
533,597	419,451	403,470	570,894	374,677	332,776
1,479,792	1,322,125	1,149,527	1,140,125	990,874	1,096,817
-	-	120,826	130,729	137,217	124,291
756,772	696,035	478,047	440,500	640,235	2,203,445
12,648,529	11,964,691	11,216,838	10,610,251	10,250,042	11,951,582

Schedule 9

Jackson County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expenditures
Direct:			
Fish and Wildlife Service:			
Fish and Wildlife Management Assistance	15.608	3018AG149	\$ 861
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		8,511
U.S. Department of Defense:			
Office of Treasurer of State of Iowa:			
Payments to States in Lieu of Real Estate Taxes	12.112		97,117
U.S. Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CDBG EDSA-07-EDSA-016	2,810
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069		15,685
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance-State Administered Programs	93.566		39
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		1,964
Foster Care - Title IV-E	93.658		2,970
Adoption Assistance	93.659		828
Social Services Block Grant	93.667		2,586
Children's Health Insurance Program	93.767		32 **
Medical Assistance Program	93.778		8,469
Children's Health Insurance Program	93.767		508,580 **

Jackson County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2013

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expenditures
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4018-DR-IA	33,992
Hazard Mitigation Grant	97.039		26,354
Emergency Management Performance Grants	97.042		69,544
Total indirect			779,481
Total			<u>\$ 780,342</u>

** Total for CFDA Number 93.767 is \$508,612.

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

See accompanying independent auditor's report.

Jackson County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

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

To the Officials of Jackson 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 Jackson County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jackson 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 Jackson County's internal control. Accordingly, we do not express an opinion on the effectiveness of Jackson County's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-13 and II-B-13 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-13 through II-F-13 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson 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, 2013 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.


Jackson County's Responses to the Findings


Jackson County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Jackson 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 Jackson 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


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 18, 2014

**Independent Auditor's Report on Compliance for
Each Major Federal Program and on Internal Control over Compliance Required by
OMB Circular A-133**

Jackson County



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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report on Compliance for
Each Major Federal Program and on Internal Control over Compliance Required by
OMB Circular A-133

To the Officials of Jackson County:

Report on Compliance for Each Major Federal Program

We have audited Jackson County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2013. Jackson 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 the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Jackson 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jackson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Jackson 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, 2013.

Report on Internal Control Over Compliance


The management of Jackson 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 Jackson 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jackson 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However material weaknesses may exist which have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 18, 2014

Jackson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2013

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) The major program was CFDA Number 93.767 – Children's Health Insurance Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Jackson County did not qualify as a low-risk auditee.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-13 Segregation of Duties – During our review of internal control, the existing control activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Collection and deposit preparation functions are not segregated from those of recording and accounting for cash receipts. In addition, an initial cash receipts listing is not prepared by the Treasurer.	Treasurer and Recorder
(2) Bank accounts are reconciled by an individual who signs checks. Additionally, there is no evidence of an independent review of the bank reconciliation.	Treasurer
(3) Bank reconciliations are not reviewed periodically by an independent person for propriety.	Recorder
(4) The Engineer is to perform periodic inventory counts to assist with the proper segregation of duties between those who issue, receive and store inventory. Periodic inventory counts were not completed for the fiscal year.	Secondary Roads

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, 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, to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be evidenced by the signature or initials of the reviewer and the date of the review.

Responses –

Treasurer – We have implemented procedures which will segregate duties to provide more internal controls.

Recorder – The Recorder's Office has three employees including the County Recorder. We try to check and double check almost all of our work with a second employee. The County Recorder now has an employee of the County who is not an employee of the Recorder's Office check the County Recorder's bank statements.

Engineer – The Engineer now does periodic checking of inventory counts.

Conclusions – Responses accepted.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

II-B-13 Financial Reporting – During the audit, we identified material amounts of outstanding revolving loans not recorded by the County and a material receivable improperly recorded in fiscal year 2013. Adjustments were subsequently made by the County to properly report these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all outstanding revolving loans and receivables are identified and properly reported in the County's financial statements.

Response – The County will endeavor to make sure communications with the East Central Intergovernmental Association are more thorough to ensure all loans and receivables are properly documented.

Conclusion – Response accepted.

II-C-13 Computer Systems – During our review of internal control, the existing control activities in the County's computer systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulation. The County does not have written policies for logging off unattended computers, for ensuring software not licensed to the County is not installed on County computers or for requiring passwords to be changed periodically. Also, although the County has a disaster recovery plan, the plan has not been updated since December 2003.

Recommendation – The County should develop written policies addressing the above items in order to improve the County's control over its computer systems. The written disaster recovery plan should be updated.

Response – The County has updated the computer usage policy which addresses the above mentioned issues.

Conclusion – Response acknowledged. The County should also update the disaster recovery plan.

II-D-13 County Sheriff – Although book balances are reconciled to bank account balances, the reconciliations are not reviewed by an independent person.

Recommendation – Bank reconciliations should be reviewed by an independent person and the review should be documented with the signature or initials of the reviewer and the date of the review.

Response – We have begun initialing reconciliations but will be more diligent to make sure this is done each month.

Conclusion – Response accepted.

II-E-13 Timely Deposits – Certain receipts were not deposited timely by the County Treasurer, the County Sheriff and the Jackson County Board of Health.

Recommendation – All receipts should be deposited timely.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Responses -

County Treasurer – It is our practice to deposit checks as soon as they are received in our office. We will pay closer attention to ensure checks are deposited in a timely manner.

Sheriff – Deposits are done on a weekly basis in the Treasurer’s Office. We will attempt to deposit receipts on a more frequent basis.

Board of Health – Deposits are done on a bi-weekly basis. We will attempt to deposit receipts more frequently.

Conclusions – Responses accepted.

II-F-13 Capital Asset Records – The County maintains detailed capital asset records. However, the capital asset records were not properly updated. During fiscal year 2013 capital asset testing, the following were identified:

- (1) One capital asset addition was not properly added to the County’s capital asset listing.
- (2) One capital asset deletion was not properly removed from the County’s capital asset listing.
- (3) One capital asset selected for completeness was not properly included in the County’s capital asset listing.

Recommendation – The County’s capital asset records should be properly updated.

Response – The Auditor’s Office will be more diligent in making sure capital assets are properly recorded for more accurate reporting.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-13 Certified Budget - Disbursements during the year ended June 30, 2013 did not exceed the amounts budgeted. However, the notice of the budget amendment hearing was not published as required by Chapters 331.434(2) and 331.435 of the Code of Iowa.

Recommendation - The notice of the budget amendment hearing should be published not less than 10 days nor more than 20 days prior to the hearing date.

Response - The County will ensure amendments are properly published to adhere to the Code of Iowa.

Conclusion - Response accepted.

IV-B-13 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-13 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-13 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Mike Clausing, Engineer's Office, wife sells advertising at KMAQ	Job advertising	\$ 123
Edward Clark, Sheriff's Office Deputy, and Kim Clark, Sheriff's Office Civil Administrator, Brother and Husband, respectively, of the owner of Clark's Sales and Service	Equipment, parts and repair	2,348
Edward Clark, Sheriff's Office Deputy, and Kim Clark, Sheriff's Office Civil Administrator, Brother and Husband, respectively, of the owner of Clark's Saw Center	Equipment, parts and repair	528
Mary Stickley, Auditor's Office Deputy, Husband owns Stickley Electric Service	Electrical parts and repair, per bid	9,375
Mary Stickley, Auditor's Office Deputy, owns Old Capital Cup Co. Inc.	Custodial and cleaning supplies	3,163
Troy Patzner, Assessor's Office, Wife owns Patzner's Pro Shop	Clothing and uniforms	46
Rosie Schwager, works in County Attorney's Office, Husband owns Schwager's Auto	Auto repair	200
Daryl Parker, Conservation Director, owns Tri State Habitat Specialists	New camping pads	550

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transactions with Stickley Electric Service do not appear to represent a conflict of interest since the services were competitively bid.

The transactions with Clark's Sales and Service and Old Capital Cup Co. Inc. may represent conflicts of interest as defined in Chapter 331.342 of the Code of Iowa since the total cumulative transactions with each were greater than \$1,500 during the fiscal year and the transactions were not competitively bid. The remainder of the transactions do not appear to represent a conflict of interest since cumulative transactions with each were less than \$1,500 during the fiscal year.

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

Response – The County has obtained competitive quotes for the products which Old Capital Cup provides. Old Capital Cup is a local company and the County prefers the quality of its supplies. Clark's Sales and Service is no longer in business but the County does spread its business around to the local companies if it can.

Conclusion – Response accepted. The County should continue to monitor business transactions which may represent conflicts of interest and obtain bids when required.

IV-E-13 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be periodically reviewed to ensure the coverage is adequate for current operations.

IV-F-13 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-13 Deposits and Pooled 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-13 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-13 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, 2013 for the County Extension Office did not exceed the amount budgeted.

IV-J-13 Deficit Fund Balance – The Special Revenue, Mental Health Fund had a deficit fund balance of \$5,987 at June 30, 2013.

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

Response – The Mental Health Fund had a positive fund balance on a cash basis and did not incur a deficit until accruals were taken into account.

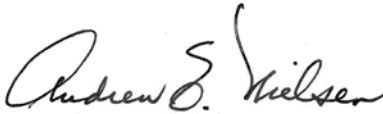
Conclusion – Response acknowledged. Deficit fund balances on an accrual basis of accounting should be eliminated.

Jackson County

Staff

This audit was performed by:

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