



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

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE

March 31, 2016

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$27,547,388 for the year ended June 30, 2015, which included \$1,981,469 in tax credits from the state. The County forwarded \$20,900,423 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,646,965 of the local tax revenue to finance County operations, a 7% increase over the prior year. Other revenues included charges for service of \$862,861, operating grants, contributions and restricted interest of \$4,230,957, capital grants, contributions and restricted interest of \$1,954,612, local option sales tax of \$909,054, unrestricted investment earnings of \$6,449, rent of \$280,489 and other general revenues of \$272,929.

Expenses for County operations for the year ended June 30, 2015 totaled \$12,623,584, a 1.5% decrease from the prior year. Expenses included \$5,741,708 for roads and transportation, \$2,028,447 for public safety and legal services and \$1,639,338 for administration.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1510-0049-B00F.pdf>.

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JACKSON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2015

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Jackson County

Officials

(Before January 2015)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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	(Resigned Sep 2014)
Lee Karabin (Appointed)	County Assessor	Jan 2016

(After January 2015)

Larry "Buck" Koos	Board of Supervisors	Jan 2017
Larry McDevitt	Board of Supervisors	Jan 2019
John J. Willey	Board of Supervisors	Jan 2019
Joell Deppe	County Auditor	Jan 2017
Nancy Roling	County Treasurer	Jan 2019
Arlene Schauf	County Recorder	Jan 2019
Russell Kettmann	County Sheriff	Jan 2017
Sara Davenport	County Attorney	Jan 2019
Lee Karabin	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, 2015, 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, 2015, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 9, Jackson County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 52 through 62 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, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 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 17, 2016 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

March 17, 2016



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

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, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, during fiscal year 2015. The beginning net position for governmental activities was restated by \$2,900,290 to retroactively report the net pension liability as of July 1, 2014 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Pension expense for fiscal year 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources at June 30, 2014 were not restated because the information needed to restate those amounts was not available.
- Revenues of the County's governmental activities increased less than 1%, or approximately \$125,000, from fiscal year 2014 to fiscal year 2015. Property and other county tax increased approximately \$325,000, operating grants, contributions and restricted interest increased approximately \$345,000 and capital grants, contributions and restricted interest decreased approximately \$721,000.
- Program expenses of the County's governmental activities were 1.5%, or approximately \$192,000, less in fiscal year 2015 than in fiscal year 2014. Roads and transportation expenses decreased approximately \$201,000, county environment and education expenses decreased approximately \$43,000 and administration expenses increased approximately \$140,000.
- The County's net position at June 30, 2015 increased 6%, or approximately \$2,541,000, over the restated June 30, 2014 balance.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of 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 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, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has 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

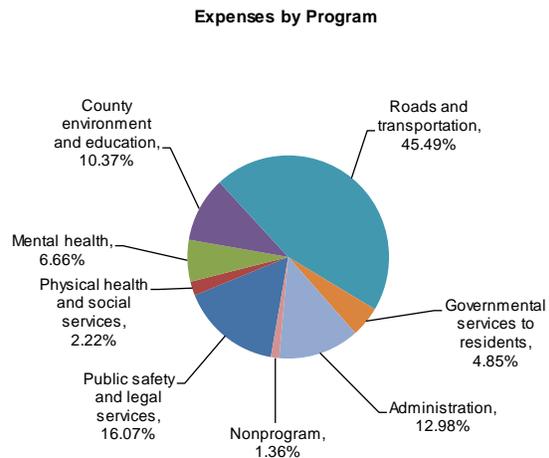
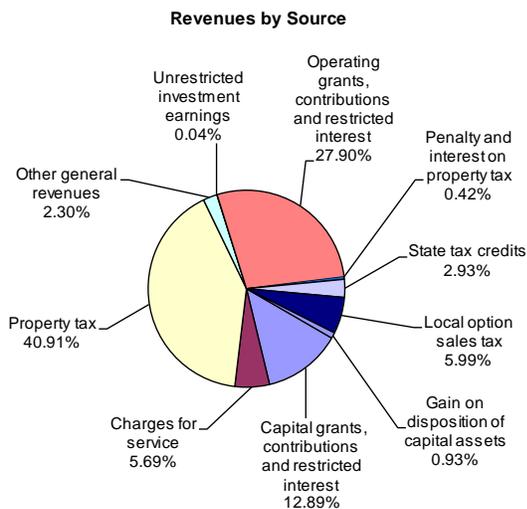
As noted earlier, net position may serve over time as a useful indicator of financial position. Jackson County's combined net position of governmental activities decreased from approximately \$46.4 million to approximately \$46.0 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2015	2014 (Not Restated)
Current and other assets	\$ 15,252	13,622
Capital assets	40,910	39,737
Total assets	<u>56,162</u>	<u>53,359</u>
Deferred outflows of resources	580	-
Long-term liabilities	2,780	625
Other liabilities	524	277
Total liabilities	<u>3,304</u>	<u>902</u>
Deferred inflows of resources	7,391	6,051
Net position:		
Net investment in capital assets	40,910	39,737
Restricted	6,729	5,756
Unrestricted	(1,592)	913
Total net position	<u>\$ 46,047</u>	<u>46,406</u>

Prior to restatement, the net position of Jackson County's governmental activities decreased less than 1% (approximately \$46.0 million compared to approximately \$46.4 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 – decreased from approximately \$913,000 at June 30, 2014 to a deficit of approximately \$1,592,000 at the end of this year, a decrease of 274.4%. The decrease is due primarily to recording the net pension liability as of July 1, 2014.

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

	Year ended June 30,	
	2015	2014 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 863	959
Operating grants, contributions and restricted interest	4,231	3,886
Capital grants, contributions and restricted interest	1,955	2,676
General revenues:		
Property tax	6,202	5,877
Penalty and interest on property tax	63	55
State tax credits	445	315
Local option sales tax	909	923
Unrestricted investment earnings	6	6
Gain on disposition of capital assets	141	66
Other general revenues	349	276
Total revenues	15,164	15,039
Program expenses:		
Public safety and legal services	2,028	2,064
Physical health and social services	280	289
Mental health	841	896
County environment and education	1,309	1,352
Roads and transportation	5,742	5,943
Governmental services to residents	612	633
Administration	1,639	1,499
Nonprogram	172	139
Total expenses	12,623	12,815
Change in net position	2,541	2,224
Net position beginning of year, as restated	43,506	44,182
Net position end of year	\$ 46,047	46,406



Revenues for governmental activities increased approximately \$125,000 over the prior year, with property tax revenue up from the prior year approximately \$325,000, or 5.5%, and capital grants, contributions and restricted interest decreasing approximately \$721,000 or 26.9%.

The County's property tax rates for fiscal year 2015 were the same as for the prior fiscal year, \$8.295 per \$1,000 of taxable valuation. Based on increases in the total assessed valuation, property tax revenue is budgeted to increase approximately \$169,900 next year.

The cost of all governmental activities this year was approximately \$12.6 million compared to approximately \$12.8 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$5,575,000 because some of the cost was paid by those directly benefited from the programs (approximately \$863,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$6,186,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2015 from approximately \$7,520,000 to approximately \$7,049,000, principally due to lower capital grants and contributions revenue during fiscal year 2015.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jackson County completed the year, its governmental funds reported a combined fund balance of approximately \$7,940,000, an increase of more than \$1,301,000 above last year's total of approximately \$6,639,000 million. The increase in fund balance is primarily attributable to increased property and other county tax, intergovernmental revenues and rent on county owned properties. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased \$207,650 and expenditures decreased \$403,871. The ending fund balance increased \$554,238 over the prior year to \$2,275,418. Revenues increased primarily due to an increase in property values resulting in an increase in property tax. Expenditures decreased primarily due to the wastewater treatment improvement to the Jackson County Care Facility during fiscal year 2014.
- The County has continued to look for ways to effectively manage the cost of mental health services. For fiscal year 2015, revenues totaled \$1,016,025, an increase of 17.5% over the prior year. Expenditures totaled \$560,267, a decrease of less than 1% from the prior year. The Special Revenue, Mental Health Fund balance at year end increased \$455,758 over the prior year to \$755,136.
- The Special Revenue, Rural Services Fund ended fiscal year 2015 with a \$569,484 balance compared to the prior year ending balance of \$409,184. Revenues increased \$143,899 over the prior year. The increase was primarily due to an increase in property tax revenue of approximately \$130,000 in fiscal year 2015. Expenditures totaled \$937,666, which was an increase of approximately 13% from the prior year.
- Special Revenue, Secondary Roads Fund revenues increased \$388,753 and expenditures increased \$227,973 during fiscal year 2015. The increase in revenues is primarily due to an increase in intergovernmental revenues in fiscal year 2015. The increase in expenditures was primarily due to an increase in roads and transportation expenditures, including the purchase of several new pieces of heavy equipment in fiscal year 2015. The Secondary Roads Fund ended fiscal year 2015 with a \$2,562,350 balance compared to the prior year ending balance of \$2,380,706.

- The Special Revenue, Jackson County Revolving Loan Fund ended fiscal year 2015 with a \$1,519,945 balance compared to the prior year ending balance of \$1,426,488. The increase in fund balance is due to the Jackson County Revolving Loan Fund receiving loan reimbursements during fiscal year 2015. No new loans were made in fiscal year 2015.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jackson County amended its budget three times. The first two amendments were made in August 2014 and March 2015 and resulted in increases in budgeted disbursements related primarily to the capital projects and roads and transportation functions. The final budget amendment was made in May 2015 and resulted in an increase in budgeted disbursements related primarily to the county environment and education and capital projects functions.

The County’s receipts were \$435,084 more than budgeted, a variance of 3%. The most significant variance resulted from the County receiving more intergovernmental receipts than anticipated.

Total disbursements were \$1,621,158 less than the amended budget. Actual disbursements for the county environment and education, mental health and roads and transportation functions were \$602,459, \$485,101 and \$213,691, respectively, less than budgeted. Disbursements for certain roads and transportation projects were less than anticipated at June 30, 2015. County environment and education disbursements were under budget due to fewer revolving loans issued in fiscal year 2015 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, 2015, Jackson County had approximately \$40.9 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$1,173,000, or 3%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2015	2014
Land	\$ 2,911	2,489
Intangibles	1,811	1,584
Construction in progress	1,351	2,168
Buildings and improvements	1,662	1,688
Equipment and vehicles	3,063	2,861
Infrastructure	30,112	28,947
Total	\$ 40,910	39,737

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

Land	\$ 421
Road network	1,496
Buildings and improvements	33
Equipment and vehicles	780
Total	\$ 2,730

The County had depreciation expense of \$1,697,959 in fiscal year 2015 and total accumulated depreciation of \$24,750,947 at June 30, 2015.

The County's fiscal year 2015 capital budget included \$240,544 for capital projects, principally for renovation of the Penrose building and for continued upgrading of secondary roads and bridges. The County has no plans to issue additional debt to finance these projects. Rather, the County will use resources on hand in the County's fund balance. More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

Long-Term Debt

At June 30, 2015, 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 \$88 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 2016 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.8% versus 4.1% a year ago. This compares with the State's unemployment rate of 3.7% and the national rate of 5.3%.

These indicators were taken into account when adopting the budget for fiscal year 2016. Amounts available for appropriation in the operating budget are approximately \$12.9 million, which is the same as the final fiscal year 2015 budget. Property tax (benefiting from an increase in assessed valuations) are expected to increase offset by expected lower intergovernmental receipts. The approximate \$13.6 million of budgeted disbursements is similar to the final fiscal year 2015 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of fiscal year 2016.

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 Joelle Deppe at the Jackson County Auditor's Office, by mail at 201 West Platt, Maquoketa, Iowa 52060 or by phone at (563) 652-3154.

Jackson County

Basic Financial Statements

Jackson County
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 7,564,637
Receivables:	
Property tax:	
Delinquent	3,676
Succeeding year	6,224,000
Interest and penalty on property tax	6,559
Accounts	43,531
Accrued interest	51
Revolving loans	400,638
Due from other governments	534,955
Inventories	337,794
Prepaid insurance	135,972
Capital assets, net of accumulated depreciation	40,910,438
Total assets	56,162,251
Deferred Outflows of Resources	
Pension related deferred outflows	579,886
Liabilities	
Accounts payable	363,873
Salaries and benefits payable	141,631
Due to other governments	19,031
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	218,411
Portion due or payable after one year:	
Compensated absences	44,002
Net pension liability	2,067,035
OPEB Liability	450,229
Total liabilities	3,304,212
Deferred Inflows of Resources	
Unavailable property tax revenue	6,224,000
Pension related deferred inflows	1,167,295
Total deferred inflows of resources	7,391,295
Net Position	
Net investment in capital assets	40,910,438
Restricted for:	
Supplemental levy purposes	538,535
Mental health purposes	752,238
Rural services purposes	538,897
Secondary roads purposes	2,448,634
Revolving loans	1,920,583
Other purposes	529,716
Unrestricted	(1,592,411)
Total net position	\$ 46,046,630

See notes to financial statements.

Jackson County
Statement of Activities
Year ended June 30, 2015

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,028,447	67,930	11,925	-	(1,948,592)
Physical health and social services	280,211	12,770	161,967	-	(105,474)
Mental health	841,262	11,597	508,994	-	(320,671)
County environment and education	1,308,752	257,042	89,365	516,937	(445,408)
Roads and transportation	5,741,708	107,927	3,458,706	1,437,675	(737,400)
Governmental services to residents	611,933	328,179	-	-	(283,754)
Administration	1,639,338	72,419	-	-	(1,566,919)
Nonprogram	171,933	4,997	-	-	(166,936)
Total	\$ 12,623,584	862,861	4,230,957	1,954,612	(5,575,154)
General Revenues:					
Property and other county tax levied for general purposes					6,201,615
Penalty and interest on property tax					63,157
State tax credits					445,350
Local option sales tax					909,054
Unrestricted investment earnings					6,449
Gain on disposition of capital assets					141,333
Rent					280,489
Miscellaneous					68,439
Total general revenues					8,115,886
Change in net position					2,540,732
Net position beginning of year, as restated					43,505,898
Net position end of year					\$ 46,046,630

See notes to financial statements.

Jackson County
Balance Sheet
Governmental Funds

June 30, 2015

	General	Mental Health	Special Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 2,451,516	769,464	552,893
Receivables:			
Property tax:			
Delinquent	2,400	439	837
Succeeding year	3,902,000	716,000	1,606,000
Interest and penalty on property tax	6,559	-	-
Accounts	18,239	-	-
Accrued interest	51	-	-
Revolving loans	-	-	-
Due from other funds	104	-	-
Advances to other funds	-	-	-
Due from other governments	44,689	14,964	36,214
Inventories	-	-	-
Prepaid insurance	109,897	-	-
Total assets	\$ 6,535,455	1,500,867	2,195,944
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 31,997	14,179	882
Salaries and benefits payable	72,576	2,501	15,635
Due to other funds	3,041	104	-
Due to other governments	3,161	12,534	3,150
Advances from other funds	238,598	-	-
Total liabilities	<u>349,373</u>	<u>29,318</u>	<u>19,667</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	3,902,000	716,000	1,606,000
Other	8,664	413	793
Total deferred inflows of resources	<u>3,910,664</u>	<u>716,413</u>	<u>1,606,793</u>
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	109,897	-	-
Restricted for:			
Supplemental levy purposes	444,213	-	-
Mental health purposes	-	755,136	-
Rural services purposes	-	-	569,484
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	168,911	-	-
Capital projects	-	-	-
Jackson County revolving loans	-	-	-
Other purposes	82,809	-	-
Assigned for:			
Jackson County Farm	233,200	-	-
Attorney collection incentive	36,284	-	-
Community drill	18,699	-	-
Other purposes	2,792	-	-
Unassigned	1,178,613	-	-
Total fund balances	<u>2,275,418</u>	<u>755,136</u>	<u>569,484</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 6,535,455	1,500,867	2,195,944

See notes to financial statements.

Revenue			
Secondary Roads	Jackson County Revolving Loan	Nonmajor	Total
2,126,339	1,211,347	302,740	7,414,299
-	-	-	3,676
-	-	-	6,224,000
-	-	-	6,559
941	-	24,351	43,531
-	-	-	51
-	400,638	-	400,638
3,174	-	-	3,278
-	308,598	-	308,598
424,681	-	14,407	534,955
337,794	-	-	337,794
26,075	-	-	135,972
<u>2,919,004</u>	<u>1,920,583</u>	<u>341,498</u>	<u>15,413,351</u>
306,647	-	10,168	363,873
47,825	-	3,094	141,631
-	-	133	3,278
186	-	-	19,031
-	-	70,000	308,598
<u>354,658</u>	<u>-</u>	<u>83,395</u>	<u>836,411</u>
-	-	-	6,224,000
1,996	400,638	-	412,504
<u>1,996</u>	<u>400,638</u>	<u>-</u>	<u>6,636,504</u>
337,794	-	-	337,794
26,075	-	-	135,972
-	-	-	444,213
-	-	-	755,136
-	-	-	569,484
2,198,481	-	-	2,198,481
-	-	112,825	112,825
-	-	-	168,911
-	-	-	-
-	1,519,945	-	1,519,945
-	-	166,527	249,336
-	-	-	233,200
-	-	-	36,284
-	-	-	18,699
-	-	-	2,792
-	-	(21,249)	1,157,364
<u>2,562,350</u>	<u>1,519,945</u>	<u>258,103</u>	<u>7,940,436</u>
<u>2,919,004</u>	<u>1,920,583</u>	<u>341,498</u>	<u>15,413,351</u>

Jackson County

Jackson County

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

June 30, 2015

Total governmental fund balances (page 21)		\$ 7,940,436
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 \$65,661,385 and the accumulated depreciation is \$24,750,947.		40,910,438
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		412,504
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.		150,338
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 579,886	
Deferred inflows of resources	<u>(1,167,295)</u>	(587,409)
Compensated absences payable, net pension liability and other postemployment benefits payable are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(2,779,677)</u>
Net position of governmental activities (page 18)		<u><u>\$ 46,046,630</u></u>

See notes to financial statements.

Jackson County

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

Year ended June 30, 2015

	General	Mental Health	Special Rural Services
Revenues:			
Property and other county tax	\$ 3,845,766	739,606	1,620,083
Local option sales tax	-	-	227,263
Interest and penalty on property tax	58,827	-	-
Intergovernmental	783,222	264,965	94,620
Licenses and permits	6,322	-	6,000
Charges for service	530,629	-	-
Use of money and property	257,220	-	-
Miscellaneous	156,535	11,454	-
Total revenues	5,638,521	1,016,025	1,947,966
Expenditures:			
Operating:			
Public safety and legal services	1,458,174	-	637,935
Physical health and social services	83,933	-	-
Mental health	294,501	560,267	-
County environment and education	899,362	-	296,883
Roads and transportation	-	-	-
Governmental services to residents	608,496	-	2,848
Administration	1,528,426	-	-
Capital projects	31,124	-	-
Total expenditures	4,904,016	560,267	937,666
Excess (deficiency) of revenues over (under) expenditures	734,505	455,758	1,010,300
Other financing sources (uses):			
Sale of capital assets	277	-	-
Transfers in	-	-	-
Transfers out	(180,544)	-	(850,000)
Total other financing sources (uses)	(180,267)	-	(850,000)
Change in fund balances	554,238	455,758	160,300
Fund balances beginning of year	1,721,180	299,378	409,184
Fund balances end of year	\$ 2,275,418	755,136	569,484

See notes to financial statements.

Revenue				
Secondary Roads	Jackson County Revolving Loan		Nonmajor	Total
-	-	-	-	6,205,455
681,791	-	-	-	909,054
-	-	-	-	58,827
3,649,530	-	135,462	-	4,927,799
15,670	-	12,372	-	40,364
149	-	53,875	-	584,653
-	93,457	24,633	-	375,310
92,437	-	10,238	-	270,664
4,439,577	93,457	236,580	-	13,372,126
-	-	6,294	-	2,102,403
-	-	189,915	-	273,848
-	-	-	-	854,768
-	-	43,634	-	1,239,879
4,984,889	-	-	-	4,984,889
-	-	273	-	611,617
-	-	-	-	1,528,426
173,044	-	270,637	-	474,805
5,157,933	-	510,753	-	12,070,635
(718,356)	93,457	(274,173)	-	1,301,491
-	-	-	-	277
900,000	-	130,544	-	1,030,544
-	-	-	-	(1,030,544)
900,000	-	130,544	-	277
181,644	93,457	(143,629)	-	1,301,768
2,380,706	1,426,488	401,732	-	6,638,668
2,562,350	1,519,945	258,103	-	7,940,436

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, 2015

Change in fund balances - Total governmental funds (page 25) \$ 1,301,768

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	\$ 1,007,064	
Capital assets contributed by the Iowa Department of	1,268,967	
Contributed land and building	454,100	
Depreciation expense	<u>(1,697,959)</u>	1,032,172

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. 141,333

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

Property tax	(3,840)	
Other	<u>(80,799)</u>	(84,639)

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 417,507

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	(31,462)	
Pension expense	(171,661)	
Other postemployment benefits	<u>(55,888)</u>	(259,011)

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. (8,398)

Change in net position of governmental activities (page 19) \$ 2,540,732

See notes to financial statements.

Jackson County
Statement of Net Position
Proprietary Funds

June 30, 2015

	<u>Internal Service</u>
Current Assets	
Cash and cash equivalents	\$ 150,338
Current Liabilities	
None	<u>-</u>
Net Position	
Unrestricted	<u>\$ 150,338</u>

See notes to financial statements.

Exhibit H

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

Year ended June 30, 2015

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 133,098
Reimbursements from employees		12,679
Total operating revenues		<u>145,777</u>
Operating expenses:		
Medical claims	\$ 97,393	
Insurance premiums	46,191	
Administrative fees	10,606	154,190
Operating loss		<u>(8,413)</u>
Non-operating revenues:		
Interest income		<u>15</u>
Net loss		(8,398)
Net position beginning of year		<u>158,736</u>
Net position end of year		<u><u>\$ 150,338</u></u>

See notes to financial statements.

Jackson County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2015

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds and employees	\$ 145,777
Cash paid to suppliers for medical claims, administrative fees and insurance premiums	(154,190)
Net cash used by operating activities	(8,413)
Cash flows from investing activities:	
Interest on investments	15
Net decrease in cash and cash equivalents	(8,398)
Cash and cash equivalents beginning of year	158,736
Cash and cash equivalents end of year	\$ 150,338
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss and net cash used by operating activities	\$ (8,413)

See notes to financial statements.

Jackson County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 1,014,690
Other County officials	17,828

Receivables:

Property tax:

Delinquent	11,729
Succeeding year	18,987,000

Accounts	18,165
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Accrued interest	1
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Special assessments:

Delinquent	2,644
Succeeding year	10,156

Due from other governments	47,337
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Total assets	<u>20,109,550</u>
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Liabilities

Accounts payable	38,975
------------------	--------

Salaries and benefits payable	7,336
-------------------------------	-------

Due to other governments	20,033,797
--------------------------	------------

Trusts payable	17,828
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Compensated absences	11,614
----------------------	--------

Total liabilities	<u>20,109,550</u>
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Net position	<u><u>\$ -</u></u>
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See notes to financial statements.

Jackson County

Notes to Financial Statements

June 30, 2015

(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 is members of or appoints 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 and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

Net investment in capital assets consists of capital assets net of accumulated depreciation.

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds, 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 balances.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources 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, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

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, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Advances to/from Other Funds – Non-current portions of long-term interfund loans receivable are reported as advances. The advances do not constitute available financial resources and, therefore, are not available to liquidate current obligations.

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, 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 the 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, 2015. 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.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

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

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 is 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, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$6,742,075 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 and Advances To and From Other Funds

The detail of interfund receivables and payables at June 30, 2015 is as follows:

Due From and Due To Other Funds

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Mental Health	\$ 104
Special Revenue: Secondary Roads	General Special Revenue: Local Health	3,041 133
Total		<u>\$ 3,278</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 and From Other Funds

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Jackson County Revolving Loan	General	\$ 238,598
	Capital Projects	70,000
Total		<u>\$ 308,598</u>

These balances result from a loan between funds which has not been repaid.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 50,000
	Special Revenue:	
	Rural Services	850,000
Local Health	General	65,000
Capital Projects	General	65,544
Total		<u>\$ 1,030,544</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

The purpose of the loan 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, 2015, there were no new loans.

Outstanding loans receivable of the Jackson County Revolving Loan Fund at June 30, 2015 are as follows:

Loaned to	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Balance June 30, 2015
T M Woodworks	April 6, 2004	\$ 255,000	4.0%	15 years	\$ 73,430
Precision Metal Works	March 11, 2008	325,000	3.5	9 years	91,685
Iowa Firewood Products, Inc.	June 4, 2011	90,000	4.0	5 years	21,053
Maquoketa Newspapers, Inc	June 5, 2012	100,000	4.0	7 years	60,358
Waste Authority of Jackson County	January 29, 2013	225,000	2.0	10 years	101,590
Hospice of Jackson County	June 17, 2014	56,000	1.0	15 years	52,522
Total					<u>\$ 400,638</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. During the year ended June 30, 2015, the remaining balance of \$40,544 was repaid by the Capital Projects Fund. The County also advanced \$120,000 during fiscal year 2014 to the Jackson County Conservation Board to assist in financing the Martin Property project. The advance will be repaid by the Capital Projects Fund. The balance outstanding at June 30, 2015 was \$70,000. In addition, the County advanced \$300,000 to the General Fund to assist in the financing of wastewater treatment facility improvements at the Jackson County Care Facility. The advance will be repaid by the General Fund. The balance outstanding at June 30, 2015 was \$238,598.

(6) Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,489,443	421,200	-	2,910,643
Intangibles, road network	1,583,789	226,932	-	1,810,721
Construction in progress, road network	1,676,083	1,268,965	(1,593,564)	1,351,484
Construction in progress	491,419	-	(491,419)	-
Total capital assets not being depreciated	<u>6,240,734</u>	<u>1,917,097</u>	<u>(2,084,983)</u>	<u>6,072,848</u>
Capital assets being depreciated:				
Buildings	3,595,366	32,900	-	3,628,266
Improvements other than buildings	127,109	-	-	127,109
Equipment and vehicles	8,327,566	976,134	(693,564)	8,610,136
Infrastructure, road network	44,425,618	1,593,564	-	46,019,182
Infrastructure, other	712,425	491,419	-	1,203,844
Total capital assets being depreciated	<u>57,188,084</u>	<u>3,094,017</u>	<u>(693,564)</u>	<u>59,588,537</u>
Less accumulated depreciation for:				
Buildings	1,991,148	53,633	-	2,044,781
Improvements other than buildings	42,592	5,692	-	48,284
Equipment and vehicles	5,466,844	719,384	(638,897)	5,547,331
Infrastructure, road network	16,082,851	853,198	-	16,936,049
Infrastructure, other	108,450	66,052	-	174,502
Total accumulated depreciation	<u>23,691,885</u>	<u>1,697,959</u>	<u>(638,897)</u>	<u>24,750,947</u>
Total capital assets being depreciated, net	<u>33,496,199</u>	<u>1,396,058</u>	<u>(54,667)</u>	<u>34,837,590</u>
Governmental activities capital assets, net	<u>\$39,736,933</u>	<u>3,313,155</u>	<u>(2,139,650)</u>	<u>40,910,438</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 68,833
Physical health and social services	13,019
County environment and education	116,037
Roads and transportation	1,426,432
Governmental services to residents	19,109
Administration	<u>54,529</u>
Total depreciation expense - governmental activities	<u>\$ 1,697,959</u>

(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, 2015 is as follows:

Fund	Description	Amount
General	Services	\$ 3,161
Special Revenue:		
Mental Health	Services	12,534
Rural Services	Services	3,150
Secondary Roads	Services	186
		<u>15,870</u>
Total for governmental funds		<u>\$ 19,031</u>
Agency:		
County Assessor	Collections	\$ 850,355
Schools		11,870,871
Community Colleges		868,252
Corporations		4,483,433
Townships		275,876
County Hospital		938,989
E911 Services		241,840
All other		504,181
Total for agency funds		<u>\$ 20,033,797</u>

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Compen- sated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year, as restated	\$ 230,951	3,312,485	394,341	3,937,777
Increases	331,355	-	125,720	457,075
Decreases	299,893	1,245,450	69,832	1,615,175
Balance end of year	<u>\$ 262,413</u>	<u>2,067,035</u>	<u>450,229</u>	<u>2,779,677</u>
Due within one year	<u>\$ 218,411</u>	<u>-</u>	<u>-</u>	<u>218,411</u>

(9) Pension Plan

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

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

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

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

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

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

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

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

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

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.76% of covered payroll and the County contributed 10.14% for a total rate of 16.90%.

The County's contributions to IPERS for the year ended June 30, 2015 were \$417,507.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of \$2,067,035 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was .052120%, which was a decrease of .005572% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$171,661. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,570	30,086
Changes of assumptions	95,711	27,926
Net difference between projected and actual earnings on pension plan investments	-	1,107,706
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	43,098	1,577
County contributions subsequent to the measurement date	417,507	-
Total	<u>\$ 579,886</u>	<u>1,167,295</u>

\$417,507 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	\$ (252,910)
2017	(252,910)
2018	(252,910)
2019	(252,910)
2020	6,724
Total	<u>\$ (1,004,916)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
	100%	

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

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

	1% Decrease <u>(6.50%)</u>	Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
County's proportionate share of the net pension liability (asset):	\$ 4,598,038	\$2,067,035	\$ (67,281)

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

Payables to IPERS - At June 30, 2015, the County reported payables to IPERS of \$32,334 for legally required County contributions and \$23,085 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(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 4 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 EBS, Inc. Retirees under age 65 pay the same premium for the medical/prescription drug benefits 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, 2015, 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	15,774
Adjustment to annual required contribution	<u>(15,068)</u>
Annual OPEB cost	125,720
Contributions made	<u>(69,832)</u>
Increase in net OPEB obligation	55,888
Net OPEB obligation beginning of year	<u>394,341</u>
Net OPEB obligation end of year	<u>\$ 450,229</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, 2015.

For the year ended June 30, 2015, the County contributed \$69,832 to the medical plan. Plan members eligible for benefits contributed \$3,500, or 5% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	125,410	29.68%	309,550
2014	125,625	32.50%	394,341
2015	125,720	55.55%	450,229

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was approximately \$1,153,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$1,153,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,564,000 and the ratio of the UAAL to covered payroll was 25.3%. As of June 30, 2015, 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, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

Projected claim costs of the medical plan range from \$200 for a 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 727 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 official liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses 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 basis rate.

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

The County's property and casualty contributions to the 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, 2015 were \$203,539.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the County's financial statements. As of June 30, 2015, 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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its member is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$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 EBS, 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, 2013 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 EBS, 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 EBS, 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, 2013 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 EBS, Inc. with payments from the Internal Service, Employee Self-Funded Dental Plan Fund.

(14) Lease Agreements

On September 11, 2012, the County entered a seven year lease agreement with DAC, Inc. to lease the Jackson County Care Facility. The agreement provides for monthly rental payments to the County as follows: \$2,500 per month for the first six months, \$5,000 per month for the second six months, \$6,000 per month for the second year and \$7,000 per month, thereafter. The County and DAC, Inc. shall hold an annual meeting to review the lease agreement and set the rental fee for the subsequent year.

On March 18, 2014, the County entered into a four year lease agreement with Veach Bros Farms to lease crop land. The agreement requires annual rental payments of \$26,013. After four years, the lease automatically renews on a year-to-year basis at the same terms and conditions.

(15) Deficit Fund Balance

The Capital Projects Fund had a deficit balance of \$21,249 at June 30, 2015. The County is reviewing options for eliminating this deficit.

(16) Jackson County Financial Information Included in the Eastern Iowa Mental Health Disability Services Region

The Eastern Iowa Mental Health Disability Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Cedar County, Clinton County, Jackson County, Muscatine County and Scott County. The financial activity of Jackson County's Special Revenue, Mental Health Fund is included in the Eastern Iowa Mental Health Disability Services Region for the year ended June 30, 2015, as follows:

Revenues:		
Property and other county tax		\$ 739,606
Intergovernmental:		
State tax credits	\$ 56,698	
Mental health and disability services equalization	144,838	
Social services block grant	62,756	
Other	673	264,965
Miscellaneous		11,454
Total revenues		<u>1,016,025</u>
Expenditures:		
Services to persons with:		
Mental illness	151,607	
Intellectual disabilities	148,016	
Other developmental disabilities	4,861	304,484
General administration:		
Direct administration	176,476	
Distribution to regional fiscal agent	79,307	255,783
Total expenditures		<u>560,267</u>
Excess of revenues over expenditures		455,758
Fund balance beginning of year		<u>299,378</u>
Fund balance end of year		<u>\$ 755,136</u>

(17) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>
Net position June 30, 2014, as previously reported	\$ 46,406,188
Net pension liability at June 30, 2014	(3,312,485)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	<u>412,195</u>
Net position July 1, 2014, as restated	<u><u>\$ 43,505,898</u></u>

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, 2015

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,103,757	-	7,103,757
Interest and penalty on property tax	58,999	-	58,999
Intergovernmental	4,840,999	-	4,840,999
Licenses and permits	35,337	-	35,337
Charges for service	574,846	-	574,846
Use of money and property	478,971	268	478,703
Miscellaneous	293,579	10,238	283,341
Total receipts	13,386,488	10,506	13,375,982
Disbursements:			
Public safety and legal services	2,101,747	-	2,101,747
Physical health and social services	282,240	-	282,240
Mental health	848,376	-	848,376
County environment and education	1,216,036	502	1,215,534
Roads and transportation	4,744,514	-	4,744,514
Governmental services to residents	610,223	-	610,223
Administration	1,546,571	-	1,546,571
Capital projects	591,204	-	591,204
Total disbursements	11,940,911	502	11,940,409
Excess (deficiency) of receipts over (under) disbursements	1,445,577	10,004	1,435,573
Other financing sources, net	277	-	277
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,445,854	10,004	1,435,850
Balance beginning of year	5,968,445	102,821	5,865,624
Balance end of year	\$ 7,414,299	112,825	7,301,474

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,148,381	7,188,381	(84,624)
50,550	50,550	8,449
4,203,667	4,425,122	415,877
30,360	30,360	4,977
601,675	601,675	(26,829)
349,374	375,387	103,316
178,764	269,423	13,918
<u>12,562,771</u>	<u>12,940,898</u>	<u>435,084</u>
2,144,272	2,163,652	61,905
354,292	358,329	76,089
1,330,094	1,333,477	485,101
1,724,294	1,817,993	602,459
4,647,005	4,958,205	213,691
647,758	657,358	47,135
1,707,700	1,675,236	128,665
341,402	597,317	6,113
<u>12,896,817</u>	<u>13,561,567</u>	<u>1,621,158</u>
(334,046)	(620,669)	2,056,242
525	(33,390)	33,667
(333,521)	(654,059)	2,089,909
<u>4,364,135</u>	<u>5,968,154</u>	<u>(102,530)</u>
<u>4,030,614</u>	<u>5,314,095</u>	<u>1,987,379</u>

Jackson County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 13,386,488	(14,362)	13,372,126
Expenditures	11,940,911	129,724	12,070,635
Net	1,445,577	(144,086)	1,301,491
Other financing sources, net	277	-	277
Beginning fund balances	5,968,445	670,223	6,638,668
Ending fund balances	\$ 7,414,299	526,137	7,940,436

See accompanying independent auditor's report.

Jackson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

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, three budget amendments increased budgeted disbursements by \$664,750. 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, 2015, disbursements did not exceed the amounts budgeted.

Jackson County

Jackson County

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

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	<u>2015</u>
County's collective proportion of the net pension liability (asset)	0.052120%
County's collective proportionate share of the net pension liability (asset)	\$ 2,067
County's covered-employee payroll	\$ 4,524
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	45.69%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Jackson County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 418	412	384	351
Contributions in relation to the statutorily required contribution	<u>(418)</u>	<u>(412)</u>	<u>(384)</u>	<u>(351)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 4,589	4,524	4,338	4,220
Contributions as a percentage of covered-employee payroll	9.11%	9.11%	8.85%	8.32%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
300	257	247	224	204	197
<u>(300)</u>	<u>(257)</u>	<u>(247)</u>	<u>(224)</u>	<u>(204)</u>	<u>(197)</u>
-	-	-	-	-	-
4,099	3,950	3,774	3,582	3,342	3,216
7.32%	6.51%	6.54%	6.25%	6.10%	6.13%

Jackson County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

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

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

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

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

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

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

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

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

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs, deputies and protection occupation members.

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%	\$ 883	23.2
2011	Jul 1, 2009	-	883	883	0.0	454	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
2014	Jul 1, 2012	-	1,153	1,153	0.0	4,507	25.6
2015	Jul 1, 2012	-	1,153	1,153	0.0	4,564	25.3

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, 2015

	County Recorder's Records Management	Green Island Drainage Districts	Local Health
Assets			
Cash, cash equivalents and pooled investments	\$ 10,353	112,825	25,050
Accounts receivable	-	-	-
Due from other governments	-	-	7,099
Total assets	\$ 10,353	112,825	32,149
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	10,168
Salaries and benefits payable	-	-	2,388
Due to other funds	-	-	133
Advance from other funds	-	-	-
Total liabilities	-	-	12,689
Fund balances:			
Restricted for:			
Drainage purposes	-	112,825	-
Other purposes	10,353	-	19,460
Unassigned	-	-	-
Total fund balances	10,353	112,825	19,460
Total liabilities and fund balances	\$ 10,353	112,825	32,149

See accompanying independent auditor's report.

Special Revenue				
Resource				
Enhancement and Protection	Emergency Training Grant	Pioneer Cemetery Trust	Capital Projects	Total
124,905	-	5,206	24,401	302,740
1	-	-	24,350	24,351
-	7,308	-	-	14,407
124,906	7,308	5,206	48,751	341,498
-	-	-	-	10,168
706	-	-	-	3,094
-	-	-	-	133
-	-	-	70,000	70,000
706	-	-	70,000	83,395
-	-	-	-	112,825
124,200	7,308	5,206	-	166,527
-	-	-	(21,249)	(21,249)
124,200	7,308	5,206	(21,249)	258,103
124,906	7,308	5,206	48,751	341,498

Jackson County

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

Year ended June 30, 2015

	County Recorder's Records Management	Green Island Drainage Districts	Local Health
Revenues:			
Intergovernmental	\$ -	-	112,328
Licenses and permits	-	-	12,372
Charges for service	3,419	-	157
Use of money and property	1	268	-
Miscellaneous	-	10,238	-
Total revenues	3,420	10,506	124,857
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
Physical health and social services	-	-	189,915
County environment and education	-	502	-
Governmental services to residents	273	-	-
Capital projects	-	-	-
Total expenditures	273	502	189,915
Excess (deficiency) of revenues over (under) expenditures	3,147	10,004	(65,058)
Other financing sources:			
Transfers in	-	-	65,000
Change in fund balances	3,147	10,004	(58)
Fund balances beginning of year	7,206	102,821	19,518
Fund balances end of year	\$ 10,353	112,825	19,460

See accompanying independent auditor's report.

Special Revenue				
Resource				
Enhancement and Protection	Emergency Training Grant	Pioneer Cemetery Trust	Capital Projects	Total
15,826	7,308	-	-	135,462
-	-	-	-	12,372
50,299	-	-	-	53,875
14	-	-	24,350	24,633
-	-	-	-	10,238
66,139	7,308	-	24,350	236,580
-	6,294	-	-	6,294
-	-	-	-	189,915
43,132	-	-	-	43,634
-	-	-	-	273
-	-	-	270,637	270,637
43,132	6,294	-	270,637	510,753
23,007	1,014	-	(246,287)	(274,173)
-	-	-	65,544	130,544
23,007	1,014	-	(180,743)	(143,629)
101,193	6,294	5,206	159,494	401,732
124,200	7,308	5,206	(21,249)	258,103

Jackson County

Jackson County
 Combining Schedule of Net Position
 Internal Service Funds

June 30, 2015

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Assets			
Cash and cash equivalents	\$ 104,607	45,731	150,338
Liabilities			
None	-	-	-
Net Position			
Unrestricted	\$ 104,607	45,731	150,338

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, 2015

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Operating revenues:			
Reimbursements from operating funds	\$ 74,659	58,439	133,098
Reimbursements from employees	6,827	5,852	12,679
Total operating revenues	81,486	64,291	145,777
Operating expenses:			
Medical claims	44,814	52,579	97,393
Insurance premiums	46,191	-	46,191
Administrative fees	5,457	5,149	10,606
Total operating expenses	96,462	57,728	154,190
Operating income (loss)	(14,976)	6,563	(8,413)
Non-operating revenues:			
Interest income	12	3	15
Change in net position	(14,964)	6,566	(8,398)
Net position beginning of year	119,571	39,165	158,736
Net position end of year	\$ 104,607	45,731	150,338

See accompanying independent auditor's report.

Jackson County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2015

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Cash flows from operating activities:			
Cash received from operating funds and employees	\$ 81,486	64,291	145,777
Cash paid to suppliers for medical claims, insurance premiums and administrative fees	(96,462)	(57,728)	(154,190)
Net cash provided (used) by operating activities	(14,976)	6,563	(8,413)
Cash flows from investing activities:			
Interest on investments	13	3	16
Net change in cash and cash equivalents	(14,963)	6,566	(8,397)
Cash and cash equivalents beginning of year	119,570	39,165	158,735
Cash and cash equivalents end of year	\$ 104,607	45,731	150,338
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss) and net cash provided (used) by operating activities	\$ (14,976)	6,563	(8,413)

See accompanying independent auditor's report.

Jackson County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	2,815	324,001	166,823
Other County officials	17,828	-	-	-
Receivables:				
Property tax:				
Delinquent	-	126	334	7,048
Succeeding year	-	205,000	544,000	11,697,000
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Special assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 17,828	207,941	868,335	11,870,871
Liabilities				
Accounts payable	\$ -	-	65	-
Salaries and benefits payable	-	-	6,301	-
Due to other governments	-	207,941	850,355	11,870,871
Trusts payable	17,828	-	-	-
Compensated absences	-	-	11,614	-
Total liabilities	\$ 17,828	207,941	868,335	11,870,871

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	E911 Service Commission	Other	Total
11,735	64,450	3,732	13,421	234,192	193,521	1,014,690
-	-	-	-	-	-	17,828
517	2,983	144	568	-	9	11,729
856,000	4,416,000	272,000	925,000	-	72,000	18,987,000
-	-	-	-	18,165	-	18,165
-	-	-	-	1	-	1
-	-	-	-	-	2,644	2,644
-	-	-	-	-	10,156	10,156
-	-	-	-	28,344	18,993	47,337
868,252	4,483,433	275,876	938,989	280,702	297,323	20,109,550
-	-	-	-	38,862	48	38,975
-	-	-	-	-	1,035	7,336
868,252	4,483,433	275,876	938,989	241,840	296,240	20,033,797
-	-	-	-	-	-	17,828
-	-	-	-	-	-	11,614
868,252	4,483,433	275,876	938,989	280,702	297,323	20,109,550

Jackson County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2015

	Agricultural			
	County Offices	Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 5,270	190,709	712,788	11,377,005
Additions:				
Property and other county tax	-	209,658	556,794	11,963,984
E911 surcharge	-	-	-	-
State tax credits	-	14,766	42,371	883,507
Drivers license fees	-	-	-	-
Office fees and collections	367,350	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	75,367	-	-	-
Miscellaneous	-	175	873	10,112
Total additions	442,717	224,599	600,038	12,857,603
Deductions:				
Agency remittances:				
To other funds	171,996	-	-	-
To other governments	195,354	207,367	444,491	12,363,737
Trusts paid out	62,809	-	-	-
Total deductions	430,159	207,367	444,491	12,363,737
Balances end of year	\$ 17,828	207,941	868,335	11,870,871

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Auto License and Use Tax	E911 Service Commission	Other	Total
812,857	5,254,743	269,454	909,868	-	195,068	323,170	20,050,932
874,487	4,459,128	280,081	946,516	-	-	73,656	19,364,304
-	-	-	-	-	82,067	-	82,067
61,847	442,397	15,857	70,402	-	-	4,972	1,536,119
-	-	-	-	117,082	-	-	117,082
-	-	-	-	-	-	-	367,350
-	-	-	-	6,234,365	-	-	6,234,365
-	-	-	-	-	-	10,789	10,789
-	-	-	-	-	-	137,087	212,454
729	1,926	455	836	-	113,136	333,904	462,146
937,063	4,903,451	296,393	1,017,754	6,351,447	195,203	560,408	28,386,676
-	-	-	-	237,656	-	-	409,652
881,668	5,674,761	289,971	988,633	6,113,791	109,569	448,843	27,718,185
-	-	-	-	-	-	137,412	200,221
881,668	5,674,761	289,971	988,633	6,351,447	109,569	586,255	28,328,058
868,252	4,483,433	275,876	938,989	-	280,702	297,323	20,109,550

Jackson County

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

For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Property and other county tax	\$ 6,205,455	5,878,246	5,434,887	5,220,986
Local option sales tax	909,054	923,319	827,026	803,675
Interest and penalty on property tax	58,827	53,738	54,424	55,920
Intergovernmental	4,927,799	4,225,436	4,824,467	5,597,998
Licenses and permits	40,364	52,789	36,524	32,271
Charges for service	584,653	534,619	619,580	609,388
Use of money and property	375,310	508,603	312,505	434,050
Miscellaneous	270,664	371,338	251,269	176,911
Total	\$ 13,372,126	12,548,088	12,360,682	12,931,199
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,102,403	2,047,821	1,881,167	1,675,130
Physical health and social services	273,848	274,584	324,855	285,337
Mental health	854,768	893,099	1,200,377	2,814,781
County environment and education	1,239,879	1,488,382	1,507,918	1,167,820
Roads and transportation	4,984,889	4,902,887	4,748,492	4,408,597
Governmental services to residents	611,617	607,636	584,294	496,356
Administration	1,528,426	1,443,608	1,562,340	1,332,373
Debt service	-	-	-	-
Capital projects	474,805	497,137	394,120	434,459
Total	\$ 12,070,635	12,155,154	12,203,563	12,614,853

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
4,891,514	4,868,615	4,655,350	4,461,330	4,310,416	4,186,124
778,066	766,653	764,321	759,479	755,377	647,755
68,360	74,007	68,728	58,101	52,467	55,488
5,713,471	5,863,638	5,289,424	5,782,271	4,691,980	4,951,822
41,803	32,714	51,226	53,864	47,853	53,998
592,693	576,132	584,280	587,675	591,285	571,242
331,760	342,637	555,246	556,668	637,902	427,152
249,269	179,597	158,821	308,945	150,356	182,839
<u>12,666,936</u>	<u>12,703,993</u>	<u>12,127,396</u>	<u>12,568,333</u>	<u>11,237,636</u>	<u>11,076,420</u>
1,677,192	1,550,118	1,587,048	1,482,897	1,477,246	1,405,665
363,810	416,161	405,912	392,247	437,156	415,159
2,365,214	2,205,598	2,338,041	2,124,388	2,388,908	1,812,333
1,377,842	1,728,069	1,269,915	1,465,164	967,603	1,028,979
4,181,338	4,249,632	4,277,452	4,062,384	3,794,055	3,665,867
511,650	478,631	533,597	419,451	403,470	570,894
1,383,627	1,244,206	1,479,792	1,322,125	1,149,527	1,140,125
-	-	-	-	120,826	130,729
420,028	1,000,473	756,772	696,035	478,047	440,500
<u>12,280,701</u>	<u>12,872,888</u>	<u>12,648,529</u>	<u>11,964,691</u>	<u>11,216,838</u>	<u>10,610,251</u>

Jackson County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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

To the Officials of 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, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 17, 2016.

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, we identified certain deficiencies in internal control we consider to be material weaknesses.

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

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 the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2015 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. 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 17, 2016

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) 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.	Auditor, Sheriff and Recorder
(2) Bank accounts are reconciled by an individual who has the ability to write checks and has access to the check signers' signature stamp. A listing of outstanding checks was not retained at the end of the year.	Sheriff
(3) Bank reconciliations are not reviewed periodically by an independent person for propriety.	Sheriff
(4) The County Treasurer's Office does not prepare an initial listing of mail receipts.	Treasurer

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 documented by the signature or initials of the reviewer and the date of the review.

Responses –

Auditor – We've implemented additional procedures to have another person comparing monthly deposits to the money log.

Treasurer – The Treasurer's Office prepares listings of mail receipts on a random basis but will endeavor to prepare the listing more frequently.

Recorder – The Recorder's office is a three person office. The functions listed above are double and triple checked by the 1st and 2nd Deputies. The initial listing function is carried out by the Recorder.

Sheriff – Reconciliations were being done in the accounting software which were not complete. The Sheriff's office will be consulting with the software vendor to come up with a solution to the bank reconciliation issue. Sheriff will review reconciliations on a monthly basis.

Conclusions – Responses accepted.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

- (B) Financial Reporting – During the audit, we identified material amounts of capital assets and accounts payable which were not recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly record these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all capital assets and accounts payable are identified and included in the County’s financial statements.

Response – The County will be more diligent in determining accrual items and identifying capital assets.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted. However, the notices of the budget amendment hearings were not published at least 10 days prior to the hearings as required by Chapters 331.434(2) and 331.435 of the Code of Iowa.

Recommendation – The notice of a budget amendment hearing should be published not less than 10 days or more than 20 days prior to the hearing date.

Response – The County will have more than one person responsible for properly publishing any budget notices.

Conclusion – Response accepted.

- (2) 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.

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

- (4) 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	\$ 41
Mary Stickley, Auditor’s Office Deputy, owns Old Capital Cup Co. Inc.	Custodial and cleaning supplies	3,197
Troy Patzner, Assessor’s Office, Wife owns Patzner’s Pro Shop	Clothing and Uniforms	306
Mary Stickley, Auditor’s Office Deputy, Husband owns Stickley Electric Service	Electrical parts and repair	4,752

The transactions with Old Capital Cup Co. Inc. and Stickley Electric Service may represent conflicts of interest as defined in Chapter 331.342 of the Code of Iowa since the total transactions with each vendor were greater than \$1,500 during the year ended June 30, 2015 and the transactions were not competitively bid.

The remaining transactions do not appear to represent conflicts of interest since the total transactions with each individual 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 Departments do their due diligence to ensure business transactions were done using good business judgment.

Conclusion – Response acknowledged. The County should continue to monitor business transactions which may represent conflicts of interest and obtain bids when required. The County should consult legal counsel to determine the disposition of this matter.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

- (5) 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.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) 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.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) 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, 2015 for the County Extension Office did not exceed the amount budgeted.

- (10) County E-911 Commission Budget Notice of Public Hearing – The County E-911 Commission initially approved the County E-911 Commission budget on February 11, 2014, including holding the public hearing on the budget. However, the notice of budget hearing for the County E-911 Commission was published 5 days prior to the February 11, 2014 meeting. Chapter 24.9 of the Code of Iowa states the notice of hearing must be published at least 10 days before the hearing.

Recommendation - The County E-911 Commission should ensure the notice of hearing is published in the required time frame.

Response – The E911 Commission did publish in one of the newspapers correctly. However, we missed the deadline for publication for the other two newspapers but were not notified of such so the notices were late. The Commission will be more diligent in properly publishing any budget notices.

Conclusion – Response accepted.

- (11) Financial Condition – The Capital Projects Fund had a deficit balance of \$21,249 at June 30, 2015.

Recommendation – The County should investigate alternatives to eliminate this deficit to bring the fund to a sound financial condition.

Response – The County will investigate options to eliminate this deficit.

Conclusion – Response accepted.

Jackson County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager
Darryl J. Brumm, CPA, Senior Auditor II
Kelly L. Hilton, Senior Auditor
Melissa E. Janssen, Staff Auditor
Nathaniel W. Packer, Staff Auditor
Sidot K. Shipley, Assistant Auditor
Joseph B. Sparks, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State