

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

April 2, 2018

Contact: Andy Nielsen
515/ 281-5834

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

The County had local tax revenue of \$31,016,614 for the year ended June 30, 2017, which included \$2,333,140 in tax credits from the state. The County forwarded \$22,688,153 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$8,328,461 of the local tax revenue to finance County operations, a 3.3% increase over the prior year. Other revenues included charges for service of \$1,841,306, operating grants, contributions and restricted interest of \$4,578,515, capital grants, contributions and restricted interest of \$5,140,558, local option sales tax of \$843,615, unrestricted investment earnings of \$128,154, gain on disposition of capital assets of \$53,514 and other general revenues of \$121,168.

Expenses for County operations for the year ended June 30, 2017 totaled \$14,746,332, a 2.9% increase over the prior year. Expenses included \$6,899,628 for roads and transportation, \$2,778,155 for public safety and legal services, \$1,630,562 for administration and \$1,157,102 for mental health.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1710-0053-B00F>.

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JONES COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2017

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Jones County

Officials

(Before January 2017)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Patrick Callahan (Appointed Sep 2015)	Board of Supervisors	Nov 2016
Wayne Manternach	Board of Supervisors	Jan 2017
Joe Oswald	Board of Supervisors	Jan 2017
Ned Rohwedder	Board of Supervisors	Jan 2019
Jon C. Zirkelbach	Board of Supervisors	Jan 2019
Janine Sulzner	County Auditor	Jan 2017
Amy L. Picray	County Treasurer	Jan 2019
Sheri L. Jones (Appointed Aug 2015)	County Recorder	Nov 2018
Greg A. Graver	County Sheriff	Jan 2017
Phil Parsons	County Attorney	Jan 2019
Arnie Andreesen	County Assessor	Jan 2022

(After January 2017)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ned Rohwedder	Board of Supervisors	Jan 2019
Jon C. Zirkelbach	Board of Supervisors	Jan 2019
Lloyd Eaken	Board of Supervisors	Jan 2021
Wayne Manternach	Board of Supervisors	Jan 2021
Joe Oswald	Board of Supervisors	Jan 2021
Janine Sulzner	County Auditor	Jan 2021
Amy L. Picray	County Treasurer	Jan 2019
Sheri L. Jones	County Recorder	Nov 2018
Greg A. Graver	County Sheriff	Jan 2021
Phil Parsons	County Attorney	Jan 2019
Arnie Andreesen	County Assessor	Jan 2022

Jones County



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Independent Auditor's Report

To the Officials of Jones 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 Jones County, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 18 and 52 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jones County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, 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 27, 2018 on our consideration of Jones County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jones County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State

March 27, 2018

Jones County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Jones County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2017, along with comparative data for the year ended June 30, 2016. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2017 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 21.6%, or approximately \$3,739,000, from fiscal year 2016 to fiscal year 2017. Property and other county tax increased approximately \$257,000, operating grants, contributions and restricted interest decreased approximately \$657,000, capital grants, contributions and restricted interest increased approximately \$4,224,000 and charges for service decreased approximately \$127,000.
- Program expenses of the County's governmental activities increased 2.9%, or approximately \$417,000, in fiscal year 2017 compared to fiscal year 2016. Mental health expenses increased approximately \$45,000, or 4.1%, administration expenses decreased approximately \$101,000, or 5.8%, roads and transportation expenses increased approximately \$381,000, or 5.9%, county environment and education expenses decreased approximately \$129,000, or 14.3%, public safety and legal services expenses increased approximately \$187,000, or 7.2%, physical health and social services expenses increased approximately \$30,000, or 4.4%, and non-program expenses increased approximately \$11,000, or 14.5%.
- The County's net position increased 19.8%, or approximately \$6,289,000, from June 30, 2016 to June 30, 2017, primarily due to a significant increase in road infrastructure capital assets and pension related deferred outflows.
- Jones County experienced a moderate increase (7.6%) in taxable valuation for fiscal year 2017 (1-1-15 assessment). Jones County decreased property tax rates for fiscal year 2017 an average of 3.86%, yet generated a 3.57% increase in tax dollars (\$283,478) for County operations. The County reduced the fiscal year 2017 general fund property tax levy rate by \$0.12276 to \$5.40513 per \$1,000 of taxable valuation for fiscal year 2017. The mental health property tax levy rate was decreased \$0.43192 per \$1,000 of taxable valuation to help decrease the fund balance in recognition of the MHDS Fund balance being more than sufficient to meet anticipated expenditures; said decrease is approximately \$400,000 less than the maximum Jones County could levy for MHDS services. The rural services property tax levy rate was decreased by \$0.18247 to set the fiscal 2017 rate at \$2.58042 per \$1,000 of taxable valuation. The implementation of the 1% local option sales tax in 1999 continues to provide a significant amount of property tax relief for the Special Revenue, Rural Services Fund. Jones County included a \$0.38189 Debt Service levy for fiscal year 2017 that generated approximately \$400,000 for capital type improvements.

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 Jones 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 Jones 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 Jones County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

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

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 and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has two kinds of funds:

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

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

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds which account for Emergency Management, E-911 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.

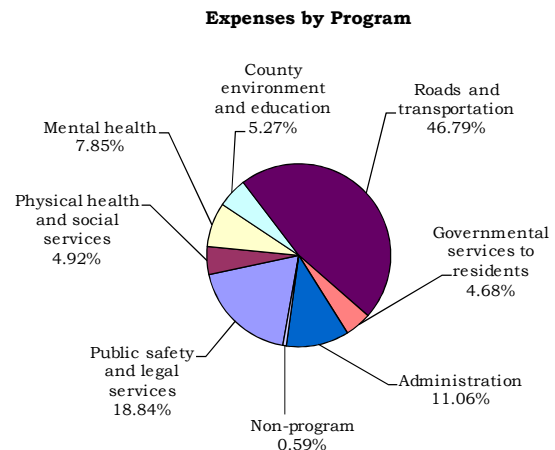
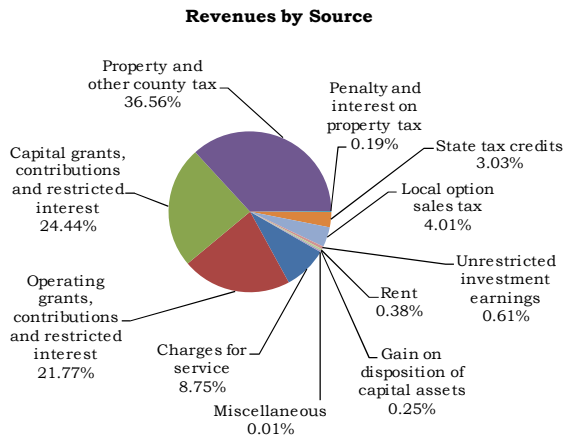
GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Jones County's combined net position at the end of the fiscal year increased from approximately \$31.8 million to approximately \$38.1 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities		
	June 30,	
	2017	2016
Current and other assets	\$ 18,656,530	17,546,673
Capital assets	31,523,309	26,275,503
Total assets	50,179,839	43,822,176
Pension related deferred outflows	1,244,748	585,671
Long-term liabilities	4,246,355	3,300,111
Other liabilities	1,135,060	1,245,048
Total liabilities	5,381,415	4,545,159
Deferred inflows of resources	7,919,815	8,028,290
Net position:		
Net investment in capital assets	31,523,309	26,275,503
Restricted	7,519,328	6,701,422
Unrestricted	(919,280)	(1,142,527)
Total net position	\$ 38,123,357	31,834,398

Net position of Jones County's governmental activities increased \$6,288,959 (\$38,123,357 compared to \$31,834,398). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Next largest is restricted net position, which 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 – is reported at \$(919,280) at June 30, 2017.

Changes in Net Position of Governmental Activities		
	Year ended June 30,	
	2017	2016
Revenues:		
Program revenues:		
Charges for service	\$ 1,841,306	1,968,214
Operating grants, contributions and restricted interest	4,578,515	5,235,771
Capital grants, contributions and restricted interest	5,140,558	916,005
General revenues:		
Property and other county tax	7,690,082	7,432,701
Penalty and interest on property tax	39,598	43,049
State tax credits	638,379	629,409
Local option sales tax	843,615	849,441
Unrestricted investment earnings	128,154	96,750
Rent	79,135	69,562
Gain on disposition of capital assets	53,514	47,902
Miscellaneous	2,435	7,193
Total revenues	21,035,291	17,295,997
Program expenses:		
Public safety and legal services	2,778,155	2,590,927
Physical health and social services	725,997	695,640
Mental health	1,157,102	1,111,858
County environment and education	776,970	906,311
Roads and transportation	6,899,628	6,518,282
Governmental services to residents	690,608	698,249
Administration	1,630,562	1,731,677
Non-program	87,310	76,286
Total expenses	14,746,332	14,329,230
Change in net position	6,288,959	2,966,767
Net position beginning of year	31,834,398	28,867,631
Net position end of year	\$ 38,123,357	31,834,398



INDIVIDUAL MAJOR FUND ANALYSIS

As Jones County completed the year, its governmental funds reported a combined fund balance of approximately \$9.6 million, an increase of approximately \$1.1 million from last year's total of approximately \$8.5 million. The following are the primary reasons for the changes in fund balances of the major funds from the prior year:

The General Fund, the operating fund for Jones County, ended fiscal year 2017 with a fund balance of \$3,733,853. This is an increase of \$753,690 over June 30, 2016. Expenditures decreased \$156,172 while revenues increased \$231,098 from fiscal year 2016. The two most significant expenditure changes were in the governmental services to residents function and the capital projects function.

The governmental services to residents function decreased approximately \$120,000 primarily due to the fiscal year 2016 purchase of new voting equipment with no similar expenditure in fiscal year 2017. The capital projects function decreased approximately \$134,000 primarily due to the completion of the initial phases of the Central Park Lake restoration project in early fiscal year 2017, while more activity and expenditures were incurred for the project in fiscal year 2016.

Property and other county tax increased approximately \$253,000 due to growth in the taxable valuation even though the General Fund levy rate decreased in fiscal 2017. Intergovernmental revenues decreased approximately \$30,000, primarily due to a decrease in grant receipts. Use of money and property increased approximately \$42,000 reflective of investment earnings on the increased fund balance.

The Special Revenue, Mental Health Fund ended fiscal year 2017 with a fund balance of \$1,550,846. The balance decreased \$151,801 from June 30, 2016. Expenditures increased 3.4%, or \$27,156, from fiscal year 2016 and revenues decreased 33.8%, or \$346,076, primarily as a result of the decrease in the tax levy.

The Special Revenue, Rural Services Fund ended fiscal year 2017 with a balance of \$314,355, or \$20,356 more than the June 30, 2016 balance of \$293,999. Property and other county tax decreased \$17,669, or 1% due to a reduction in the levy rate applied to increased valuation. The transfer to the Secondary Roads Fund to support road maintenance and road projects was decreased from \$1,885,000 to \$1,844,000.

The Special Revenue, Secondary Roads Fund ended fiscal year 2017 with a balance of \$3,841,626, an increase of \$414,350 over the June 30, 2016 balance of \$3,427,276. Of the ending balance, \$2,356,959 is unspent local option sales tax designated for future road and bridge projects, per voter approval in 1999, and \$482,533 is the value of materials held in inventory and prepaid expenditures at June 30, 2017. The restricted fund balance within the Special Revenue, Secondary Roads Fund reflects a positive balance of \$3,359,093 on a GAAP basis, 16.3% higher than the June 30, 2016 balance of \$2,888,640. Expenditures decreased \$436,686, or 6.3%. The County decreased its spending for its locally funded road construction activities in fiscal year 2017 by over 80% (\$152,084 compared to \$787,200 in fiscal year 2016), primarily due to construction schedules. Revenues for the Special Revenue, Secondary Roads Fund for fiscal year 2017 reflect a decrease from fiscal year 2016 of \$739,396, primarily in intergovernmental revenues related to road and bridge construction projects. A transfer was added in fiscal year 2017 from the Capital Projects Fund to the Secondary Roads Fund in the amount of \$250,000 to assist with funding for the new Monticello road maintenance shop. In addition, \$161,000 was transferred from the General Fund in fiscal year 2017, bringing the total funds transferred to the Secondary Roads Fund to \$2,255,000.

The Capital Projects Fund, first established in fiscal 2017, ended the year with a fund balance of \$72,052. The balance represented funds reserved for various projects not yet completed. The Capital Projects Fund received funding through a single day loan transaction in June 2017. Capital projects expenditures incurred earlier in the year were funded by permanent and temporary transfers from other funds into the Capital Projects Fund.

The Debt Service Fund, first established in fiscal 2017, ended the year with a fund balance of \$5,817. The balance represents miscellaneous tax receipts in excess of the \$400,000 debt service levy. \$400,000 from the debt service levy was used to service a single day loan obligation with no interest.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds except the Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on a cash basis. Over the course of fiscal year 2017, Jones County amended its budget three times.

The first amendment was made on October 25, 2016 primarily to provide spending authority for a recreational trail project and various capital projects type programs. The total increase in budgeted disbursements (non-transfer) was \$208,483 while the total increase in revenue (non-transfer) was \$40,000 in the intergovernmental revenue category.

The second amendment was made on March 14, 2017 and resulted in changes to budgeted appropriations for every disbursement function and revenue category.

The net total increase in revenue (non-transfer) from the March amendment was \$20,098, with changes in each revenue category. Of significance was a \$93,161 decrease in intergovernmental revenues, primarily reflecting changes to grant related revenues as a result of grant funded project scheduling.

The net total change in budgeted disbursements (non-transfer) reflects a decrease of \$366,059. Of significance was a \$64,788 increase in budgeted public safety and legal services disbursements due to patrol vehicle repairs and staffing changes, and a \$429,104 decrease in budgeted capital projects disbursements, primarily as a result of road construction project schedules. Various other less significant changes in disbursements resulted in a net decrease of \$1,743 in the other eight functions. Nearly all departments reflected some level of change in spending authority and/or revenue adjustments with this budget amendment.

The final amendment was made on May 30, 2017 and resulted in a net increase in budgeted expenditures (non-transfer) of \$109,690, with minor changes to nearly every expenditure category. While the changes to the individual categories were relatively small, they were needed to meet spending needs for county operations.

The net total increase in revenue (non-transfer) from the May amendment was \$73,239, with a \$63,865 increase in intergovernmental revenues.

The following should be noted when comparing the County's cash basis final amended budget to the cash basis operating statement:

The County's actual receipts were \$76,819 less than the final amended budget, a variance of less than 1%. The May 2017 amendment allowed the county to minimize significant variances in budgeted to actual revenues.

Total disbursements were \$657,287 less than the final amended budget, a 4% variance. Actual disbursements for the public safety and legal services, physical health and social services, mental health, roads and transportation, governmental services to residents, administration, and debt service functions were all within 10% of the final amended budget. Disbursements for the nonprogram function were \$16,982, or 16%, below budget, primarily due to unexpended pass through grant program budgeted disbursements. Disbursements for the capital projects program function were \$277,096, or 37%, below budget, primarily due to road construction scheduling and facility projects being moved into fiscal 2018. Disbursements for the county environment and education function were \$116,097, or 11%, below budget, primarily due to scheduling of activities for the MonMaq Dam and Wapsipinicon Trail projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, Jones County had \$31,523,309 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of \$5,247,806, or 20%, over last year, primarily from Secondary Roads Department projects.

<u>Capital Assets of Governmental Activities at Year End</u>		
	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Land	\$ 3,777,440	3,616,710
Intangibles, road network	898,870	
Construction/intangibles in progress	341,419	447,607
Buildings	2,202,740	1,798,581
Improvements other than buildings	132,732	144,797
Equipment and vehicles	3,885,799	3,307,825
Intangibles, other	114,964	133,286
Infrastructure	20,169,345	16,826,697
Total	<u>\$ 31,523,309</u>	<u>26,275,503</u>
This year's major additions included:		
Infrastructure, road network	\$	3,948,252
Monticello Shop		376,406
JD 772GP Motor Grader		299,950
Mack truck		200,244
Total		<u>\$ 4,824,852</u>

The County had depreciation/amortization expense of \$1,435,919 in fiscal year 2017 and total accumulated depreciation/amortization of \$11,940,764 at June 30, 2017.

The County budgets roadway construction and conservation land acquisition and major development costs in the capital projects function. Historically, Jones County had not budgeted other capital projects disbursements in the capital projects function, but rather budgeted for those items in the function and fund where those items would be used. In fiscal 2017 the county implemented a Capital Projects Fund and began using the capital projects function where appropriate.

Nearly all of the County's conservation recreational area improvements and property acquisitions were reimbursed with grants and donations.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2017, Jones County had no general obligation long-term debt outstanding. Information about the County's long-term liabilities is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Jones County's elected and appointed officials considered many factors when setting the fiscal year 2018 budget, tax rates and the fees charged for various County activities. The primary factors considered were the increase in taxable valuations, changes in funding for mental health services and the Board's desire to invest in county facility upgrades and keep the tax levy rate relatively stable.

Jones County's total taxable valuation for the fiscal year 2018 budget increased 2.6%. By class of property, the County's agricultural valuation increased 3%, residential valuation rose 3%, commercial valuation reflects a 4% increase and industrial valuation reflects an increase of less than 1%. The multi-residential valuation decreased by 4%, primarily reflective of an adjustment in the state ordered rollback. New residential construction in Jones County increased during 2015 for the January 1, 2017 assessment to become taxable in fiscal 2018. Jones County's agricultural land values continue to comprise 33% of Jones County's taxable valuation, while residential values continue to comprise 38% of the total.

The fiscal year 2018 General Fund budget reflects a tax increase of \$594,412 and is projected to produce an unrestricted fund balance on June 30, 2018 of 29.5% of total general operating disbursements (total fund balance of 31.7% of total disbursements). The tax increase of \$594,412 was generated by applying the prior year's (fiscal year 2017) general basic tax levy rate of \$3.50 per \$1,000 to the new valuation and adding a \$500,000 unusual needs levy for the Central Park Lake Restoration Project (for local matching funds), and decreasing the general supplemental tax levy rate by \$0.04785 to more closely match revenues to expenditures. The total General Fund fiscal year 2018 budgeted disbursements (including transfers out) are \$2,798,086 more than the fiscal year 2017 original budget. The General Fund fiscal year 2018 budget reflects less than a 1% increase in employee wages and benefits, with overall disbursements projected to increase by 36.4%, primarily due to the Central Park Lake Restoration, MonMaq Dam, and Wapsipinicon Trail projects. The collective bargaining agreement covering wages to be paid in fiscal year 2018 calls for a 3% wage increase for employees in the bargaining unit. A variety of wage increase rates were granted to non-union employees. The Board reduced by 25% the salary increases recommended by the Compensation Board for the elected officials. Budgeted non-tax General Fund receipts are projected to increase \$1,320,644, primarily due to intergovernmental grant reimbursements for the Central Park Lake Restoration, MonMaq Dam, and Wapsipinicon Trail projects.

The fiscal year 2018 Special Revenue, Mental Health Fund levy was eliminated for fiscal 2018. Jones County could have levied up to \$883,021 pursuant to statute (reduced to \$747,300 by Senate File 504 adopted after the county budget was adopted). Beginning in fiscal year 2015, Jones County joined with eight other counties to form a 28E mental health region, as required by mental health redesign legislation. Mental health property tax dollars and other resources will be pooled to provide uniform services to clients in the nine-county region. The 28E agreement was amended to provide that each county provide an equal per capita amount of funding to the region. For Jones County, the requested fiscal year 2018 funding is less than Jones County's maximum allowable mental health property tax levy. Jones County's Mental Health Fund balance is sufficient to meet nearly two years of funding to the region based on the currently adopted per capita funding method. The elimination of the levy in fiscal 2018 will help to decrease the fund balance. The Board will carefully re-evaluate the status of the mental health fund, fiscal obligations to the region, and current legislation, prior to establishing a levy for fiscal 2019.

The budget for the Special Revenue, Rural Services Fund for fiscal year 2018 reflects a tax increase of \$156,036. The tax increase represents the Board's desire to keep revenues in this fund close to proposed disbursements and transfers out. The transfer to the Secondary Road Fund increased \$76,000 in the fiscal year 2018 budget to help fund Secondary Road expenditures.

The Special Revenue, Secondary Roads Fund budget for fiscal year 2018 reflects an increase of \$347,380 in road maintenance disbursements to \$6,397,380, as well as a \$750,000 increase in the roadway construction budget from the originally budgeted fiscal year 2017 level of \$850,000 to \$1,600,000 in fiscal year 2018. The County is increasing the amount of funds spent on locally funded construction projects, as well as replacing outdated and worn equipment and updating secondary road facilities, for fiscal year 2018. This will result in the projected balance in the fund to decrease \$306,000 from the re-estimated fiscal year 2017. The actual ending fund balance is historically considerably higher than initially projected. Design and construction schedules, as well as a re-evaluation of funding sources and projected fund balances, are always considered prior to proceeding with certain road and bridge projects and equipment purchases.

In fiscal year 2018, the Board of Supervisors took steps to initiate for a second year, a debt service levy for essential county purposes. The levy was implemented to take advantage of savings from the elimination of the mental health levy, which are partially offset by the addition of the \$500,000 unusual needs levy in the General Fund. By balancing the various levy adjustments, the Board was able to keep the total tax increase to a 1.9% overall increase (\$156,000) and still decrease total levy rates. The funds generated from the debt service levy will be used to provide facility capital improvements including improvements to the courthouse steps and sidewalks, lighting upgrades, public safety communication equipment and computer systems, heating and air conditioning equipment at the Broadway Place Annex, upgrades at the Sheriff's storage garage and assist with funding construction of a new Secondary Road maintenance shop near Wyoming. The funds will also be used to provide the local match for federal transportation funds for new JETS transit vans. It is anticipated 100% of the funds borrowed for these projects will be fully paid back by the end of fiscal year 2018 with the debt service levy.

The overall fiscal year 2018 budget reflects a nearly seven cent (\$0.06884/\$1,000) decrease in the countywide levy rate and a nearly two cent (\$0.01987/\$1,000) increase in the rural services rate. The combination of the countywide rate and rural rate generates nearly a total five cent (\$0.04897/\$1,000) total levy rate decrease on rural properties. The adopted budget generates a 1.48% increase (\$94,412) in total tax dollars to be levied to support the budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Jones County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Jones County Auditor's Office, 500 W. Main Street, Anamosa, Iowa 52205.

Basic Financial Statements

Jones County
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 9,603,751
Receivables:	
Property tax:	
Delinquent	4,940
Succeeding year	7,785,000
Interest and penalty on property tax	18,889
Accounts	5,958
Accrued interest	4,921
Special assessments	4,284
Due from other governments	746,254
Inventories	459,925
Prepaid expense	22,608
Capital assets, net of accumulated depreciation/amortization	31,523,309
Total assets	50,179,839
Deferred Outflows of Resources	
Pension related deferred outflows	1,244,748
Liabilities	
Accounts payable	773,345
Salaries and benefits payable	341,071
Due to other governments	20,644
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	167,354
Portion due or payable after one year:	
Compensated absences	204,344
Net pension liability	3,797,057
Net OPEB liability	77,600
Total liabilities	5,381,415
Deferred Inflows of Resources	
Unavailable property tax revenue	7,785,000
Pension related deferred inflows	134,815
Total deferred inflows of resources	7,919,815
Net Position	
Net investment in capital assets	31,523,309
Restricted for:	
Supplemental levy purposes	1,088,111
Mental health purposes	1,533,532
Rural services purposes	323,774
Secondary roads purposes	3,700,710
Debt service	6,045
Capital projects	72,052
Other purposes	795,104
Unrestricted	(919,280)
Total net position	\$ 38,123,357

See notes to financial statements.

Jones County
Statement of Activities
Year ended June 30, 2017

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,778,155	341,245	22,911	-	(2,413,999)
Physical health and social services	725,997	250,163	200,313	-	(275,521)
Mental health	1,157,102	186,203	312,169	-	(658,730)
County environment and education	776,970	33,347	11,017	364,918	(367,688)
Roads and transportation	6,899,628	508,514	3,958,671	4,668,048	2,235,605
Governmental services to residents	690,608	391,609	-	-	(298,999)
Administration	1,630,562	122,048	1,785	-	(1,506,729)
Non-program	87,310	8,177	71,649	107,592	100,108
Total	\$ 14,746,332	1,841,306	4,578,515	5,140,558	(3,185,953)
General Revenues:					
Property and other county tax levied for general purposes					
General purposes				\$ 7,317,405	
Debt service				372,677	
Penalty and interest on property tax				39,598	
State tax credits				638,379	
Local option sales tax				843,615	
Unrestricted investment earnings				128,154	
Rent				79,135	
Gain on disposition of capital assets				53,514	
Miscellaneous				2,435	
Total general revenues				9,474,912	
Change in net position					6,288,959
Net position beginning of year					31,834,398
Net position end of year					\$ 38,123,357

See notes to financial statements.

Jones County
Balance Sheet
Governmental Funds

June 30, 2017

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 3,960,586	1,512,684	281,212
Receivables:			
Property tax:			
Delinquent	4,940	-	-
Succeeding year	5,661,000	-	1,768,000
Interest and penalty on property tax	17,696	-	954
Accounts	5,923	-	-
Accrued interest	4,921	-	-
Special assessments	4,284	-	-
Due from other funds	-	-	-
Due from other governments	149,000	44,733	44,765
Inventories	-	-	-
Prepaid expenditures	-	-	-
Total assets	\$ 9,808,350	1,557,417	2,094,931
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 123,106	552	73
Salaries and benefits payable	227,633	6,019	1,607
Due to other funds	4,628	-	-
Due to other governments	12,326	-	-
Total liabilities	367,693	6,571	1,680
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	5,661,000	-	1,768,000
Other	45,804	-	10,896
Total deferred inflows of resources	5,706,804	-	1,778,896
Fund balances:			
Nonspendable:			
Inventories and prepaid expenditures	-	-	-
Restricted for:			
Supplemental levy purposes	1,096,403	-	-
Mental health purposes	-	1,550,846	-
Rural services purposes	-	-	314,355
Secondary roads purposes	-	-	-
Conservation land acquisition/capital improvements	87,954	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	576,114	-	-
Committed for:			
County facility capital projects/purposes	119,224	-	-
Central Park Lake project	40,000	-	-
Voting equipment replacement	20,000	-	-
Aerial tax mapping update project	19,000	-	-
GIS projects	6,000	-	-
Unassigned	1,769,158	-	-
Total fund balances	3,733,853	1,550,846	314,355
Total liabilities, deferred inflows of resources and fund balances	\$ 9,808,350	1,557,417	2,094,931

See notes to financial statements.

<u>Revenue</u>				
<u>Secondary Roads</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
3,634,151	78,041	5,807	131,270	9,603,751
-	-	-	-	4,940
-	-	356,000	-	7,785,000
-	-	239	-	18,889
35	-	-	-	5,958
-	-	-	-	4,921
-	-	-	-	4,284
4,628	-	-	-	4,628
507,756	-	-	-	746,254
459,925	-	-	-	459,925
22,608	-	-	-	22,608
4,629,103	78,041	362,046	131,270	18,661,158
643,393	5,989	-	232	773,345
105,812	-	-	-	341,071
-	-	-	-	4,628
8,318	-	-	-	20,644
757,523	5,989	-	232	1,139,688
-	-	356,000	-	7,785,000
29,954	-	229	-	86,883
29,954	-	356,229	-	7,871,883
482,533	-	-	-	482,533
-	-	-	-	1,096,403
-	-	-	-	1,550,846
-	-	-	-	314,355
3,359,093	-	-	-	3,359,093
-	-	-	-	87,954
-	-	5,817	-	5,817
-	72,052	-	-	72,052
-	-	-	131,038	707,152
-	-	-	-	119,224
-	-	-	-	40,000
-	-	-	-	20,000
-	-	-	-	19,000
-	-	-	-	6,000
-	-	-	-	1,769,158
3,841,626	72,052	5,817	131,038	9,649,587
4,629,103	78,041	362,046	131,270	18,661,158

Jones County

Jones County

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

June 30, 2017

Total governmental fund balances (page 23) \$ 9,649,587

***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 reposted in the governmental funds. The cost of assets is \$43,464,073 and the accumulated depreciation is \$11,940,764. 31,523,309

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. 86,883

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	\$ 1,244,748	
Deferred inflows of resources	<u>(134,815)</u>	1,109,933

Long-term liabilities, including 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. (4,246,355)

Net position of governmental activities (page 20) \$ 38,123,357

See notes to financial statements.

Jones County

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

Year ended June 30, 2017

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 5,137,657	450,815	1,732,019
Local option sales tax	-	-	214,351
Interest and penalty on property tax	40,000	-	-
Intergovernmental	2,142,320	212,526	117,209
Licenses and permits	45,882	-	-
Charges for service	616,456	13,674	6,850
Use of money and property	214,538	-	2
Miscellaneous	292,092	-	-
Total revenues	<u>8,488,945</u>	<u>677,015</u>	<u>2,070,431</u>
Expenditures:			
Operating:			
Public safety and legal services	2,745,593	-	-
Physical health and social services	722,072	-	-
Mental health	328,614	828,816	-
County environment and education	748,439	-	200,111
Roads and transportation	464,141	-	-
Governmental services to residents	668,038	-	5,964
Administration	1,707,156	-	-
Non-program	93,130	-	-
Debt service	-	-	-
Capital projects	2,195	-	-
Total expenditures	<u>7,479,378</u>	<u>828,816</u>	<u>206,075</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,009,567</u>	<u>(151,801)</u>	<u>1,864,356</u>
Other financing sources (uses):			
Proceeds long term debt	-	-	-
Transfers in	77,140	-	-
Transfers out	(333,017)	-	(1,844,000)
Total other financing sources (uses)	<u>(255,877)</u>	<u>-</u>	<u>(1,844,000)</u>
Change in fund balances	753,690	(151,801)	20,356
Fund balances beginning of year	<u>2,980,163</u>	<u>1,702,647</u>	<u>293,999</u>
Fund balances end of year	<u>\$ 3,733,853</u>	<u>1,550,846</u>	<u>314,355</u>

See notes to financial statements.

Revenue				
Secondary Roads	Capital Projects	Debt Service	Nonmajor	Total
-	-	372,660	-	7,693,151
643,052	-	-	-	857,403
-	-	-	-	40,000
3,928,885	-	33,140	16,352	6,450,432
5,204	-	-	-	51,086
203	-	-	3,762	640,945
-	-	-	225	214,765
106,281	-	-	38,781	437,154
4,683,625	-	405,800	59,120	16,384,936
-	-	-	6,783	2,752,376
-	-	-	-	722,072
-	-	-	-	1,157,430
-	-	-	42	948,592
6,372,191	-	-	-	6,836,332
-	-	-	3,710	677,712
-	-	-	-	1,707,156
-	-	-	-	93,130
-	-	400,000	-	400,000
152,084	199,808	-	-	354,087
6,524,275	199,808	400,000	10,535	15,648,887
(1,840,650)	(199,808)	5,800	48,585	736,049
-	400,000	-	-	400,000
2,255,000	172,000	17	-	2,504,157
-	(300,140)	-	(27,000)	(2,504,157)
2,255,000	271,860	17	(27,000)	400,000
414,350	72,052	5,817	21,585	1,136,049
3,427,276	-	-	109,453	8,513,538
3,841,626	72,052	5,817	131,038	9,649,587

Jones County

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

Year ended June 30, 2017

Change in fund balances - Total governmental funds (page 27) \$ 1,136,049

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

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

Expenditures for capital assets	\$ 1,962,163	
Capital assets contributed by the Iowa Department of Transportation	4,668,048	
Depreciation/amortization expense	<u>(1,435,919)</u>	5,194,292

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.

53,514

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	(3,069)	
Other	<u>(68,135)</u>	(71,204)

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.

480,073

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	(23,905)	
Other postemployment benefits	(5,600)	
Pension expense	<u>(474,260)</u>	<u>(503,765)</u>

Change in net position of governmental activities (page 21)

\$ 6,288,959

See notes to financial statements.

Jones County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 9,127,860
Other County officials	5,306
Receivables:	
Property tax:	
Delinquent	15,575
Succeeding year	20,662,000
Accounts	82,705
Accrued interest	5,664
Special assessments	71,491
Due from other governments	62,602
Prepaid expenses	1,457
Capital assets, net of accumulated depreciation	784,649
Total assets	30,819,309

Liabilities

Accounts payable	1,517,479
Salaries and benefits payable	25,949
Due to other governments	28,202,421
Trusts payable	5,306
Compensated absences	33,630
Estimated liability for landfill closure and posclosure care	1,034,524
Total liabilities	30,819,309

Net position	\$ -
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See notes to financial statements.

Jones County

Jones County

Notes to Financial Statements

June 30, 2017

(1) Summary of Significant Accounting Policies

Jones 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, Jones 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.

Blended Component Unit – The following component unit is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, the same as the County. It is reported as part of the County and blended into the appropriate fund.

The Friends of Jones County Conservation and Nature Center has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Jones County Conservation Board. These donations are to be used to purchase items not included in the County's budget. The financial transactions of the Foundation are reported as a nonmajor special revenue fund.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Jones County Assessor's Conference Board, Jones County Emergency Management Commission, Jones County Solid Waste Commission and Jones County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County. Condensed financial statements for the Jones County Solid Waste Commission are included in Note 13 to the financial statements.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Multi-County Cooperative Child Support Agreement, East Central Iowa Employment and Training Consortium, Medical Emergency Response Group, Eastern Iowa Regional Housing Authority, Eastern Iowa Regional Utility Service Systems Commission, Jones County Crime Commission, Jones County Economic Development Commission, Jones County Communications Commission and East Central Iowa Mental Health Region.

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization.

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated 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.

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

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

Additionally, the County reports the following funds:

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

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

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

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

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

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

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

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

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

Cash, 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 non-negotiable certificates of deposit which are stated at amortized cost.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

Due from 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, 2017, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	50,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	25 - 50
Building improvements	25 - 50
Infrastructure	10 - 65
Intangibles	2 - 65
Equipment	3 - 20
Vehicles	5 - 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense, the unamortized portion of the net difference between projected and actual earnings on pension plan assets 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 and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected with 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 items not yet credited to pension expense.

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

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

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

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

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

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

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

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Secondary Roads	General	\$ 4,628

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.

(4) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Capital Projects	\$ 50,140
	Friends of Jones County Conservation	27,000
Special Revenue: Secondary Roads	General	161,000
	Special Revenue: Rural Services	1,844,000
	Capital Projects	250,000
Capital Projects	General	172,000
Debt Service	General	17
Total		\$ 2,504,157

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 3,616,710	160,731	-	3,777,441
Intangibles, road network	-	898,870	-	898,870
Construction in progress, road network	-	4,847,122	4,847,122	-
Construction in progress	447,607	509,594	615,784	341,417
Total capital assets not being depreciated/amortized	4,064,317	6,416,317	5,462,906	5,017,728
Capital assets being depreciated/amortized:				
Buildings	3,338,284	499,971	-	3,838,255
Improvements other than buildings	241,331	-	-	241,331
Equipment and vehicles	9,086,754	1,307,477	360,711	10,033,520
Intangibles	151,607	-	-	151,607
Infrastructure, road network	19,445,020	3,948,252	-	23,393,272
Infrastructure, other	788,360	-	-	788,360
Total capital assets being depreciated/amortized	33,051,356	5,755,700	360,711	38,446,345
Less accumulated depreciation/amortization for:				
Buildings	1,539,703	95,810	-	1,635,513
Improvements other than buildings	96,534	12,067	-	108,601
Equipment and vehicles	5,778,929	704,115	335,325	6,147,719
Intangibles, other	18,321	18,321	-	36,642
Infrastructure, road network	3,300,884	589,839	-	3,890,723
Infrastructure, other	105,799	15,767	-	121,566
Total accumulated depreciation/amortization	10,840,170	1,435,919	335,325	11,940,764
Total capital assets being depreciated/amortized, net	22,211,186	4,319,781	25,386	26,505,581
Governmental activities capital assets, net	\$ 26,275,503	10,736,098	5,488,292	31,523,309

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Public safety and legal services	\$	141,308
Physical health and social services		313
County environment and education		64,563
Roads and transportation		1,121,677
Governmental services to residents		10,180
Administration		96,374
Nonprogram		1,504
Total depreciation/amortization expense - governmental activities	\$	<u>1,435,919</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2017 is as follows:

Fund	Description	Amount
General	Services	\$ 12,326
Special Revenue:		
Secondary Roads	Services and materials	<u>8,318</u>
Total for governmental funds		<u>\$ 20,644</u>
Agency:		
County Offices	Collections	\$ 3
Agricultural Extension Education	Collections	220,576
County Assessor	Collections	1,203,898
Schools	Collections	13,699,362
Community Colleges	Collections	1,115,428
Corporations	Collections	5,005,428
Townships	Collections	289,535
Auto License and Use Tax	Collections	509,919
Jones County Solid Waste		
Management Commission	Collections and services	1,972,439
MHDS - ECR	Collections	3,730,725
All other	Collections	<u>455,108</u>
Total for agency funds		<u>\$ 28,202,421</u>

(7) Prepaid Rental Agreement

In November 1999, the County entered into a 28E agreement with the Iowa Department of Transportation for the cooperative construction of transportation maintenance facilities to store and maintain transportation related equipment, materials and supplies. The property is owned by the Iowa Department of Transportation. The agreement is for twenty-five years and is renewable for an additional twenty-five years. The County is responsible for a portion of the operational costs and future improvements.

The County has elected to amortize prepaid expenses of \$80,743 over 25 years. At June 30, 2017 the unamortized prepaid expense balance was \$22,608.

(8) Changes in Long-Term Liabilities

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

	General Obligation Notes	Compensated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year	\$ -	347,793	2,880,318	72,000	3,300,111
Increases	400,000	344,570	916,739	18,600	1,679,909
Decreases	400,000	320,665	-	13,000	733,665
Balance end of year	\$ -	371,698	3,797,057	77,600	4,246,355
Due within one year	\$ -	167,354	-	-	167,354

General Obligation Notes

On March 8, 2016, the County adopted a resolution anticipating the future authorization of a general obligation loan agreement and providing for the levy of taxes to pay the principal of a general obligation loan. On June 13, 2017, the County issued a \$400,000, no interest, general obligation note to Citizens Bank for the purpose of paying the costs of various County improvements. The County paid the \$400,000 general obligation note in full on June 13, 2017.

(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, PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

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

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

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

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

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

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

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

The County's contributions to IPERS for the year ended June 30, 2017 totaled \$480,073.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the County reported a liability of \$3,797,057 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the County's proportion was 0.060335%, which was an increase of 0.002035% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017 the County recognized pension expense of \$474,260. At June 30, 2017 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,512	73,823
Changes of assumptions	54,399	13,969
Net difference between projected and actual earnings on IPERS' investments	672,295	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	6,469	47,023
County contributions subsequent to the measurement date	480,073	-
Total	\$ 1,244,748	134,815

\$480,073 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2017	\$ 55,489
2018	55,489
2019	332,776
2020	191,114
2021	(5,008)
Total	\$ 629,860

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	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 (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$ 6,631,753	3,797,057	1,406,623

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

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

(10) Risk Management

The County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) 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 98 active and 3 retired members in the plan. Retired participants must be age 55 or older at retirement, except retired sheriffs or deputies may be age 50 or older if the sheriff or deputy has 22 years of service or more.

The medical/prescription drug benefits are provided through a fully insured medical plan with Wellmark. 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.

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 that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2017 the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 19,700
Interest on net OPEB obligation	3,300
Adjustment to annual required contribution	<u>(4,400)</u>
Annual OPEB cost	18,600
Contributions made	<u>(13,000)</u>
Increase in net OPEB obligation	5,600
Net OPEB obligation beginning of year	<u>72,000</u>
Net OPEB obligation end of year	<u>\$ 77,600</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, 2017.

For the year ended June 30, 2017, the County contributed \$13,000 to the medical plan. The plan member eligible for benefits contributed \$26,100, or 67% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 13,500	63.0%	\$ 64,000
2016	18,700	57.2	72,000
2017	18,600	69.9	77,600

Funded Status and Funding Progress – As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$134,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$134,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,291,000 and the ratio of the UAAL to covered payroll was 2.53%. As of June 30, 2017, there were no trust fund assets.

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

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

As of the July 1, 2015 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 5%. The ultimate medical trend rate is 5%. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the RP-2014 Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the Actuary's Pension Handbook and applying the termination factors using the scale T-8 and T-11 tables.

Projected claim costs of the medical plan are \$975 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(12) Tax Abatements

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

Tax Abatements of Other Entities

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Anamosa	Urban renewal and economic development projects	\$ 13,610
City of Monticello	Urban renewal and economic development projects	\$ 28,684

(13) Jointly Governed Organization

The County participates in the Jones County Solid Waste Management Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Agency Funds because of the County's fiduciary relationship with the organization. The following condensed financial statements are for the year ended June 30, 2017.

<u>Condensed Statement of Net Position</u>	
Assets	
Current assets:	
Cash, cash equivalents and investments	\$ 960,025
Receivables:	
Accounts and other	66,483
Due from other governments	6,247
Prepaid items	1,457
Total current assets	<u>1,034,212</u>
Noncurrent assets:	
Restricted certificates of deposit	1,233,109
Capital assets, net of accumulated depreciation	784,649
Total noncurrent assets	<u>2,017,758</u>
Total assets	<u>3,051,970</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>27,027</u>
Liabilities	
Current liabilities:	
Accounts payable	27,107
Salaries and benefits payable	7,977
Due to other governments	25,887
Compensated absences payable	9,923
Total current liabilities	<u>70,894</u>
Non-current liabilities:	
Estimated liability for landfill closure and postclosure care	1,034,524
Net pension liability	92,065
Total non-current liabilities	<u>1,126,589</u>
Total liabilities	<u>1,197,483</u>
Deferred Inflows of Resources	
Pension related deferred inflows	<u>3,360</u>
Net position	
Net investment in capital assets	784,649
Restricted for closure and postclosure care	198,585
Unrestricted	894,920
Total net position	<u>\$ 1,878,154</u>

<u>Condensed Statement of Revenues, Expenses and Changes in Net Position</u>	
Operating revenues:	
Assessments	\$ 93,501
Gate fees	624,904
Other operating revenues	<u>16,850</u>
Total operating revenues	<u>735,255</u>
Operating expenses:	
Salaries and benefits	155,319
Solid waste hauling and disposal	464,438
Other operating expenses	<u>159,446</u>
Total operating expenses	<u>779,203</u>
Operating loss	(43,948)
Non-operating revenues:	
Interest income	26,907
Gain on sale of capital assets	<u>12,000</u>
Total non-operating revenues	<u>38,907</u>
Change in net position	(5,041)
Net position beginning of year	<u>1,883,195</u>
Net position end of year	<u>\$ 1,878,154</u>

<u>Condensed Statement of Cash Flows</u>	
Net cash used by operating activities	\$ (65,341)
Net cash used by financing activities	(94,035)
Net cash provided by investing activities	<u>189,002</u>
Net increase in cash and cash equivalents	29,626
Cash and cash equivalents beginning of year	<u>75,272</u>
Cash and cash equivalents end of year	<u>\$ 104,898</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (43,948)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	28,149
Closure and postclosure care	(34,223)
Other changes in assets and liabilities	<u>(15,319)</u>
Total adjustments	<u>(21,393)</u>
Net cash used by operating activities	<u>\$ (65,341)</u>

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Commission have been estimated at \$1,016,400 for closure as of June 30, 2017 and the portion of the liability that has been recognized is \$1,016,400. During the year ended June 30, 2009, the Commission stopped accepting waste at the landfill and began transferring waste to Milan, Illinois.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun accumulating resources to fund these costs and, at June 30, 2017, assets of \$1,214,372 are restricted for these purposes. They are reported as restricted certificates of deposit in the condensed Statement of Net Position.

The total closure costs for the Commission's transfer station have been estimated at \$18,124 as of June 30, 2017 and the portion of the liability that has been recognized is \$18,124. The Commission has begun accumulating resources to fund these costs and, at June 30, 2017, assets of \$18,737 are restricted for these purposes. They are reported as restricted certificates of deposit in the condensed Statement of Net Position.

(14) Pending Litigation and Contingent Liabilities

The County is subject to pending litigation seeking damages. The amount and probability of loss, if any, is not determinable.

(15) Jones County Financial Information Included in the Mental Health/Disability Services of the East Central Region (MHDS-ECR)

MHDS-ECR, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective October 7, 2013, includes the following member counties: Benton County, Bremer County, Buchanan County, Delaware County, Dubuque County, Iowa County, Jones County, Johnson County and Linn County. The financial activity of Jones County's Special Revenue, Mental Health Fund is included in the MHDS-ECR for the year ended June 30, 2017, as follows:

Revenues:		
Property and other county tax		\$ 450,815
Intergovernmental:		
State tax credits	\$ 39,375	
Distribution from regional fiscal agent	<u>173,151</u>	212,526
Charges for service		<u>13,674</u>
Total revenues		<u>677,015</u>
Expenditures:		
Services to persons with mental illness		68,557
General administration:		
Direct administration	103,071	
Distribution to regional fiscal agent	<u>657,188</u>	<u>760,259</u>
Total expenditures		<u>828,816</u>
Excess of expenditures over revenues		(151,801)
Fund balance beginning of year		<u>1,702,647</u>
Fund balance end of year		<u>\$ 1,550,846</u>

(16) New Accounting Pronouncement

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

(17) Prospective Accounting Change

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

Required Supplementary Information

Jones County

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

Required Supplementary Information

Year ended June 30, 2017

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 8,509,513	-	8,509,513
Interest and penalty on property tax	40,316	-	40,316
Intergovernmental	6,576,624	-	6,576,624
Licenses and permits	51,029	-	51,029
Charges for service	639,669	-	639,669
Use of money and property	214,432	-	214,432
Miscellaneous	451,296	31,759	419,537
Total receipts	16,482,879	31,759	16,451,120
Disbursements:			
Public safety and legal services	2,689,688	-	2,689,688
Physical health and social services	718,514	-	718,514
Mental health	1,159,909	-	1,159,909
County environment and education	977,923	42	977,881
Roads and transportation	6,810,165	-	6,810,165
Governmental services to residents	674,896	-	674,896
Administration	1,714,323	-	1,714,323
Non-program	90,775	-	90,775
Debt service	400,000	-	400,000
Capital projects	469,151	-	469,151
Total disbursements	15,705,344	42	15,705,302
Excess (deficiency) of receipts over (under) disbursements	777,535	31,717	745,818
Other financing sources, net	404,256	(27,000)	431,256
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,181,791	4,717	1,177,074
Balance beginning of year	8,421,960	-	8,421,960
Balance end of year	\$ 9,603,751	4,717	9,599,034

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
8,555,540	8,551,883	(42,370)
44,500	42,900	(2,584)
6,622,074	6,632,778	(56,154)
72,622	64,778	(13,749)
603,430	624,638	15,031
162,752	199,361	15,071
342,584	411,601	7,936
<u>16,403,502</u>	<u>16,527,939</u>	<u>(76,819)</u>
2,611,781	2,695,995	6,307
772,672	765,696	47,182
1,286,307	1,269,627	109,718
996,603	1,093,978	116,097
6,492,164	6,811,508	1,343
683,396	691,493	16,597
1,729,242	1,775,466	61,143
103,810	107,757	16,982
412,500	404,822	4,822
1,322,000	746,247	277,096
<u>16,410,475</u>	<u>16,362,589</u>	<u>657,287</u>
(6,973)	165,350	580,468
400,000	408,900	22,356
393,027	574,250	602,824
<u>7,011,620</u>	<u>8,390,508</u>	<u>31,452</u>
<u>7,404,647</u>	<u>8,964,758</u>	<u>634,276</u>

Jones County

Jones County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2017

	Governmental Funds		
	Cash	Accrual	Modified
	Basis	Adjustments	Accrual
			Basis
Revenues	\$ 16,482,879	(97,943)	16,384,936
Expenditures	15,705,344	(56,457)	15,648,887
Net	777,535	(41,486)	736,049
Other financing sources, net	404,256	(4,256)	400,000
Beginning fund balances	8,421,960	91,578	8,513,538
Ending fund balances	\$ 9,603,751	45,836	9,649,587

See accompanying independent auditor's report.

Jones County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2017

The 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, the Internal Service Fund 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, the Debt Service Fund 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 decreased budgeted disbursements by \$47,886. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2017, disbursements did not exceed that amount budgeted by function.

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 E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission. During the year ended June 30, 2017, disbursements exceeded the amount budgeted prior to approval of the budget amendment for the Emergency Management Commission.

Jones County

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

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

Required Supplementary Information

	2017	2016	2015
County's proportion of the net pension liability	0.060335%	0.058300%	0.056897%
County's proportionate share of the net pension liability	\$ 3,797	2,880	2,256
County's covered-employee payroll	\$ 5,003	4,827	4,699
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	75.89%	59.66%	48.01%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

Jones County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 480	455	440	429
Contributions in relation to the statutorily required contribution	<u>(480)</u>	<u>(455)</u>	<u>(440)</u>	<u>(429)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 5,291	5,003	4,827	4,699
Contributions as a percentage of covered-employee payroll	9.07%	9.09%	9.12%	9.13%

See accompanying independent auditor's report.

2013	2012	2011	2010	2009	2008
407	389	323	296	282	252
(407)	(389)	(323)	(296)	(282)	(252)
-	-	-	-	-	-
4,568	4,637	4,367	4,290	4,281	4,024
8.91%	8.39%	7.40%	6.90%	6.59%	6.26%

Jones County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2017

Changes of benefit terms:

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

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

Changes of assumptions:

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

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

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

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

Jones 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)
2011	July 1, 2009	-	\$ 163	163	0.00%	\$ 3,775	4.30%
2012	July 1, 2009	-	163	163	0.00	3,992	4.10
2013	July 1, 2012	-	120	120	0.00	3,972	3.01
2014	July 1, 2012	-	120	120	0.00	4,109	3.00
2015	July 1, 2012	-	120	120	0.00	4,194	3.00
2016	July 1, 2015	-	134	134	0.00	4,309	3.10
2017	July 1, 2015	-	134	134	0.00	5,291	2.53

See Note 11 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.

Jones County

Supplementary Information

Jones County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2017

		Special
	County Recorder's Records Management	Special Law Enforcement Proceeds
Assets		
Cash and pooled investments	\$ 22,812	1,632
Liabilities and Fund Balances		
Liabilities:		
Accounts	\$ -	-
Fund balances:		
Restricted for other purposes	22,812	1,632
Total liabilities and fund balances	\$ 22,812	1,632

See accompanying independent auditor's report.

Revenue

Law Enforcement Canine	Resource Enhancement and Protection	Drug Abuse Resistance Education	Friends of Jones County Conservation	Total
11,250	90,505	354	4,717	131,270
232	-	-	-	232
11,018	90,505	354	4,717	131,038
11,250	90,505	354	4,717	131,270

Jones County

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

Year ended June 30, 2017

	<u>Special</u>		
	County Recorder's Records Management	Special Law Enforcement Proceeds	Law Enforcement Canine
Revenues:			
Intergovernmental	\$ -	-	-
Charges for service	3,762	-	-
Use of money and property	12	-	-
Miscellaneous	-	-	6,903
Total revenues	<u>3,774</u>	-	<u>6,903</u>
Expenditures:			
Operating:			
Public safety and legal services	-	494	5,872
County environment and education	-	-	-
Governmental services to residents	3,710	-	-
Total expenditures	<u>3,710</u>	494	<u>5,872</u>
Other financing sources:			
Transfers out	-	-	-
Change in fund balances	64	(494)	1,031
Fund balances beginning of year	<u>22,748</u>	<u>2,126</u>	<u>9,987</u>
Fund balances end of year	<u>\$ 22,812</u>	<u>1,632</u>	<u>11,018</u>

See accompanying independent auditor's report.

<u>Revenue</u>				
Resource				
Enhancement and Protection	Drug Abuse Resistance Education	Friends of Jones County Conservation		Total
16,352	-	-		16,352
-	-	-		3,762
213	-	-		225
-	119	31,759		38,781
<u>16,565</u>	<u>119</u>	<u>31,759</u>		<u>59,120</u>
-	417	-		6,783
-	-	42		42
-	-	-		3,710
-	417	42		10,535
-	-	(27,000)		(27,000)
16,565	(298)	4,717		21,585
73,940	652	-		109,453
<u>90,505</u>	<u>354</u>	<u>4,717</u>		<u>131,038</u>

Jones County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,432	721,423	159,115	11,694
Other County officials	5,306	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	144	354	9,247	734
Succeeding year	-	218,000	534,000	13,531,000	1,103,000
Accounts	3	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	-
Total assets	\$ 5,309	220,576	1,255,777	13,699,362	1,115,428
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	22,115	-	-
Salaries and benefits payable	-	-	13,498	-	-
Due to other governments	3	220,576	1,203,898	13,699,362	1,115,428
Trusts payable	5,306	-	-	-	-
Compensated absences	-	-	16,266	-	-
Estimated liability for landfill closure and posclosure care	-	-	-	-	-
Total liabilities	\$ 5,309	220,576	1,255,777	13,699,362	1,115,428

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Solid Waste Management Commission	MHDS-ECR	Other	Total
42,493	3,381	509,919	2,193,134	5,167,804	316,465	9,127,860
-	-	-	-	-	-	5,306
4,935	154	-	-	-	7	15,575
4,958,000	286,000	-	-	-	32,000	20,662,000
-	-	-	61,395	7,406	13,901	82,705
-	-	-	5,088	522	54	5,664
-	-	-	-	-	71,491	71,491
-	-	-	6,247	21,528	34,827	62,602
-	-	-	1,457	-	-	1,457
-	-	-	784,649	-	-	784,649
<u>5,005,428</u>	<u>289,535</u>	<u>509,919</u>	<u>3,051,970</u>	<u>5,197,260</u>	<u>468,745</u>	<u>30,819,309</u>
-	-	-	27,107	1,466,535	1,722	1,517,479
-	-	-	7,977	-	4,474	25,949
5,005,428	289,535	509,919	1,972,439	3,730,725	455,108	28,202,421
-	-	-	-	-	-	5,306
-	-	-	9,923	-	7,441	33,630
-	-	-	1,034,524	-	-	1,034,524
<u>5,005,428</u>	<u>289,535</u>	<u>509,919</u>	<u>3,051,970</u>	<u>5,197,260</u>	<u>468,745</u>	<u>30,819,309</u>

Jones County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2017

Assets and Liabilities	County	Agricultural	County		Community
	Offices	Extension Education	Assessor	Schools	Colleges
Balances beginning of year	\$ 15,187	213,579	1,039,893	13,785,114	1,028,696
Additions:					
Property and other county tax	-	222,650	543,664	13,796,049	1,123,543
E-911 surcharges	-	-	-	-	-
State tax credits	-	15,733	35,868	1,019,641	76,177
Office fees and collections	406,457	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	301,065	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	707,522	238,383	579,532	14,815,690	1,199,720
Deductions:					
Agency remittances:					
To other funds	207,567	-	-	-	-
To other governments	197,998	231,386	363,648	14,901,442	1,112,988
Trusts paid out	311,835	-	-	-	-
Total deductions	717,400	231,386	363,648	14,901,442	1,112,988
Balances end of year	\$ 5,309	220,576	1,255,777	13,699,362	1,115,428

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Solid Waste Management Commission	MHDS-ECR	Other	Total
4,950,466	275,405	490,465	3,094,781	3,947,807	545,006	29,386,399
4,984,059	291,510	-	-	-	31,917	20,993,392
-	-	-	-	-	69,782	69,782
528,103	17,001	-	-	-	2,238	1,694,761
-	-	-	-	-	-	406,457
-	-	6,317,949	-	-	262	6,318,211
-	-	-	-	-	16,729	16,729
-	-	-	-	-	-	301,065
-	-	-	759,560	19,049,362	434,340	20,243,262
5,512,162	308,511	6,317,949	759,560	19,049,362	555,268	50,043,659
-	-	265,918	-	-	-	473,485
5,457,200	294,381	6,032,577	802,371	17,799,909	631,529	47,825,429
-	-	-	-	-	-	311,835
5,457,200	294,381	6,298,495	802,371	17,799,909	631,529	48,610,749
5,005,428	289,535	509,919	3,051,970	5,197,260	468,745	30,819,309

Jones County

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

For the Last Ten Years

	2017	2016	2015	Modified 2014
Revenues:				
Property and other county tax	\$ 7,693,151	7,434,518	7,280,962	7,072,449
Local option sales tax	857,403	832,518	917,239	799,323
Interest and penalty on property tax	40,000	42,938	42,982	45,618
Intergovernmental	6,450,432	7,192,925	6,661,282	5,915,710
Licenses and permits	51,086	70,810	73,594	57,568
Charges for service	640,945	637,180	581,223	559,166
Use of money and property	214,765	172,370	197,919	194,765
Miscellaneous	437,154	454,828	436,108	605,283
Total	<u>\$ 16,384,936</u>	<u>16,838,087</u>	<u>16,191,309</u>	<u>15,249,882</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,752,376	2,722,911	2,537,685	2,437,181
Physical health and social services	722,072	702,077	696,151	670,071
Mental health	1,157,430	1,115,440	1,035,751	1,118,618
County environment and education	948,592	923,276	886,991	760,787
Roads and transportation	6,836,332	6,600,997	6,158,379	5,969,549
Governmental services to residents	677,712	796,892	619,073	595,338
Administration	1,707,156	1,758,826	1,806,532	1,600,204
Non-program	93,130	89,655	420,735	488,353
Debt service	400,000	-	-	-
Capital projects	354,087	923,830	764,868	995,249
Total	<u>\$ 15,648,887</u>	<u>15,633,904</u>	<u>14,926,165</u>	<u>14,635,350</u>

See accompanying independent auditor's report.

Accrual Basis					
2013	2012	2011	2010	2009	2008
6,811,736	6,201,839	5,823,796	5,560,528	5,142,689	5,039,929
858,480	776,241	817,836	763,075	753,271	745,100
45,497	45,878	43,251	45,386	40,303	51,273
5,117,782	6,983,623	6,152,216	7,294,072	6,663,391	5,459,916
56,841	71,408	63,011	64,694	58,847	63,133
595,182	563,242	569,839	539,851	553,916	529,861
169,640	180,357	216,425	255,423	257,293	370,789
773,992	449,883	427,913	372,901	445,307	355,767
<u>14,429,150</u>	<u>15,272,471</u>	<u>14,114,287</u>	<u>14,895,930</u>	<u>13,915,017</u>	<u>12,615,768</u>
2,415,219	2,259,095	2,134,638	2,067,063	2,093,055	1,926,539
705,651	705,535	758,680	766,459	690,390	649,771
1,105,325	2,747,884	2,341,471	2,125,968	2,357,861	2,405,752
822,763	1,403,336	938,442	1,708,968	951,581	843,139
5,462,477	5,488,545	5,534,155	4,925,870	5,013,318	5,181,336
604,835	608,099	540,325	570,903	551,949	516,672
1,523,341	1,586,149	1,359,275	1,593,790	1,364,766	1,168,905
683,283	28,885	34,171	82,726	135,130	100,033
-	-	167,265	60,902	29,243	41,126
185,357	888,496	44,369	1,460,545	815,014	1,036,367
<u>13,508,251</u>	<u>15,716,024</u>	<u>13,852,791</u>	<u>15,363,194</u>	<u>14,002,307</u>	<u>13,869,640</u>

Jones County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

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 Jones 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 Jones County, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 27, 2018.

Internal Control Over Financial Reporting

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

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

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 deficiency described in the accompanying Schedule of Findings as item (A) to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (B) to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jones 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 which 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, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Jones County's Responses to the Findings

Jones County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Jones 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 Jones County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State

March 27, 2018

Jones County
Schedule of Findings
Year ended June 30, 2017

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregations of Duties

Criteria – During our review of internal controls, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. The following were identified for which no compensating controls exist:

Condition –

County Recorder – Responsibilities for the collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash. In addition, the responsibility for signing checks is not segregated from the responsibility for handling petty cash/change funds, approving disbursements and recording cash receipts.

County Extension Office – Generally, one or two individuals in the County Extension Office may have control over collecting, depositing and reconciling receipts. Bank reconciliations are not prepared by an independent person.

Transfer Station – Generally, one individual has control over account billings, collections, deposit preparation and reconciliation functions.

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

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

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Current personnel, including elected officials and personnel from other County offices, should be utilized to provide additional control through review of financial transactions and reconciliations. 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.

Jones County
Schedule of Findings
Year ended June 30, 2017

Responses –

County Recorder – Checkbook reconciliation is now reviewed by independent personnel. It is difficult to gain assistance from external offices. Also, we hired a third employee to be part time due to the activity in the office.

County Extension Office – Our office has hired a bookkeeper who receives all accounting records from our office and also receives the bank statement to process bank reconciliations. Extension Council members review financial transactions and bank reconciliations processed by our outsourced bookkeeper at monthly council meetings. The County Director is responsible for providing approved financial reports/documents presented to Extension Council members.

Transfer Station – We will review our operating procedures to obtain the maximum internal control possible. The accounts receivable reconciliation is presented monthly and approved at the Commission meetings.

Conclusions – Responses accepted.

(B) Disaster Recovery Plan

Criteria – Properly designed policies and procedures pertaining to control activities over the County’s implementation of the policies and procedures help provide reasonable assurance financial information is safeguarded and reliable, regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Condition – A documented disaster recovery plan for processing critical jobs in the event of a major hardware or software failure or temporary or permanent destruction of the Courthouse has not been developed. The County has not developed a disaster recovery plan which provides for a backup site, procedures to be followed to prepare the site for equipment and identifies staff responsibilities.

Cause – Management has not required a written policy for offsite storage for back-up records.

Effect – The failure to have a formal disaster recovery plan could result in the County’s inability to function in the event of a disaster or continue County business without interruption. Storing back-up records off-site helps ensure financial and other information is readily available in the case of a disaster or emergency.

Recommendation – The County should ensure a disaster recovery plan is developed and documented which includes the previously mentioned items.

Jones County

Schedule of Findings

Year ended June 30, 2017

Response – The County will continue to work with department heads and other key personnel to develop a disaster recovery plan which will address continuation of government operations and procedures in the event of a major hardware or software failure, or the temporary or permanent destruction of the Courthouse. The County will continue to work on development of the plan until it addresses the anticipated needs of the County.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted

Jones County
Schedule of Findings
Year ended June 30, 2017

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2017 did not exceed the amounts budgeted by function.
- (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 – The following business transactions between the County and County officials or employees were noted:

Vendor and County Connection	Transaction Description	Amount
K Sulzner Construction Spouse of County Auditor	Truck rental	\$ 253
WM Burger Son works for County Engineer	Land survey	1,767
Keith Dirks Auto Body Owned by Father of Sheriff’s Secretary	Auto repair	21,570
Sam’s Septic Owned by a Secondary Roads employee	Septic system test	150
Tin Roof LLC Owned by a County Board member	Veteran’s rent assistance	250

The transactions with K Sulzner Construction, Sam’s Septic and Tin Roof LLC, do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since the total transactions with each were less than \$1,500 during the fiscal year.

The transactions with WM Burger and Keith Dirks Auto Body do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(d) since the respective employees are not directly affected as a result of the transactions and their duties of employment do not directly involve procurement or preparation of any part of the transactions.

- (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 Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.

Jones County

Schedule of Findings

Year ended June 30, 2017

- (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, 2017 for the County Extension Office did not exceed the amount budgeted.

- (10) Financial Assurance – The Jones County Solid Waste Management Commission has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

Total estimated costs for closure and postclosure care	<u>\$ 1,034,524</u>
Amount the Commission has restricted and reserved for closure and postclosure care at June 30, 2017	<u>\$ 1,233,109</u>

- (11) Emergency Management Budget – Disbursements during the year ended June 30, 2017 exceeded the amount budgeted prior to approval of the budget amendment.

Recommendation – The budget should have been amended by the Emergency Management Commission in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The Jones County Emergency Management Agency budget was over expended for two weeks in May 2017 due to the timing of the final payment for a new Emergency Operations Center (EOC) trailer. In the future we will more closely monitor our budget and amend the budget prior to authorizing expenditures in excess of our adopted budget.

Conclusion – Response accepted.

Jones County

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager
Joseph B. Sparks, Senior Auditor
Chris M. Anderson, Staff Auditor
Alex W. Case, Staff Auditor
Justin D. Jones, Assistant Auditor
Madeline W. Petellin, Assistant Auditor
Rachel E. Sigmon, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State