



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

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**NEWS RELEASE**

FOR RELEASE

August 15, 2019

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released an audit report on Jackson County, Iowa.

The County had local tax revenue of \$30,660,144 for the year ended June 30, 2018, which included \$2,681,349 in tax credits from the state. The County forwarded \$23,563,624 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,096,520 of the local tax revenue to finance County operations, a 1.3% decrease from the prior year. Other revenues included charges for service of \$1,291,788, operating grants, contributions and restricted interest of \$4,427,232, capital grants, contributions and restricted interest of \$2,285,471, local option sales tax of \$935,079, unrestricted investment earnings of \$114,506, rent of \$194,945, gain on disposition of capital assets of \$145,456 and other general revenues of \$117,138.

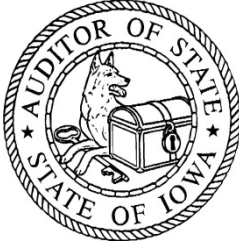
Expenses for County operations for the year ended June 30, 2018 totaled \$14,560,042, a 1.2% decrease from the prior year. Expenses included \$6,838,918 for roads and transportation, \$2,385,323 for public safety and legal services and \$1,946,559 for county environment and education.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

###

**JACKSON COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2018**

**Jackson County**



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June 24, 2019

Officials of Jackson County  
Maquoketa, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Jackson County for the year ended June 30, 2018. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Jackson County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand  
Auditor of State

## Table of Contents

		<u>Page</u>
Officials		4
Independent Auditor’s Report		5-7
Management’s Discussion and Analysis		9-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20-21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	26
Proprietary Fund Financial Statements:		
Statement of Net Position	G	27
Statement of Revenues, Expenses and Changes in Fund Net Position	H	28
Statement of Cash Flows	I	29
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	30
Notes to Financial Statements		31-52
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		54-55
Budget to GAAP Reconciliation		57
Notes to Required Supplementary Information – Budgetary Reporting		58
Schedule of the County’s Proportionate Share of the Net Pension Liability		59
Schedule of County Contributions		60-61
Notes to Required Supplementary Information – Pension Liability		62
Schedule of Changes in the County’s Total OPEB Liability, Related Ratios and Notes		63
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	66-67
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	68-69
Internal Service Funds:		
Combining Schedule of Net Position	3	71
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	4	72
Combining Schedule of Cash Flows	5	73
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	6	74-75
Combining Schedule of Changes in Fiduciary Assets and Liabilities	7	76-77
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	8	78-79

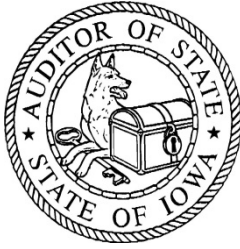
Table of Contents (continued)

	<u>Page</u>
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 <u>Government Auditing Standards</u>	81-82
Schedule of Findings	83-88
Staff	89

**Jackson County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Larry McDevitt	Board of Supervisors	Jan 2019
John J. Willey	Board of Supervisors	Jan 2019
Mike Steines	Board of Supervisors	Jan 2021
Brian Moore	County Auditor	Jan 2021
Nancy Roling	County Treasurer	Jan 2019
Arlene Schauf	County Recorder	Jan 2019
Russell Kettmann	County Sheriff	Jan 2021
Sara Davenport	County Attorney	Jan 2019
Lee Karabin	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Jackson County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jackson County, Iowa, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jackson County as of June 30, 2018, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Emphasis of a Matter

As discussed in Note 17 to the financial statements, Jackson County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 9 through 15 and 54 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

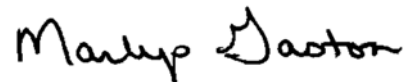
### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2019 on our consideration of Jackson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Jackson County's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA  
Deputy Auditor of State

June 24, 2019

**Jackson County**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Jackson County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2018 FINANCIAL HIGHLIGHTS**

- The County implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities was restated by \$646,510 to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- Revenues of the County's governmental activities decreased 2.6%, or approximately \$447,000, from fiscal year 2017 to fiscal year 2018. Capital grants, contributions and restricted interest decreased approximately \$427,000, charges for service increased approximately \$200,000, operating grants, contributions and restricted interest decreased approximately \$119,000 and property and other county tax decreased approximately \$71,000.
- Program expenses of the County's governmental activities were 1.2%, or approximately \$173,000, less in fiscal year 2018 than in fiscal year 2017. Mental health expenses decreased approximately \$776,000, roads and transportation expenses increased approximately \$512,000, and county environment and education increased approximately \$164,000.
- The County's net position at June 30, 2018 increased 4.1%, or approximately \$2,048,000, over the restated June 30, 2017 balance.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

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

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

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

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

- 2) Proprietary funds account for the County’s Internal Service Funds for employee self-funded health and dental plans. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County’s various functions.

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

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

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Prior to restatement, Jackson County’s combined net position of governmental activities increased from approximately \$50.6 million to approximately \$52.0 million. The analysis that follows focuses on the changes in the net position of governmental activities.

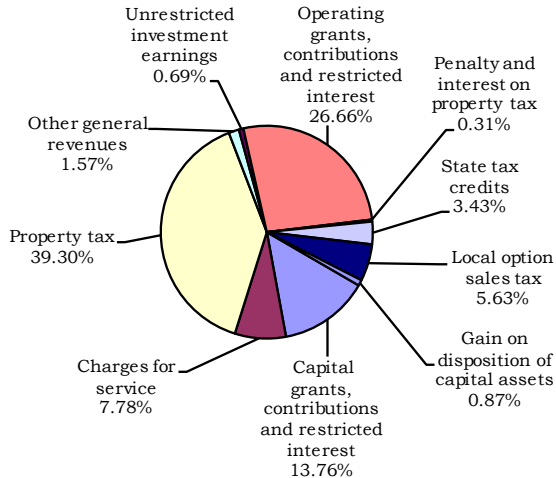
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2018	2017 (Not Restated)
Current and other assets	17,999	17,044
Capital assets	45,176	43,936
Total assets	63,175	60,980
Deferred outflows of resources	1,437	1,184
Long-term liabilities	5,413	4,345
Other liabilities	463	645
Total liabilities	5,876	4,990
Deferred inflows of resources	6,694	6,533
Net position:		
Net investment in capital assets	45,176	43,936
Restricted	8,493	7,943
Unrestricted	(1,627)	(1,238)
Total net position	\$ 52,042	50,641

Before restatement, net position of Jackson County’s governmental activities increased 2.8% (approximately \$52.0 million compared to approximately \$50.6 million). The largest portion of the County’s net position is net investment in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment). Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from a deficit of approximately \$1,238,000 at June 30, 2017 to a deficit of approximately \$1,627,000 at the end of this year, a decrease of 31.4%. The decrease in the net position is largely due to recording the net pension and total OPEB liability.

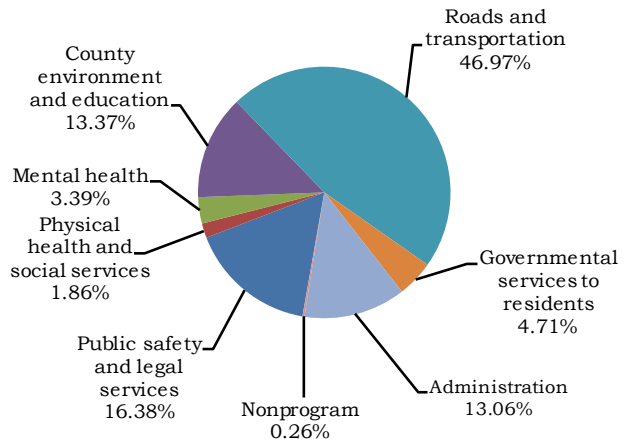
Changes in Net Position of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2018	2017 (Not Restated)
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,292	1,092
Operating grants, contributions and restricted interest	4,427	4,546
Capital grants, contributions and restricted interest	2,285	2,712
<b>General revenues:</b>		
Property tax	6,527	6,598
Penalty and interest on property tax	51	55
State tax credits	570	595
Local option sales tax	935	907
Unrestricted investment earnings	115	27
Gain on disposition of capital assets	145	229
Other general revenues	261	294
<b>Total revenues</b>	<b>16,608</b>	<b>17,055</b>
<b>Program expenses:</b>		
Public safety and legal services	2,385	2,342
Physical health and social services	271	272
Mental health	493	1,269
County environment and education	1,947	1,783
Roads and transportation	6,839	6,327
Governmental services to residents	686	828
Administration	1,901	1,899
Nonprogram	38	13
<b>Total expenses</b>	<b>14,560</b>	<b>14,733</b>
<b>Change in net position</b>	<b>2,048</b>	<b>2,322</b>
<b>Net position beginning of year, as restated</b>	<b>49,994</b>	<b>48,319</b>
<b>Net position end of year</b>	<b>\$ 52,042</b>	<b>50,641</b>

**Revenues by Source**



**Expenses by Program**



Revenues for governmental activities decreased approximately \$447,000 from the prior year, with capital grants, contributions and restricted interest down approximately \$427,000 or 15.7% from the prior year.

The County's property tax rates for fiscal year 2018 were slightly lower than the prior fiscal year, at \$7.977 per \$1,000 of taxable valuation compared to \$8.257 per \$1,000 of taxable valuation in fiscal year 2017. The County lowered the property tax rate to 7.388 per \$1,000 of taxable valuation in the fiscal year 2020 budget and property tax revenue is budgeted to increase approximately \$113,000 next year.

The cost of all governmental activities this year was approximately \$14.6 million compared to approximately \$14.7 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$6,556,000, because some of the cost was paid by those who directly benefited from the programs (approximately \$1,292,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$6,712,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2018 from approximately \$8,350,000 to approximately \$8,004,000, principally due to lower capital grants and contributions revenue during fiscal year 2018.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Jackson County completed the year, its governmental funds reported a combined fund balance of approximately \$10,035,000, an increase of approximately \$799,000 above last year's total of approximately \$9,236,000. The increase in fund balance is primarily attributable to increased county tax and intergovernmental revenues and decreased mental health and case management expenses. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased \$305,882 and expenditures decreased \$734,575. The ending fund balance increased \$817,768 over the prior year to \$3,279,973. Revenues increased primarily due to an increase in property values resulting in an increase in property tax and grants received for conservation improvements. Expenditures decreased primarily due to reduced capital improvements in conservation and the elimination of case management.
- The County has continued to look for ways to effectively manage the cost of mental health services. For fiscal year 2018, revenues totaled \$639,108, a decrease of 25.7% from the prior year. Expenditures totaled \$443,198, a decrease of 53.2% from the prior year due to a significant decrease in the amount paid over to the region fiscal agent. The Special Revenue, Mental Health Fund balance at year end increased \$195,910 over the prior year to \$820,112.
- The Special Revenue, Rural Services Fund ended fiscal year 2018 with a \$881,172 balance compared to the prior year ending balance of \$786,141. Revenues increased \$66,821 over the prior year with much of the increase coming from property and other county tax. Expenditures totaled \$1,041,105, which was a \$55,397 increase over the prior year.
- Special Revenue, Secondary Roads Fund revenues increased \$193,075 and expenditures increased \$799,884 during fiscal year 2018. The increase in revenues is primarily due to an increase in intergovernmental revenues and local options sales tax in fiscal year 2018. The Secondary Roads Fund ended fiscal year 2018 with a \$3,465,377 balance compared to the prior year ending balance of \$3,598,441.
- The Special Revenue, Jackson County Revolving Loan Fund ended fiscal year 2018 with a \$1,131,418 balance compared to the prior year ending balance of \$1,315,437. The decrease in fund balance is due to the Jackson County Revolving Loan Fund receiving less in loan repayments than new loans issued during fiscal year 2018.



## BUDGETARY HIGHLIGHTS

Over the course of the year, Jackson County amended its budget three times. The first amendment was made in September 2017 and resulted in increases in budgeted disbursements related primarily to the capital projects and roads and transportation. The second amendment was in February 2018 and resulted in increases in budgeted disbursements related primarily to county environment and education, capital projects, and administration and a decrease related to mental health. The final budget amendment was made in May 2018 and resulted in an increase in budgeted disbursements primarily related to the roads and transportation function.

The County's receipts were \$226,224 more than budgeted, a 1.6% variance. Property and other county tax, interest and penalty on property tax, and charges for service revenues were higher than budgeted while intergovernmental receipts were slightly lower than budgeted.

Total disbursements were \$1,698,636 less than the amended budget. Actual disbursements for the roads and transportation, mental health and county environment and education functions were \$367,432, \$317,296 and \$459,225, respectively, less than budgeted. Disbursements for certain roads and transportation projects were less than anticipated at June 30, 2018. Mental health disbursements were under budget due to less payments to the region fiscal agent. County environment and education function disbursements were lower than budgeted due to fewer revolving loan fund disbursements than expected.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2018, Jackson County had approximately \$45.2 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$1,240,000, or 2.8%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2018	2017
Land	\$ 3,440	3,440
Intangibles	1,836	1,836
Construction in progress	340	605
Buildings and improvements	1,934	1,625
Equipment and vehicles	3,486	3,278
Infrastructure	34,140	33,152
Total	\$ 45,176	43,936

The County had depreciation expense of \$1,834,418 in fiscal year 2018 and total accumulated depreciation of \$28,027,589 at June 30, 2018.

The County's fiscal year 2019 capital budget included \$1,116,858 for capital projects, principally for conservation development and for continued upgrading of secondary roads and bridges. The County has no plans to issue additional debt to finance these projects. Rather, the County will use resources on hand in the County's fund balance. More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

## **Long-Term Debt**

At June 30, 2018, Jackson County had no outstanding long-term debt.

The County does not carry a general obligation bond rating assigned by national rating agencies since it has not issued any general obligation bonds for a number of years. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Jackson County's general obligation constitutional debt limit is approximately \$93 million.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Jackson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2019 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.3% versus 3.1% a year ago. This compares with the State's unemployment rate of 2.5% and the national rate of 4.0%.

These indicators were taken into account when adopting the budget for fiscal year 2019. Amounts available for appropriation in the operating budget are approximately \$14.4 million, which equals the final fiscal year 2018 budget. Property tax is expected to increase and intergovernmental receipts are expected to be lower. The approximate \$15.2 million of budgeted disbursements is less than the final fiscal year 2018 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of fiscal year 2019.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Jackson County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Alisa Smith at the Jackson County Auditor's Office, by mail at 201 West Platt, Maquoketa, Iowa 52060 or by phone at (563) 652-3144.

**Jackson County**

## **Basic Financial Statements**

Jackson County  
Statement of Net Position  
June 30, 2018

	Governmental Activities
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 9,550,354
Receivables:	
Property tax:	
Delinquent	8,475
Succeeding year	6,522,000
Interest and penalty on property tax	863
Accounts	16,108
Accrued interest	11,286
Revolving loans	857,549
Due from other governments	480,037
Inventories	416,644
Prepaid insurance	135,759
Capital assets, net of accumulated depreciation	45,175,945
<b>Total assets</b>	<b>63,175,020</b>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	1,299,297
OPEB related deferred outflows	138,128
<b>Total deferred outflows of resources</b>	<b>1,437,425</b>
<b>Liabilities</b>	
Accounts payable	245,357
Salaries and benefits payable	210,594
Due to other governments	7,236
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	237,687
Portion due or payable after one year:	
Compensated absences	108,590
Net pension liability	3,696,491
Total OPEB Liability	1,370,064
<b>Total liabilities</b>	<b>5,876,019</b>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	6,522,000
Pension related deferred inflows	167,266
OPEB related deferred inflows	4,850
<b>Total deferred inflows of resources</b>	<b>6,694,116</b>
<b>Net Position</b>	
Net investment in capital assets	45,175,945
Restricted for:	
Supplemental levy purposes	721,715
Mental health purposes	812,312
Rural services purposes	835,578
Secondary roads purposes	3,341,819
Revolving loans	1,988,967
Other purposes	793,079
Unrestricted	(1,627,105)
<b>Total net position</b>	<b>\$ 52,042,310</b>

See notes to financial statements.

Jackson County

Statement of Activities

Year ended June 30, 2018

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 2,385,323	118,479	183,898	-	(2,082,946)
Physical health and social services	270,719	19,486	124,785	-	(126,448)
Mental health	492,558	4,937	77,412	-	(410,209)
County environment and education	1,946,559	505,132	42,422	451,861	(947,144)
Roads and transportation	6,838,918	80,366	3,998,715	1,833,610	(926,227)
Governmental services to residents	686,530	396,810	-	-	(289,720)
Administration	1,901,078	166,578	-	-	(1,734,500)
Nonprogram	38,357	-	-	-	(38,357)
Total	\$ 14,560,042	1,291,788	4,427,232	2,285,471	(6,555,551)
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					6,526,806
Penalty and interest on property tax					51,179
State tax credits					569,714
Local option sales tax					935,079
Unrestricted investment earnings					114,506
Gain on disposition of capital assets					145,456
Rent					194,945
Miscellaneous					65,959
Total general revenues					8,603,644
Change in net position					2,048,093
Net position beginning of year, as restated					49,994,217
Net position end of year					\$ 52,042,310

See notes to financial statements.

Jackson County  
Balance Sheet  
Governmental Funds

June 30, 2018

	Special		
	General	Mental Health	Rural Services
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 3,499,985	876,104	878,387
Receivables:			
Property tax:			
Delinquent	8,475	-	-
Succeeding year	4,536,000	-	1,986,000
Interest and penalty on property tax	429	-	434
Accounts	13,615	142	-
Accrued interest	10,894	-	-
Revolving loans	-	-	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
Due from other governments	20,370	-	35,932
Inventories	-	-	-
Prepaid insurance	109,939	-	-
<b>Total assets</b>	<b>\$ 8,199,707</b>	<b>876,246</b>	<b>2,900,753</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	156,480	51,862	7,846
Salaries and benefits payable	103,074	2,690	25,322
Due to other funds	72	-	-
Due to other governments	5,464	1,582	-
Advances from other funds	110,027	-	-
Total liabilities	375,117	56,134	33,168
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,536,000	-	1,986,000
Other	8,617	-	413
Total deferred inflows of resources	4,544,617	-	1,986,413
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	109,939	-	-
Restricted for:			
Supplemental levy purposes	637,540	-	-
Mental health purposes	-	820,112	-
Rural services purposes	-	-	881,172
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	235,664	-	-
Capital projects	-	-	-
Jackson County revolving loans	-	-	-
Other purposes	102,261	-	-
Assigned for:			
Jackson County Farm	411,293	-	-
Attorney collection incentive	41,638	-	-
Community drill	8,643	-	-
Other purposes	136,457	-	-
Unassigned	1,596,538	-	-
Total fund balances	3,279,973	820,112	881,172
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,199,707</b>	<b>876,246</b>	<b>2,900,753</b>

See notes to financial statements.

Revenue			
Secondary Roads	Jackson County Revolving Loan	Nonmajor	Total
2,711,363	1,021,391	451,147	9,438,377
-	-	-	8,475
-	-	-	6,522,000
-	-	-	863
111	-	2,240	16,108
-	-	192	11,086
-	857,549	-	857,549
72	-	-	72
-	110,027	-	110,027
417,391	-	6,344	480,037
416,644	-	-	416,644
25,820	-	-	135,759
<b>3,571,401</b>	<b>1,988,967</b>	<b>459,923</b>	<b>17,996,997</b>
28,972	-	197	245,357
76,862	-	2,646	210,594
-	-	-	72
190	-	-	7,236
-	-	-	110,027
<b>106,024</b>	<b>-</b>	<b>2,843</b>	<b>573,286</b>
-	-	-	6,522,000
-	857,549	-	866,579
-	857,549	-	7,388,579
416,644	-	-	416,644
25,820	-	-	135,759
-	-	-	637,540
-	-	-	820,112
-	-	-	881,172
3,022,913	-	-	3,022,913
-	-	129,502	129,502
-	-	-	235,664
-	-	101,975	101,975
-	1,131,418	-	1,131,418
-	-	225,603	327,864
-	-	-	411,293
-	-	-	41,638
-	-	-	8,643
-	-	-	136,457
-	-	-	1,596,538
<b>3,465,377</b>	<b>1,131,418</b>	<b>457,080</b>	<b>10,035,132</b>
<b>3,571,401</b>	<b>1,988,967</b>	<b>459,923</b>	<b>17,996,997</b>



**Jackson County**

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

June 30, 2018

**Total governmental fund balances (page 21)** \$ 10,035,132

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$73,203,534 and the accumulated depreciation is \$28,027,589. 45,175,945

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. 866,579

The Internal Service Funds are used by management to charge the costs of partial self-funding of the County's health and dental plans to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. 112,177

Pension and OPEB 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	\$ 1,437,425	
Deferred inflows of resources	<u>(172,116)</u>	1,265,309

Long-term liabilities including compensated absences payable, net pension liability and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. (5,412,832)

**Net position of governmental activities (page 18)** \$ 52,042,310

See notes to financial statements.

Jackson County

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

Year ended June 30, 2018

	General	Special	
		Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 4,166,204	556,355	1,804,657
Local option sales tax	-	-	233,769
Interest and penalty on property tax	51,778	-	-
Intergovernmental	790,668	77,816	118,974
Licenses and permits	5,680	-	9,000
Charges for service	665,987	-	600
Use of money and property	305,424	-	-
Miscellaneous	326,930	4,937	1,232
<b>Total revenues</b>	<b>6,312,671</b>	<b>639,108</b>	<b>2,168,232</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	1,625,416	-	711,653
Physical health and social services	81,563	-	-
Mental health	44,316	443,198	-
County environment and education	933,043	-	326,037
Roads and transportation	-	-	-
Governmental services to residents	657,949	-	3,415
Administration	1,870,824	-	-
Capital projects	265,342	-	-
<b>Total expenditures</b>	<b>5,478,453</b>	<b>443,198</b>	<b>1,041,105</b>
Excess (deficiency) of revenues over (under) expenditures	834,218	195,910	1,127,127
<b>Other financing sources (uses):</b>			
Transfers in	82,096	-	-
Transfers out	(98,547)	-	(1,032,096)
<b>Total other financing sources (uses)</b>	<b>(16,451)</b>	<b>-</b>	<b>(1,032,096)</b>
Change in fund balances	817,767	195,910	95,031
Fund balances beginning of year	2,462,206	624,202	786,141
Fund balances end of year	\$ 3,279,973	820,112	881,172

See notes to financial statements.

Revenue				
Secondary Roads	Jackson County Revolving Loan	Nonmajor		Total
-	-	-		6,527,216
701,310	-	-		935,079
-	-	-		51,778
4,422,355	-	97,442		5,507,255
20,075	-	19,038		53,793
100	-	4,001		670,688
-	90,981	2,428		398,833
60,191	-	270,611		663,901
5,204,031	90,981	393,520		14,808,543
-	-	-		2,337,069
-	-	173,786		255,349
-	-	-		487,514
-	275,000	310,807		1,844,887
5,883,732	-	-		5,883,732
-	-	273		661,637
-	-	-		1,870,824
403,363	-	-		668,705
6,287,095	275,000	484,866		14,009,717
(1,083,064)	(184,019)	(91,346)		798,826
950,000	-	98,547		1,130,643
-	-	-		(1,130,643)
950,000	-	98,547		-
(133,064)	(184,019)	7,201		798,826
3,598,441	1,315,437	449,879		9,236,306
3,465,377	1,131,418	457,080		10,035,132

Jackson County

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

Year ended June 30, 2018

**Change in fund balances - Total governmental funds (page 25)** \$ 798,827

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

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

Expenditures for capital assets	\$ 1,519,024	
Capital assets contributed by the Iowa Department of Transportation	1,409,970	
Depreciation expense	<u>(1,834,418)</u>	1,094,576

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. 145,456

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	410	
Other	<u>204,868</u>	205,278

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. 448,512

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	(53,493)	
Pension expense	(562,564)	
OPEB Expense	<u>(23,375)</u>	(639,432)

Internal Service Funds are used by management to charge the costs of the partial self-funding of the County's health and dental plans to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities. (5,124)

**Change in net position of governmental activities (page 19)** \$ 2,048,093

See notes to financial statements.

Jackson County  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

	<u>Internal Service</u>
<b>Current Assets</b>	
Cash and cash equivalents	\$ 111,977
Accrued interest receivable	<u>200</u>
<b>Total assets</b>	112,177
<b>Current Liabilities</b>	
None	<u>-</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 112,177</u>

See notes to financial statements.

## Jackson County

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

Year ended June 30, 2018

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 197,398
Reimbursements from employees		<u>37,289</u>
Total operating revenues		234,687
Operating expenses:		
Medical claims	\$ 66,010	
Insurance premiums	165,853	
Administrative fees	<u>9,547</u>	<u>241,410</u>
Operating loss		(6,723)
Non-operating revenues:		
Interest income		<u>1,599</u>
Net loss		(5,124)
Net position beginning of year		<u>117,301</u>
Net position end of year		<u>\$ 112,177</u>

See notes to financial statements.

Jackson County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2018

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds and employees	\$ 234,687
Cash paid to suppliers for medical claims, administrative fees and insurance premiums	(241,410)
Net cash used by operating activities	(6,723)
Cash flows from investing activities:	
Interest on investments	1,472
Net decrease in cash and cash equivalents	(5,251)
Cash and cash equivalents beginning of year	117,228
Cash and cash equivalents end of year	\$ 111,977
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss and net cash used by operating activities	\$ (6,723)

See notes to financial statements.



Jackson County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2018

**Assets**

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 2,133,557
Other County officials	6,705
Receivables:	
Property tax:	
Delinquent	11,429
Succeeding year	21,094,000
Accounts	10,096
Accrued interest	84
Special assessments:	
Delinquent	1,212
Succeeding year	1,710
Due from other governments	<u>100,320</u>
<b>Total assets</b>	<u>23,359,113</u>

**Liabilities**

Liabilities:	
Accounts payable	18,390
Salaries and benefits payable	10,475
Due to other governments	23,310,011
Trusts payable	6,705
Compensated absences	<u>13,532</u>
<b>Total liabilities</b>	<u>23,359,113</u>
<b>Net position</b>	<u>\$ -</u>

See notes to financial statements.

Jackson County

Notes to Financial Statements

June 30, 2018

**(1) Summary of Significant Accounting Policies**

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

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

A. Reporting Entity

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

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

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

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

The Friends of Jackson County Conservation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Jackson County Conservation Board. These donations are to be used to purchase items not included in the County's budget. The financial transactions of the Friends are reported as a Special Revenue Fund.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors is members of or appoints representatives to the following boards and commissions: Jackson County Assessor's Conference Board, Jackson County Emergency Management Commission, Waste of Authority of Jackson County, Jackson County Economic Development Commission, East Central Intergovernmental Association, Jackson County Public Safety Commission and Jackson County Joint 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.

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary roads construction and maintenance. In addition, the portion of local option sales tax to be used for secondary roads construction projects is deposited directly to the Secondary Roads Fund.

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

Additionally, the County reports the following funds:

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

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

#### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue reported as a deferred inflow of resources 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, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2017.

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, 2018, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at 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	\$ 65,000
Land, buildings and improvements	25,000
Intangibles	25,000
Equipment and vehicles	5,000

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position 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 and OPEB expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, death or retirement. No payment for unused sick leave shall be made upon the termination of employment with the County. Full-time employees who do not utilize sick leave during a three-month span are entitled to an additional one-half day of floating personal time to be credited at the end of each calendar quarter.

Floating time is credited to the employee's accumulated vacation. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2018. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Jackson County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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



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, unrecognized items not yet charged to pension and OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

**(2) Cash, Cash Equivalents and Pooled Investments**

The County's deposits in banks at June 30, 2018 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 had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$8,831,712 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The investment in the Iowa Public Agency Investment Trust is unrated.

**(3) Due From and Due To Other Funds and Advances To and From Other Funds**

The detail of interfund receivables and payables at June 30, 2018 is as follows:

Due From and Due To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	<u>\$ 72</u>

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

Advances To and From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Jackson County Revolving Loan	General	<u>\$ 110,027</u>

These balances result from loans between funds which have not been repaid.

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Rural Services	<u>\$ 82,096</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services	<u>950,000</u>
Special Revenue: Local Health	General	<u>76,200</u>
Capital Projects	General	<u>22,347</u>
Total		<u>\$ 1,130,643</u>

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

**(5) Jackson County Revolving Loan Fund**

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

Upon receipt of loan payments from the businesses, the funds remain in the Jackson County Revolving Loan Fund for subsequent loans to other businesses. If the program is dissolved, all monies and interest earned will revert to the County. During the year ended June 30, 2018, the County made one new loan totaling \$275,000.

Outstanding loans receivable of the Jackson County Revolving Loan Fund at June 30, 2018 are as follows:

Loaned to	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Balance June 30, 2018
T M Woodworks	April 6, 2004	\$ 255,000	4.0%	15 years	\$ 41,668
Precision Metal Works	December 31, 2016	184,035	3.5	3 years	33,656
Sprague Small Engine Service	September 11, 2015	171,195	2.0	5 years	144,386
Martin Enterprises	November 18, 2015	160,000	2.0	5 years	140,539
Seven Hills Paving	November 21, 2016	222,300	2.0	5 years	222,300
DOT 1 LLC (Blue 9)	August 31, 2017	275,000	2.0	10 years	275,000
Total					<u>\$ 857,549</u>

The County advanced \$120,000 during fiscal year 2014 to the Jackson County Conservation Board to assist in financing the Martin Property project. The advance was fully repaid by the Capital Projects Fund during fiscal year 2018. In addition, the County advanced \$300,000 to the General Fund to assist in the financing of wastewater treatment facility improvements at the Jackson County Care Facility. The advance is being repaid by the General Fund. The balance outstanding at June 30, 2018 was \$110,027.

## (6) Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,439,455	-	-	3,439,455
Intangibles, road network	1,835,701	-	-	1,835,701
Construction in progress, road network	504,825	1,829,287	1,994,293	339,819
Construction in progress	99,716	91,000	190,716	-
Total capital assets not being depreciated	5,879,697	1,920,287	2,185,009	5,614,975
Capital assets being depreciated:				
Buildings	3,690,762	264,425	-	3,955,187
Improvements other than buildings	152,762	133,162	-	285,924
Equipment and vehicles	8,776,895	953,207	566,714	9,163,388
Infrastructure, road network	50,985,923	1,994,293	-	52,980,216
Infrastructure, other	1,203,844	-	-	1,203,844
Total capital assets being depreciated	64,810,186	3,345,087	566,714	67,588,559
Less accumulated depreciation for:				
Buildings	2,157,047	69,354	-	2,226,401
Improvements other than buildings	61,160	19,742	-	80,902
Equipment and vehicles	5,497,915	740,589	560,800	5,677,704
Infrastructure, road network	18,745,619	948,249	-	19,693,868
Infrastructure, other	292,230	56,484	-	348,714
Total accumulated depreciation	26,753,971	1,834,418	560,800	28,027,589
Total capital assets being depreciated, net	38,056,215	1,510,669	5,914	39,560,970
Governmental activities capital assets, net	\$ 43,935,912	3,430,956	2,190,923	45,175,945

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 62,263
Physical health and social services		13,019
County environment and education		122,975
Roads and transportation		1,560,842
Governmental services to residents		450
Administration		74,869
Total depreciation expense - governmental activities		<u>\$ 1,834,418</u>

**(7) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2018 is as follows:

Fund	Description	Amount
General	Services	<u>\$ 5,464</u>
Special Revenue:		
Mental Health	Services	1,582
Secondary Roads	Services	<u>190</u>
		<u>1,772</u>
Total for governmental funds		<u>\$ 7,236</u>
Agency:		
County Assessor	Collections	\$ 918,679
Schools		13,029,602
Community Colleges		1,089,382
Corporations		5,079,512
Townships		368,289
County Hospital		996,190
E-911 Services		740,920
All other		<u>1,087,437</u>
Total for agency funds		<u>\$ 23,310,011</u>

**(8) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year, as restated	\$ 292,784	3,485,306	1,213,411	4,991,501
Increases	355,460	211,185	299,582	866,227
Decreases	301,967	-	142,929	444,896
Balance end of year	<u>\$ 346,277</u>	<u>3,696,491</u>	<u>1,370,064</u>	<u>5,412,832</u>
Due within one year	<u>\$ 237,687</u>	<u>-</u>	<u>-</u>	<u>237,687</u>

## **(9) Pension Plan**

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

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for 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%. 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 2018, 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 9.38% of covered payroll, for a total rate of 18.76%. 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, 2018 were \$448,512.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the County reported a liability of \$3,696,491 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the County’s proportion was 0.0554923%, which was an increase of 0.000112% over its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$562,564. At June 30, 2018, 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	\$ 49,223	52,191
Changes of assumptions	786,159	8,234
Net difference between projected and actual earnings on IPERS' investments		50,202
Changes in proportion and differences between County contributions and the County's share of contributions proportionate	15,403	56,639
County contributions subsequent to the measurement date	448,512	-
Total	<u>\$ 1,299,297</u>	<u>167,266</u>

\$448,512 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, 2019. 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
2019	\$ 77,361
2020	333,912
2021	200,644
2022	17,119
2023	54,483
Total	<u>\$ 683,519</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2018)	2.60% per annum.
Rates of salary increase (effective June 30, 2018)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2018)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2018)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability	\$ 6,703,650	3,696,491	1,172,464

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](http://www.ipers.org).

Payables to IPERS – At June 30, 2018, the County reported payables to IPERS of \$16,884 for legally required County contributions and \$12,086 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.



**(10) Other Postemployment Benefits (OPEB)**

Plan Description – The County administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Jackson County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	107
Active employees	<u>4</u>
Total	<u><u>111</u></u>

Total OPEB Liability – The County’s total OPEB liability of \$1,370,064 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	2.60% per annum.
Wage growth (effective June 30, 2018)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.
Discount rate (effective June 30, 2018)	3.87% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	9.0% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year, as restated	\$ 1,213,411
Changes for the year:	
Service cost	92,946
Interest	45,487
Change of benefit terms	(65,102)
Differences between expected and actual experiences	161,149
Changes in assumptions	(5,658)
Benefit payments	<u>(72,169)</u>
Net changes	<u>156,653</u>
Total OPEB liability end of year	<u>\$ 1,370,064</u>

Changes of assumptions reflect a change in the discount rate from 3.58% in fiscal year 2017 to 3.87% in fiscal year 2018.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate.

	<u>1% Decrease (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB liability	\$ 1,443,138	1,370,064	1,299,894

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (8.0%) or 1% higher (10.0%) than the current healthcare cost trend rates.

	<u>1% Decrease (8.0%)</u>	<u>Healthcare Cost Trend Rate (9.0%)</u>	<u>1% Increase (10.0%)</u>
Total OPEB liability	\$ 1,276,212	1,370,064	1,481,323

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the County recognized OPEB expense of \$23,375. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 138,128	-
Changes in assumptions	-	<u>(4,850)</u>
Total	<u>\$ 138,128</u>	<u>(4,850)</u>

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2019	\$ 22,213
2020	22,213
2021	22,213
2022	22,213
2023	22,213
Thereafter	<u>22,213</u>
	<u>\$ 133,278</u>

**(11) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 775 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County’s property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County’s contributions to the Pool for the year ended June 30, 2018 were \$204,725.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials’ liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County’s risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County’s risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2018, no liability has been recorded in the County's financial statements. As of June 30, 2018, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its member is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$50,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

The County entered into an administrative services agreement with EBS, Inc. to administer the employee partial self-funded health plan which provides comprehensive hospital and medical coverage for eligible employees and, if elected, their spouses and dependents. The agreement was effective July 1, 2013 and is subject to automatic renewal provisions. Monthly payments of service fees and plan contributions are recorded as expenditures in the operating funds at the time of payment to the Internal Service, Employee Partial Self-Funded Health Plan Fund maintained by the County Treasurer. Under the agreement, reimbursement of eligible deductible and coinsurance expenses to employees are processed by EBS, Inc. with payments from the Internal Service, Employee Partial Self-Funded Health Plan Fund.

**(13) Jackson County Employee Self-Funded Dental Plan**

The County entered into an administrative services agreement with EBS, Inc. to administer the employee self-funded dental plan which provides comprehensive dental coverage for eligible employees and, if elected, their spouses and dependents. The agreement was effective July 1, 2013 and is subject to automatic renewal provisions. Monthly payments of service fees and plan contributions are recorded as expenditures in the operating funds at the time of payment to the Internal Service, Employee Self-Funded Dental Plan Fund maintained by the County Treasurer. Under the agreement, deductible and coinsurance expenses are processed by EBS, Inc. with payments from the Internal Service, Employee Self-Funded Dental Plan Fund.

**(14) Lease Agreements**

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

On March 1, 2018, the County entered into a five year lease agreement with Peyton River to lease crop land. The agreement requires annual rental payments of \$8,136. After five years, the lease automatically renews on a year-to-year basis at the same terms and conditions.

**(15) 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, 2018 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Bellevue	Urban renewal and economic development projects	\$ 39,847
City of Maquoketa	Urban renewal and economic development projects	16,421
City of Preston	Urban renewal and economic development projects	2,293

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

The Eastern Iowa Mental Health Disability Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Cedar County, Clinton County, Jackson County, Muscatine County and Scott County. The financial activity of Jackson County's Special Revenue, Mental Health Fund is included in the Eastern Iowa Mental Health Disability Services Region for the year ended June 30, 2018, as follows:

Revenues:		
Property and other county tax		\$ 556,355
Intergovernmental:		
State tax credits	\$ 53,223	
Other	24,593	77,816
Miscellaneous		4,937
Total revenues		<u>639,108</u>
Expenditures:		
Services to persons with:		
Mental illness	271,485	
Intellectual disabilities	97,391	
Other developmental disabilities	6,266	375,142
General administration:		
Direct administration		68,056
Total expenditures		<u>443,198</u>
Excess of expenditures over revenues		195,910
Fund balance beginning of year		<u>624,202</u>
Fund balance end of year		<u>\$ 820,112</u>

**(17) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	<u>Governmental Activities</u>
Net position June 30, 2017, as previously reported	\$ 50,640,727
Net OPEB obligation measured under previous standards	566,901
Total OPEB liability at June 30, 2017	<u>(1,213,411)</u>
Net position July 1, 2017, as restated	<u>\$ 49,994,217</u>

**Required Supplementary Information**



Jackson County

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

Required Supplementary Information

Year ended June 30, 2018

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 7,468,699	-	7,468,699
Interest and penalty on property tax	51,975	-	51,975
Intergovernmental	5,579,382	-	5,579,382
Licenses and permits	48,163	-	48,163
Charges for service	658,651	-	658,651
Use of money and property	452,803	894	451,909
Miscellaneous	673,053	268,434	404,619
<b>Total receipts</b>	<b>14,932,726</b>	<b>269,328</b>	<b>14,663,398</b>
<b>Disbursements:</b>			
Public safety and legal services	2,323,014	-	2,323,014
Physical health and social services	258,778	-	258,778
Mental health	478,414	-	478,414
County environment and education	1,837,462	308,460	1,529,002
Roads and transportation	5,962,717	-	5,962,717
Governmental services to residents	666,054	-	666,054
Administration	1,893,300	-	1,893,300
Capital projects	790,881	-	790,881
<b>Total disbursements</b>	<b>14,210,620</b>	<b>308,460</b>	<b>13,902,160</b>
Excess (deficiency) of receipts over (under) disbursements	722,106	(39,132)	761,238
Other financing sources, net	72	-	72
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	722,178	(39,132)	761,310
Balance beginning of year	8,716,199	227,516	8,488,683
<b>Balance end of year</b>	<b>\$ 9,438,377</b>	<b>188,384</b>	<b>9,249,993</b>

See accompanying independent auditor's report.

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<u>Budgeted Amounts</u>		Final to
<u>Original</u>	<u>Final</u>	<u>Net</u>
		<u>Variance</u>
7,378,887	7,378,887	89,812
3,800	3,800	48,175
5,573,583	5,596,583	(17,201)
36,260	36,260	11,903
614,727	614,727	43,924
419,880	419,880	32,029
418,011	387,037	17,582
<u>14,445,148</u>	<u>14,437,174</u>	<u>226,224</u>
2,422,638	2,386,292	63,278
317,139	313,978	55,200
1,081,251	795,710	317,296
1,431,157	1,988,227	459,225
5,794,905	6,330,149	367,432
708,074	708,774	42,720
2,008,954	2,087,554	194,254
714,358	990,112	199,231
<u>14,478,476</u>	<u>15,600,796</u>	<u>1,698,636</u>
(33,328)	(1,163,622)	1,924,860
25	7,025	(6,953)
(33,303)	(1,156,597)	1,917,907
<u>7,535,612</u>	<u>8,532,639</u>	<u>(43,956)</u>
<u>7,502,309</u>	<u>7,376,042</u>	<u>1,873,951</u>

**Jackson County**

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Jackson County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2018

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 14,932,726	(124,182)	14,808,544
Expenditures	14,210,620	(200,903)	14,009,717
Net	722,106	76,721	798,827
Other financing sources, net	72	-	-
Beginning fund balances	8,716,199	520,106	9,236,305
Ending fund balances	\$ 9,438,377	596,755	10,035,132

See accompanying independent auditor's report.

Jackson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2018

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,122,320. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2018, disbursements did not exceed the amounts budgeted.

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Jackson County

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

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

Required Supplementary Information

	2018	2017	2016	2015
County's proportion of the net pension liability	0.055493%	0.055381%	0.053408%	0.052120%
County's proportionate share of the net pension liability	\$ 3,696	3,485	2,639	2,067
County's covered payroll	\$ 4,929	4,681	4,589	4,524
County's proportionate share of the net pension liability as a percentage of its covered payroll	74.98%	74.45%	57.51%	45.69%
IPERS' net position as a percentage of the total pension liability	82.21%	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.

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Jackson County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 449	449	427	418
Contributions in relation to the statutorily required contribution	<u>(449)</u>	<u>(449)</u>	<u>(427)</u>	<u>(418)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 4,942	4,929	4,681	4,589
Contributions as a percentage of covered payroll	9.09%	9.11%	9.12%	9.11%

See accompanying independent auditor's report.

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2014	2013	2012	2011	2010	2009
412	384	351	300	257	247
(412)	(384)	(351)	(300)	(257)	(247)
-	-	-	-	-	-
4,524	4,338	4,220	4,099	3,950	3,774
9.11%	8.85%	8.32%	7.32%	6.51%	6.54%



Jackson County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2018

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.

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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.

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Jackson County

Schedule of Changes in the County's  
Total OPEB Liability, Related Ratios and Notes

For the Current Year  
Required Supplementary Information

	<u>2018</u>
Service cost	\$ 92,946
Interest cost	45,487
Change of benefit terms	(65,102)
Difference between expected and actual experiences	161,149
Changes in assumptions	(5,658)
Benefit payments	<u>(72,169)</u>
Net change in total OPEB liability	<u>156,653</u>
Total OPEB liability beginning of year, as restated	<u>1,213,411</u>
Total OPEB liability end of year	<u>\$ 1,370,064</u>
Covered-employee payroll	\$ 4,789,264
Total OPEB liability as a percentage of covered-employee payroll	28.6%

**Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios**

*Changes in benefit terms:*

The County decreased the maximum length of its explicit subsidy from five years to three years for all eligible employees. Additionally, individuals may discontinue from the group health plan but still receive the same subsidy as employees staying on the group plan. These changes caused an overall decrease in liabilities for the County.

*Changes in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

**Jackson County**

**Supplementary Information**

Jackson County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2018

	County Recorder's Records Management	Green Island Drainage Districts	Special Local Health
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 17,638	129,502	12,944
Accounts	-	-	-
Accrued interest	10	-	-
Due from other governments	-	-	6,344
<b>Total assets</b>	<b>\$ 17,648</b>	<b>129,502</b>	<b>19,288</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	-	197
Salaries and benefits payable	-	-	2,646
Total liabilities	-	-	2,843
Fund balances:			
Restricted for:			
Drainage purposes	-	129,502	-
Capital projects	-	-	-
Other purposes	17,648	-	16,445
Total fund balances	17,648	129,502	16,445
<b>Total liabilities and fund balances</b>	<b>\$ 17,648</b>	<b>129,502</b>	<b>19,288</b>

See accompanying independent auditor's report.

Revenue						
Resource Enhancement and Protection	Friends of Jackson County Conservation	Emergency Training Grant	Pioneer Cemetery Trust	Capital Projects	Total	
124,551	58,882	-	5,655	101,975	451,147	
-	-	2,240	-	-	2,240	
182	-	-	-	-	192	
-	-	-	-	-	6,344	
124,733	58,882	2,240	5,655	101,975	459,923	
-	-	-	-	-	197	
-	-	-	-	-	2,646	
-	-	-	-	-	2,843	
-	-	-	-	-	129,502	
-	-	-	-	101,975	101,975	
124,733	58,882	2,240	5,655	-	225,603	
124,733	58,882	2,240	5,655	101,975	457,080	
124,733	58,882	2,240	5,655	101,975	459,923	

Jackson County

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

Year ended June 30, 2018

	County Recorder's Records Management	Green Island Drainage Districts	Special Local Health
Revenues:			
Intergovernmental	\$ -	-	85,384
Licenses and permits	-	-	19,038
Charges for service	3,553	-	448
Use of money and property	78	894	-
Miscellaneous	-	11,026	-
Total revenues	<u>3,631</u>	<u>11,920</u>	<u>104,870</u>
Expenditures:			
Operating:			
Physical health and social services	-	-	173,786
County environment and education	-	1,420	-
Governmental services to residents	273	-	-
Total expenditures	<u>273</u>	<u>1,420</u>	<u>173,786</u>
Excess (deficiency) of revenues over (under) expenditures	3,358	10,500	(68,916)
Other financing sources:			
Transfers in	-	-	76,200
Change in fund balances	3,358	10,500	7,284
Fund balances beginning of year	<u>14,290</u>	<u>119,002</u>	<u>9,161</u>
Fund balances end of year	<u>\$ 17,648</u>	<u>129,502</u>	<u>16,445</u>

See accompanying independent auditor's report.

Revenue						
Resource Enhancement and Protection	Friends of Jackson County Conservation	Emergency Training Grant	Pioneer Cemetery Trust	Capital Projects		Total
12,058	-	-	-	-	-	97,442
-	-	-	-	-	-	19,038
-	-	-	-	-	-	4,001
1,456	-	-	-	-	-	2,428
-	257,345	2,240	-	-	-	270,611
13,514	257,345	2,240	-	-	-	393,520
-	-	-	-	-	-	173,786
-	307,040	-	-	2,347	-	310,807
-	-	-	-	-	-	273
-	307,040	-	-	2,347	-	484,866
13,514	(49,695)	2,240	-	(2,347)	-	(91,346)
-	-	-	-	22,347	-	98,547
13,514	(49,695)	2,240	-	20,000	-	7,201
111,219	108,577	-	5,655	81,975	-	449,879
124,733	58,882	2,240	5,655	101,975	-	457,080



**Jackson County**

Jackson County  
 Combining Schedule of Net Position  
 Internal Service Funds

June 30, 2018

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 78,795	33,182	111,977
Accrued interest receivable	164	36	200
<b>Total assets</b>	78,959	33,218	112,177
<b>Liabilities</b>			
None	-	-	-
<b>Net Position</b>			
Unrestricted	\$ 78,959	33,218	112,177

See accompanying independent auditor's report.

**Schedule 4**

## Jackson County

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

Year ended June 30, 2018

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Operating revenues:			
Reimbursements from operating funds	\$ 141,812	55,586	197,398
Reimbursements from employees	25,987	11,302	37,289
Total operating revenues	167,799	66,888	234,687
Operating expenses:			
Medical claims	-	66,010	66,010
Insurance premiums	165,853	-	165,853
Administrative fees	6,668	2,879	9,547
Total operating expenses	172,521	68,889	241,410
Operating loss	(4,722)	(2,001)	(6,723)
Non-operating revenues:			
Interest income	1,313	286	1,599
Net loss	(3,409)	(1,715)	(5,124)
Net position beginning of year	82,368	34,933	117,301
Net position end of year	\$ 78,959	33,218	112,177

See accompanying independent auditor's report.

Jackson County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2018

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Cash flows from operating activities:			
Cash received from operating funds and employees	\$ 167,799	66,888	234,687
Cash paid to suppliers for medical claims, insurance premiums and administrative fees	(172,521)	(68,889)	(241,410)
Net cash used by operating activities	(4,722)	(2,001)	(6,723)
Cash flows from investing activities:			
Interest on investments	1,209	263	1,472
Net change in cash and cash equivalents	(3,513)	(1,738)	(5,251)
Cash and cash equivalents beginning of year	82,308	34,920	117,228
Cash and cash equivalents end of year	\$ 78,795	33,182	111,977
<b>Reconciliation of operating loss to net cash used by operating activities:</b>			
Operating loss and net cash used by operating activities	\$ (4,722)	(2,001)	(6,723)

See accompanying independent auditor's report.

Jackson County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2018

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	2,660	478,691	145,729	11,884
Other County officials	6,705	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	102	213	5,873	498
Succeeding year	-	223,000	464,000	12,878,000	1,077,000
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 6,705</b>	<b>225,762</b>	<b>942,904</b>	<b>13,029,602</b>	<b>1,089,382</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	1,812	-	-
Salaries and benefits payable	-	-	8,881	-	-
Due to other governments	-	225,762	918,679	13,029,602	1,089,382
Trusts payable	6,705	-	-	-	-
Compensated absences	-	-	13,532	-	-
<b>Total liabilities</b>	<b>\$ 6,705</b>	<b>225,762</b>	<b>942,904</b>	<b>13,029,602</b>	<b>1,089,382</b>

See accompanying independent auditor's report.

Corporations	Townships	County Hospital	Auto License and Use Tax	911 Service Commission	Other	Total
49,308	13,214	11,738	530,887	637,191	252,255	2,133,557
-	-	-	-	-	-	6,705
4,204	75	452	-	-	12	11,429
5,026,000	355,000	984,000	-	-	87,000	21,094,000
-	-	-	-	10,096	-	10,096
-	-	-	-	84	-	84
-	-	-	-	-	1,212	1,212
-	-	-	-	-	1,710	1,710
-	-	-	-	100,320	-	100,320
5,079,512	368,289	996,190	530,887	747,691	342,189	23,359,113
-	-	-	-	6,771	9,807	18,390
-	-	-	-	-	1,594	10,475
5,079,512	368,289	996,190	530,887	740,920	330,788	23,310,011
-	-	-	-	-	-	6,705
-	-	-	-	-	-	13,532
5,079,512	368,289	996,190	530,887	747,691	342,189	23,359,113

Jackson County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2018

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 13,855	219,047	977,082	11,881,978	984,160
Additions:					
Property and other county tax	-	227,322	473,532	13,123,799	1,096,566
911 surcharge	-	-	-	-	-
State tax credits	-	21,078	45,303	1,147,308	94,424
Drivers license fees	-	-	-	-	-
Office fees and collections	454,040	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	23,122	-	-	-	-
Miscellaneous	-	121	1,122	6,967	536
Total additions	477,162	248,521	519,957	14,278,074	1,191,526
Deductions:					
Agency remittances:					
To other funds	201,461	-	-	-	-
To other governments	252,579	241,806	554,135	13,130,450	1,086,304
Trusts paid out	30,272	-	-	-	-
Total deductions	484,312	241,806	554,135	13,130,450	1,086,304
Balances end of year	\$ 6,705	225,762	942,904	13,029,602	1,089,382

See accompanying independent auditor's report.

Corporations	Townships	County Hospital	Auto License and Use Tax	911 Service Commission	Other	Total
4,950,275	303,078	965,606	570,990	556,689	324,287	21,747,047
5,074,994	362,938	1,004,161	-	-	88,677	21,451,989
-	-	-	-	65,980	-	65,980
683,862	20,368	93,005	-	-	6,287	2,111,635
-	-	-	82,864	-	-	82,864
-	-	-	-	-	-	454,040
-	-	-	6,806,239	-	-	6,806,239
-	-	-	-	-	36,349	36,349
-	-	-	-	-	126,484	149,606
1,944	102	535	-	233,261	236,908	481,496
5,760,800	383,408	1,097,701	6,889,103	299,241	494,705	31,640,198
-	-	-	260,588	-	-	462,049
5,631,563	318,197	1,067,117	6,668,618	108,239	342,856	29,401,864
-	-	-	-	-	133,947	164,219
5,631,563	318,197	1,067,117	6,929,206	108,239	476,803	30,028,132
5,079,512	368,289	996,190	530,887	747,691	342,189	23,359,113



Jackson County

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

For the Last Ten Years

	2018	2017	2016	Modified 2015
<b>Revenues:</b>				
Property and other county tax	\$ 6,527,216	6,598,146	6,372,478	6,205,455
Local option sales tax	935,079	906,342	852,357	909,054
Interest and penalty on property tax	51,778	55,133	52,020	58,827
Intergovernmental	5,507,255	5,291,726	5,163,842	4,927,799
Licenses and permits	53,793	54,037	53,569	40,364
Charges for service	670,688	605,913	649,357	584,653
Use of money and property	398,833	575,099	470,979	375,310
Miscellaneous	663,902	594,292	270,515	270,664
Total	\$ 14,808,544	14,680,688	13,885,117	13,372,126
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 2,337,069	2,261,167	2,198,701	2,102,403
Physical health and social services	255,349	258,939	252,144	273,848
Mental health	487,514	1,271,864	1,124,506	854,768
County environment and education	1,844,887	1,631,103	1,769,766	1,239,879
Roads and transportation	5,883,732	5,419,299	4,782,276	4,984,889
Governmental services to residents	661,637	811,987	637,091	611,617
Administration	1,870,824	1,731,417	1,805,299	1,528,426
Capital projects	668,705	779,153	550,548	474,805
Total	\$ 14,009,717	14,164,929	13,120,331	12,070,635

See accompanying independent auditor's report.

Accrual Basis					
2014	2013	2012	2011	2010	2009
5,878,246	5,434,887	5,220,986	4,891,514	4,868,615	4,655,350
923,319	827,026	803,675	778,066	766,653	764,321
53,738	54,424	55,920	68,360	74,007	68,728
4,225,436	4,824,467	5,597,998	5,713,471	5,863,638	5,289,424
52,789	36,524	32,271	41,803	32,714	51,226
534,619	619,580	609,388	592,693	576,132	584,280
508,603	312,505	434,050	331,760	342,637	555,246
371,338	251,269	176,911	249,269	179,597	158,821
12,548,088	12,360,682	12,931,199	12,666,936	12,703,993	12,127,396
2,047,821	1,881,167	1,675,130	1,677,192	1,550,118	1,587,048
274,584	324,855	285,337	363,810	416,161	405,912
893,099	1,200,377	2,814,781	2,365,214	2,205,598	2,338,041
1,488,382	1,507,918	1,167,820	1,377,842	1,728,069	1,269,915
4,902,887	4,748,492	4,408,597	4,181,338	4,249,632	4,277,452
607,636	584,294	496,356	511,650	478,631	533,597
1,443,608	1,562,340	1,332,373	1,383,627	1,244,206	1,479,792
497,137	394,120	434,459	420,028	1,000,473	756,772
12,155,154	12,203,563	12,614,853	12,280,701	12,872,888	12,648,529

**Jackson County**



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Rob Sand  
Auditor of State

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

To the Officials of Jackson County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jackson County, Iowa, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 24, 2019.

Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2018 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

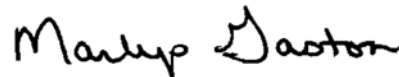
### Jackson County's Responses to the Findings

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

### Purpose of this Report

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

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



Marlys K. Gaston, CPA  
Deputy Auditor of State

June 24, 2019

Jackson County  
 Schedule of Findings  
 Year ended June 30, 2018

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties

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

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

	<u>Applicable Offices</u>
(1) Collection and deposit preparation functions are not segregated from those of recording and accounting for cash receipts.	Auditor, Conservation, Sheriff, Recorder and Ag Extension
(2) Bank accounts are reconciled by an individual who has the ability to write checks. Conservation bank reconciliations are not independently reviewed. For the Sheriff, bank reconciliations are signed by the preparer and reviewer, however they are not dated to ensure review is timely.	Sheriff and Conservation
(3) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is not prepared.	Treasurer, Recorder, Conservation and Ag Extension
(4) The person who has the ability to sign checks is not independent of the person approving disbursements, recording cash disbursements and handling cash. Recorder also prepares checks.	Recorder and Conservation

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 office’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.

Jackson County

Schedule of Findings

Year ended June 30, 2018

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

Auditor – The Auditor’s office has implemented additional procedures in the mail process. The office personnel are more diligent documenting this with signatures or initials.

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

Recorder – The Recorder’s Office will implement a new system to prepare and sign checks. The Recorder’s Office is working on ways to address the comments and will consult with County Auditor’s office.

Sheriff – Our office segregates duties as much as possible with the staff we have. Bank reconciliations were signed. They will be dated as well starting January 1, 2019.

Conservation – We will implement the recommendations where possible.

Extension – We will look at our office procedures to see if we can resolve the issue of the same person collecting, depositing and reconciling.

Conclusion – Responses acknowledged. Each office should continue to review and monitor control activities to obtain the maximum internal control possible.

(B) Friends of Conservation

Criteria– During our review of internal control, the existing control activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from volunteer error or dishonesty and, therefore, maximizes the accuracy of the Friend’s financial statements. Generally, one or two individuals have control over the following areas for which no compensating controls exist:

- (1) Opening mail, creating initial listing of receipts, collecting, depositing, posting, daily reconciling.
- (2) Bank reconciliations are not reviewed periodically by an independent person for propriety.
- (3) Check preparation and check signing.

Cause – The Friends of Conservation have a limited number of volunteers and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Jackson County

Schedule of Findings

Year ended June 30, 2018

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

Recommendation – Friends of Conservation should review their control activities to obtain the maximum internal control possible under the circumstances. The Friend’s should utilize current volunteers to provide additional control through review of financial transactions, reconciliations and reports.

Response – We will look into our segregation of duties with our limited staff.

Conclusion – Response accepted.

(C) Financial Reporting

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

Condition – Material amounts of capital asset/infrastructure additions and deletions were not properly recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – County policies do not require and procedures have not been established to require independent review of capital asset activity to ensure the capital assets recorded in the County’s financial statements are accurate and reliable.

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

Recommendation – The County should establish procedures to ensure all capital asset/infrastructure additions and deletions are identified and properly reported in the County’s financial statements.

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

Conclusions – Response accepted.

(D) Separately Maintained Records – The County Conservation Department maintains separate accounting records for its operations. Monthly financial reports are not provided to the County and the activity of the Conservation Department is not included in the County’s accounting records, financial reports or budget.



Jackson County

Schedule of Findings

Year ended June 30, 2018

Recommendation – Chapter 331.552 of the Code of Iowa states, in part, the County Treasurer shall “keep a true account of all receipts and disbursements of the county.” For better accountability, financial and budgetary control, the financial activity and balances of all County accounts should be reported to the County Auditor on a monthly basis and included in the County’s accounting records, financial reports and budget.

Response – Control and ownership of the bank account associated with the established reservation system and currently through Maquoketa State Bank will be transferred to the Jackson County Treasurer’s Office and will submitted to the Jackson County Board of Supervisors for such approval. Actions will be noted in the minutes of the Jackson County Board of Supervisors.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Jackson County  
 Schedule of Findings  
 Year ended June 30, 2018

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2018 did not exceed the amounts budgeted. However, notice for the final budget amendment was published only six days prior to the public hearing rather than ten to twenty days as required by Chapter 331.434 of the Code of Iowa.

Recommendation – The County should ensure the notice of budget amendment is published no less than ten and no more than twenty days prior to the public hearing, as required.

Response – The one newspaper was having issues receiving emails, but we will be more aware to make sure that we receive a mail receipt from all the newspapers indicating notices are published timely.

Conclusion – Response accepted.

- (2) Questionable Expenditures – One fiscal year 2018 expenditure tested for \$150 paid to Country Home Embroidery to embroider four shirts may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

According to the opinion, it is possible for certain such expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The Board of Supervisors should determine and document the public purpose served by these types of expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including requirements for proper documentation.

Response – The County is in the process of developing a clothing policy.

Conclusion – Response acknowledged. The Board of Supervisors should determine and document the public purpose served by these expenditures prior to authorizing further payments.

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

- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Mary Stickley, Auditor’s Office Deputy, owns Old Capital Cup Co., Inc.	Custodial and cleaning supplies	\$ 3,501
Mary Stickley, Auditor’s Office Deputy, husband owns Stickley Electric Service	Electrical parts and repair	5,377

Jackson County

Schedule of Findings

Year ended June 30, 2018

The transactions with Old Capital Cup Co. Inc. and Stickley Electric Service may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa. since the total cumulative transactions were greater than \$1,500 during the year ended June 30, 2018 and the transactions were not competitively bid.

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

Response – The County Departments do their due diligence to ensure business transactions were done using good business judgement.

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

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be periodically reviewed to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Pooled Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2018 for the County Extension Office did not exceed the amount budgeted.

Chapter 554D.114 of the Code of Iowa allows the County Extension Office to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The image of the back of each cancelled check was not obtained.

Recommendation – The County Extension Office should obtain and retain images of both the front and back of each cancelled check as required by Chapter 554D.114 of the Code of Iowa.

Response – We will contact our financial bank to receive the back of checks.

Conclusion – Response accepted.

Jackson County

Staff

This audit was performed by:

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Ernest H. Ruben, Jr., CPA, Director  
Jenna M. Paysen, Senior Auditor  
Brett S. Gillen, Staff Auditor  
Taran J. McCusker, Staff Auditor  
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Michaela M. Goergen, Assistant Auditor  
Emeline R. Hanscel, Auditor Intern