



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

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**NEWS RELEASE**

FOR RELEASE

March 16, 2010

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Jackson County, Iowa.

The County had local tax revenue of \$23,084,432 for the year ended June 30, 2009, which included \$1,173,314 in tax credits from the state. The County forwarded \$18,215,194 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,869,238 of the local tax revenue to finance County operations, a 2.3 percent increase over the prior year. Other revenues included charges for service of \$1,008,581, operating grants, contributions and restricted interest of \$4,305,570, capital grants, contributions and restricted interest of \$2,212,215, local option sales tax of \$764,321, unrestricted investment earnings of \$66,947 and other general revenues of \$253,919.

Expenses for County operations totaled \$12,645,307, a 1.6 percent increase over the prior year. Expenses included \$5,283,686 for roads and transportation, \$2,341,153 for mental health and \$1,513,114 for public safety and legal services.

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

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**JACKSON COUNTY**

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

**JUNE 30, 2009**

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**Jackson County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2009)</b>		
Larry Koos	Board of Supervisors	Jan 2009
Steve Flynn	Board of Supervisors	Jan 2011
John J. Willey	Board of Supervisors	Jan 2011
Joell Deppe	County Auditor	Jan 2009
Alfred Tebbe, Jr.	County Treasurer	Jan 2011
Arlene Schauf	County Recorder	Jan 2011
Russell Kettmann	County Sheriff	Jan 2009
Chris Raker	County Attorney	Jan 2011
Deb Lane	County Assessor	Jan 2010
<b>(After January 2009)</b>		
Steve Flynn	Board of Supervisors	Jan 2011
John J. Willey	Board of Supervisors	Jan 2011
Larry Koos	Board of Supervisors	Jan 2013
Joell Deppe	County Auditor	Jan 2013
Alfred Tebbe, Jr.	County Treasurer	Jan 2011
Arlene Schauf	County Recorder	Jan 2011
Russell Kettmann	County Sheriff	Jan 2013
Chris Raker	County Attorney	Jan 2011
Deb Lane	County Assessor	Jan 2016

**Jackson County**



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Independent Auditor's Report

To the Officials of Jackson County:

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, 2009, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Jackson County's management. Our responsibility is to express opinions on these financial statements based on our audit.

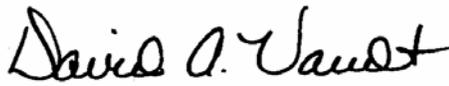
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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 at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 26, 2010 on our consideration of Jackson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 7 through 13 and 44 through 47 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

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 second paragraph of this report, the financial statements for the eight years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 26, 2010

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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, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2009 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 3.7%, or approximately \$484,000, from fiscal 2008 to fiscal 2009. Property and other county tax increased approximately \$114,000, charges for service decreased approximately \$471,000, operating grants, contributions and restricted interest decreased approximately \$599,000 and capital grants, contributions and restricted interest increased approximately \$1,685,000. Capital grants, contributions and restricted interest increased due to the receipt of additional federal aid for bridge replacement, flood prevention and FEMA reimbursements.
- Program expenses of the County's governmental activities increased 1.6%, or approximately \$204,000, from fiscal 2008 to fiscal 2009. Mental health expenses increased approximately \$213,000, public safety and legal services expenses increased approximately \$45,000 and roads and transportation expenses increased approximately \$121,000 due, in part, to the cost of various street projects.
- The County's net assets increased 2.16%, or approximately \$835,000, from June 30, 2008 to June 30, 2009.

### 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 Assets 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 statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Jackson County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds, the individual Internal Service Funds and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various federal programs benefiting the County.

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

### *Government-wide Financial Statements*

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

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration and interest on long-term debt. 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, Local Option Sales Tax 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 assets, a statement of revenues, expenses and changes in fund net assets 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 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 fund financial statements follow the fund financial statements.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

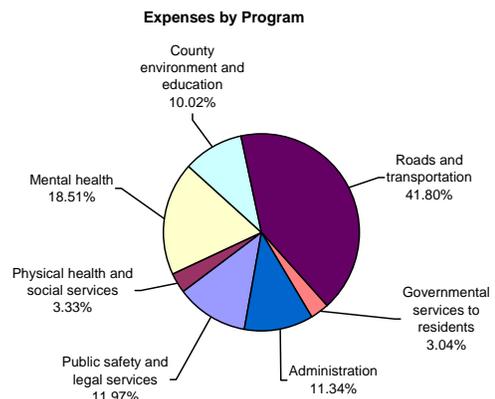
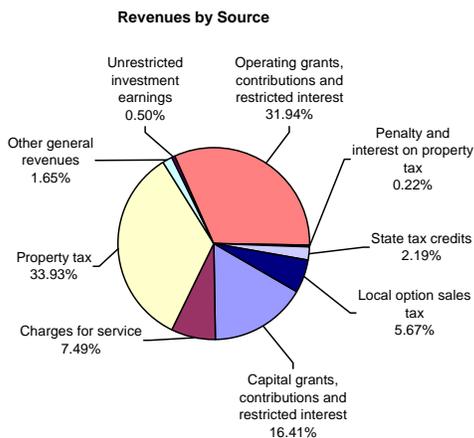
As noted earlier, net assets may serve over time as a useful indicator of financial position. Jackson County's combined net assets of governmental activities increased 2.16%, from approximately \$38.6 million to approximately \$39.5 million, between June 30, 2008 and June 30, 2009. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2009	2008
Current and other assets	\$ 11,481	11,927
Capital assets	33,679	31,876
Total assets	<u>45,160</u>	<u>43,803</u>
Long-term liabilities	196	237
Other liabilities	5,502	4,939
Total liabilities	<u>5,698</u>	<u>5,176</u>
Net assets:		
Invested in capital assets, net of related debt	33,679	31,847
Restricted	4,510	5,060
Unrestricted	1,273	1,720
Total net assets	<u>\$ 39,462</u>	<u>38,627</u>

The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased from approximately \$1,720,000 at June 30, 2008 to approximately \$1,273,000 at the end of this year, a decrease of 26%.

**Changes in Net Assets of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2009	2008
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,009	1,480
Operating grants, contributions and restricted interest	4,306	4,905
Capital grants, contributions and restricted interest	2,212	527
<b>General revenues:</b>		
Property tax	4,574	4,460
Penalty and interest on property tax	30	69
State tax credits	295	299
Local option sales tax	764	759
Unrestricted investment earnings	67	237
Other general revenues	223	260
<b>Total revenues</b>	<b>13,480</b>	<b>12,996</b>
<b>Program expenses:</b>		
Public safety and legal services	1,513	1,468
Physical health and social services	421	408
Mental health	2,341	2,128
County environment and education	1,267	1,524
Roads and transportation	5,284	5,163
Governmental services to residents	385	439
Administration	1,434	1,311
<b>Total expenses</b>	<b>12,645</b>	<b>12,441</b>
<b>Increase in net assets</b>	<b>835</b>	<b>555</b>
<b>Net assets beginning of year</b>	<b>38,627</b>	<b>38,072</b>
<b>Net assets end of year</b>	<b>\$ 39,462</b>	<b>38,627</b>



The County decreased property tax rates .08% for fiscal 2009 while property valuations increased 6.3%. These changes raised the County's property tax revenue approximately \$114,000 in fiscal 2009. Based on an increase in the tax rates, property tax revenue is budgeted to increase approximately \$190,000 next year.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Jackson County completed the year, its governmental funds reported a combined fund balance of \$4,920,866, a decrease of \$521,133 from last year's total of \$5,441,999. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased \$133,269 and expenditures increased \$133,738. The ending fund balance decreased \$4,771 from the prior year to \$1,191,049. The increase in revenues was due, in part, to the County receiving approximately \$104,000 more in FEMA reimbursements and state grant revenues than in the prior year. The increase in expenditures was due, in part, to an increase in voting expenditures of approximately \$89,000 in the governmental services to residents function for new voting machines, salaries for the staff working the voting sites and converting records to microfiche in the Recorder's Office.
- The County has continued to look for ways to effectively manage the cost of mental health services. For fiscal 2009, revenues totaled \$1,962,877, a decrease of 24% from the prior year. The decrease was due to the County not receiving grant funds totaling \$708,817 during fiscal 2009 that it received during fiscal 2008. Expenditures totaled \$2,338,041, an increase of 10% over the prior year. The increase was due to the increased costs of administering mental health treatment to patients, including psychotherapy, treatment at the State Mental Hospitals and other treatments. The Mental Health Fund balance at year end decreased \$375,164 from the prior year to \$31,535.
- The Rural Services Fund ended fiscal 2009 with a \$299,272 balance compared to the prior year ending balance of \$381,807. There were no significant changes in revenues from the prior year. Expenditures increased \$84,296 to a total of \$690,573. The increase was due to the County beginning to take FICA and IPERS for the Sheriff's deputies out of the Rural Services Fund rather than the General Fund.
- Secondary Roads Fund expenditures increased \$304,998 over the prior year, due primarily to an increase in payments for roadway construction projects of approximately \$160,000. Additionally, new equipment purchased during fiscal 2009 increased approximately \$152,000 over the prior year. This increase in expenditures resulted in a decrease in the Secondary Roads Fund ending balance of \$338,584, or 27.3%, from the prior year.
- The Local Option Sales Tax Fund ended fiscal 2009 with a \$994,354 balance compared to the prior year ending balance of \$963,503. There were no significant changes in revenues from the prior year.
- The Jackson County Revolving Loan Fund ended fiscal 2009 with a \$1,058,160 balance compared to the prior year ending balance of \$818,867. The increase is due to the Jackson County Revolving Loan Fund lending \$175,000 for new loans while receiving \$419,294 in loan repayments from businesses during fiscal 2009.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Jackson County amended its budget three times. The amendments were made in December 2008, April 2009 and May 2009 and resulted in an increase in budgeted disbursements related, in part, to capital projects, medical examiner fees, drainage district expenses, computer software maintenance, Recorder record books microfilmed, equipment, county farm taxes and election laptops.

The County's receipts were \$293,174, or 2.3%, less than the amended budget.

Total disbursements were \$846,740 less than the amended budget. Actual disbursements for the mental health and capital projects functions were \$193,792 and \$134,020, respectively, less than budgeted. This was primarily due to the County continuing to look for ways to manage the cost of mental health services and work on certain projects was not completed prior to June 30, 2009. In addition, the County had fewer capital project disbursements than originally budgeted.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2009, Jackson County had approximately \$33.7 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1,804,000, or 5.7%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2009	2008
Land	\$ 2,913	2,884
Buildings and improvements	1,584	1,514
Equipment and vehicles	3,092	2,789
Infrastructure	24,892	24,201
Construction in progress	1,198	488
Total	\$ 33,679	31,876

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

Secondary roads projects	\$ 2,311
Roads and transportation equipment	527
Courthouse computer equipment	21
Sheriff's vehicles	123
Voting machines	208
Conservation equipment	<u>32</u>
Total	<u>\$ 3,222</u>

The County had depreciation expense of \$1,418,303 in fiscal 2009 and total accumulated depreciation of \$17,862,647 at June 30, 2009.

More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

## **Long-Term Debt**

At June 30, 2009, Jackson County had no outstanding long-term debt. During fiscal 2009, the County paid off its outstanding capital lease purchase agreements and installment agreement.

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 percent of the assessed value of all taxable property within the County's corporate limits. Jackson County's general obligation constitutional debt limit is approximately \$35 million. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

## **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 2010 budget, tax rates and fees charged for various County activities. One of those factors is the economy. The County's nonagricultural employment growth decreased in 2009, averaging 1.6% over the last 5 years while the population growth during 2003-2008 decreased .7%. Unemployment in the County now stands at 8.5% versus 6.4% a year ago.

Inflation continues to be slightly lower than the national Consumer Price Index increase. Inflation has been modest here due, in part, to the slowing of the residential housing market and modest increases in energy prices in 2008-2009.

These indicators were taken into account when adopting the budget for fiscal 2010. Jackson County will use the increase in property tax to finance programs we currently offer and offset the effect we expect inflation to have on program costs. The County has added no major new programs or initiatives to the 2010 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by the close of fiscal 2010.

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

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

**Jackson County**

## **Basic Financial Statements**

**Exhibit A**

Jackson County  
Statement of Net Assets  
June 30, 2009

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 4,901,865
Receivables:	
Property tax:	
Delinquent	6,291
Succeeding year	4,706,000
Interest and penalty on property tax	29,843
Accounts	226,515
Accrued interest	623
Revolving loans	758,949
Due from other governments	467,050
Inventories	253,230
Prepaid insurance	130,507
Capital assets (net of accumulated depreciation)	<u>33,679,448</u>
<b>Total assets</b>	<u>45,160,321</u>
<b>Liabilities</b>	
Accounts payable	346,578
Salaries and benefits payable	200,217
Due to other governments	248,891
Deferred revenue:	
Succeeding year property tax	4,706,000
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	164,267
Portion due or payable after one year:	
Compensated absences	<u>31,913</u>
<b>Total liabilities</b>	<u>5,697,866</u>
<b>Net Assets</b>	
Invested in capital assets	33,679,448
Restricted for:	
Supplemental levy purposes	136,194
Mental health purposes	25,053
Secondary roads purposes	1,905,103
Other purposes	2,443,188
Unrestricted	<u>1,273,469</u>
<b>Total net assets</b>	<u>\$ 39,462,455</u>

See notes to financial statements.

Jackson County  
Statement of Activities  
Year ended June 30, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	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	\$ 1,513,114	73,054	84,202	-	(1,355,858)
Physical health and social services	421,325	47,719	196,542	-	(177,064)
Mental health	2,341,153	40,144	1,139,096	-	(1,161,913)
County environment and education	1,267,499	365,061	290,344	-	(612,094)
Roads and transportation	5,283,686	61,370	2,595,386	2,212,215	(414,715)
Governmental services to residents	384,998	302,508	-	-	(82,490)
Administration	1,433,532	118,725	-	-	(1,314,807)
<b>Total</b>	<b>\$ 12,645,307</b>	<b>1,008,581</b>	<b>4,305,570</b>	<b>2,212,215</b>	<b>(5,118,941)</b>
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					4,573,826
Penalty and interest on property tax					29,666
State tax credits					295,412
Local option sales tax					764,321
Unrestricted investment earnings					66,947
Gain on disposition of capital assets					136,374
Miscellaneous					87,879
<b>Total general revenues</b>					<b>5,954,425</b>
Change in net assets					835,484
Net assets beginning of year					38,626,971
Net assets end of year					<b>\$ 39,462,455</b>

See notes to financial statements.

Jackson County  
Balance Sheet  
Governmental Funds

June 30, 2009

	General	Mental Health	Rural Services	Special Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 1,193,368	324,254	306,545	505,115
Receivables:				
Property tax:				
Delinquent	4,591	1,122	578	-
Succeeding year	2,930,000	716,000	1,060,000	-
Interest and penalty on property tax	29,843	-	-	-
Accounts	6,496	23,898	-	97,494
Accrued interest	571	-	-	-
Revolving loans	-	-	-	-
Due from other funds	65	-	-	3,086
Advances to other funds	-	-	-	-
Due from other governments	17,496	-	15,558	354,859
Inventories	-	-	-	253,230
Prepaid insurance	109,299	-	-	21,208
<b>Total assets</b>	<b>\$ 4,291,729</b>	<b>1,065,274</b>	<b>1,382,681</b>	<b>1,234,992</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 38,147	62,658	216	222,725
Salaries and benefits payable	94,392	12,858	20,966	67,976
Due to other funds	2,893	65	-	-
Due to other governments	1,151	241,075	1,710	4,680
Deferred revenue:				
Succeeding year property tax	2,930,000	716,000	1,060,000	-
Other	34,097	1,083	517	36,511
Advances from other funds	-	-	-	-
Total liabilities	<b>3,100,680</b>	<b>1,033,739</b>	<b>1,083,409</b>	<b>331,892</b>
Fund balances:				
Reserved for:				
Cemetery	458	-	-	-
Supplemental levy purposes	148,042	-	-	-
Advances to other funds	-	-	-	-
Unreserved, reported in:				
General fund	1,042,549	-	-	-
Special revenue funds	-	31,535	299,272	903,100
Capital projects fund	-	-	-	-
Total fund balances	<b>1,191,049</b>	<b>31,535</b>	<b>299,272</b>	<b>903,100</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,291,729</b>	<b>1,065,274</b>	<b>1,382,681</b>	<b>1,234,992</b>

See notes to financial statements.

Revenue			
Local Option Sales Tax	Jackson County Revolving Loan	Nonmajor	Total
947,680	1,033,160	401,469	4,711,591
-	-	-	6,291
-	-	-	4,706,000
-	-	-	29,843
43,974	-	54,653	226,515
-	-	14	585
-	758,949	-	758,949
-	-	-	3,151
-	25,000	-	25,000
46,674	-	32,463	467,050
-	-	-	253,230
-	-	-	130,507
<b>1,038,328</b>	<b>1,817,109</b>	<b>488,599</b>	<b>11,318,712</b>
-	-	15,710	339,456
-	-	4,025	200,217
-	-	193	3,151
-	-	275	248,891
-	-	-	4,706,000
43,974	758,949	-	875,131
-	-	25,000	25,000
<b>43,974</b>	<b>758,949</b>	<b>45,203</b>	<b>6,397,846</b>
-	-	-	458
-	-	-	148,042
-	25,000	-	25,000
-	-	-	1,042,549
994,354	1,033,160	344,138	3,605,559
-	-	99,258	99,258
<b>994,354</b>	<b>1,058,160</b>	<b>443,396</b>	<b>4,920,866</b>
<b>1,038,328</b>	<b>1,817,109</b>	<b>488,599</b>	<b>11,318,712</b>

**Jackson County**

Jackson County

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

June 30, 2009

<b>Total governmental fund balances (page 19)</b>	\$ 4,920,866
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***Amounts reported for governmental activities in the Statement of Net Assets 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 \$51,542,095 and the accumulated depreciation is \$17,862,647.	33,679,448
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	875,131
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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 Assets.	183,190
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Compensated absences payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(196,180)
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<b>Net assets of governmental activities (page 16)</b>	<b>\$ 39,462,455</b>
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See notes to financial statements.

Jackson County

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

Year ended June 30, 2009

	General	Special		
		Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 2,874,791	737,675	1,042,884	-
Local option sales tax	-	-	191,080	-
Interest and penalty on property tax	68,728	-	-	-
Intergovernmental	513,834	1,185,058	74,074	3,260,665
Licenses and permits	3,190	-	-	8,182
Charges for service	545,009	-	-	320
Use of money and property	78,529	-	-	-
Miscellaneous	27,577	40,144	-	67,729
Total revenues	4,111,658	1,962,877	1,308,038	3,336,896
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	1,097,743	-	475,500	-
Physical health and social services	157,949	-	-	-
Mental health	-	2,338,041	-	-
County environment and education	739,270	-	212,743	-
Roads and transportation	-	-	-	4,277,452
Governmental services to residents	531,267	-	2,330	-
Administration	1,411,609	-	-	-
Capital projects	63,591	-	-	674,528
Total expenditures	4,001,429	2,338,041	690,573	4,951,980
Excess (deficiency) of revenues over (under) expenditures	110,229	(375,164)	617,465	(1,615,084)
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	1,276,500
Operating transfers out	(115,000)	-	(700,000)	-
Total other financing sources (uses)	(115,000)	-	(700,000)	1,276,500
Net change in fund balances	(4,771)	(375,164)	(82,535)	(338,584)
Fund balances beginning of year	1,195,820	406,699	381,807	1,241,684
Fund balances end of year	\$ 1,191,049	31,535	299,272	903,100

See notes to financial statements.

Revenue			
Local Option Sales Tax	Jackson County Revolving Loan	Nonmajor	Total
-	-	-	4,655,350
573,241	-	-	764,321
-	-	-	68,728
-	-	255,793	5,289,424
-	-	39,854	51,226
-	-	38,951	584,280
-	419,294	57,423	555,246
9,110	-	14,261	158,821
582,351	419,294	406,282	12,127,396
-	-	13,805	1,587,048
-	-	247,963	405,912
-	-	-	2,338,041
-	180,001	137,901	1,269,915
-	-	-	4,277,452
-	-	-	533,597
-	-	68,183	1,479,792
-	-	18,653	756,772
-	180,001	486,505	12,648,529
582,351	239,293	(80,223)	(521,133)
-	-	90,000	1,366,500
(551,500)	-	-	(1,366,500)
(551,500)	-	90,000	-
30,851	239,293	9,777	(521,133)
963,503	818,867	433,619	5,441,999
994,354	1,058,160	443,396	4,920,866

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, 2009

**Net change in fund balances - Total governmental funds (page 23)** \$ (521,133)

**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	\$ 1,399,089	
Capital assets contributed by the Iowa Department of Transportation	1,686,609	
Depreciation expense	<u>(1,418,303)</u>	1,667,395

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. 136,374

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

Property tax	(120,586)	
Other	<u>(369,761)</u>	(490,347)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 30,015

Compensated absences 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. 11,123

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 assets of the Internal Service Funds is reported with governmental activities. 2,057

**Change in net assets of governmental activities (page 17)** \$ 835,484

See notes to financial statements.

Jackson County  
Statement of Net Assets  
Proprietary Funds  
June 30, 2009

	<u>Internal Service</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 190,274
Accrued interest receivable	<u>38</u>
<b>Total assets</b>	190,312
<b>Liabilities</b>	
Accounts payable	<u>7,122</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$ 183,190</u></u>

See notes to financial statements.

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

Year ended June 30, 2009

	<u>Internal Service</u>
Operating revenues:	
Reimbursements from operating funds	\$ 85,887
Reimbursements from employees	18,745
Total operating revenues	<u>104,632</u>
Operating expenses:	
Medical claims	71,063
Insurance premiums	24,037
Administrative fees	9,489
Total operating expenses	<u>104,589</u>
Operating income	43
Non-operating revenues:	
Interest income	<u>2,014</u>
Increase in net assets	2,057
Net assets beginning of year	<u>181,133</u>
Net assets end of year	<u><u>\$ 183,190</u></u>

See notes to financial statements.

Jackson County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2009

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds and employees	\$ 104,645
Cash paid to suppliers for medical claims, administrative fees and insurance premiums	(104,916)
Net cash used by operating activities	(271)
Cash flows from investing activities:	
Interest on investments	2,294
Net increase in cash and cash equivalents	2,023
Cash and cash equivalents beginning of year	188,251
Cash and cash equivalents end of year	\$ 190,274
<b>Reconciliation of operating income to net cash used by operating activities:</b>	
Operating income	\$ 43
Adjustments to reconcile operating income to net cash used by operating activities:	
Decrease in accounts receivable	13
Decrease in accounts payable	(327)
Net cash used by operating activities	\$ (271)

See notes to financial statements.

Jackson County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2009

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 1,190,747
Other County officials	77,525
Receivables:	
Property tax:	
Delinquent	26,185
Succeeding year	16,834,000
Accounts	25,599
Accrued interest	83
Special assessments:	
Delinquent	10,285
Succeeding year	30,352
Due from other governments	8,652
<b>Total assets</b>	<u>18,203,428</u>

**Liabilities**

Accounts payable	167
Salaries and benefits payable	12,776
Due to other governments	18,100,976
Trusts payable	77,525
Compensated absences	11,984
<b>Total liabilities</b>	<u>18,203,428</u>

<b>Net assets</b>	<u><u>\$ -</u></u>
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See notes to financial statements.

Jackson County

Notes to Financial Statements

June 30, 2009

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

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

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

A. Reporting Entity

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

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

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

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

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

B. Basis of Presentation

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

The Statement of Net Assets presents the County’s nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets* consists of capital assets, net of accumulated depreciation.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation 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 secondary roads construction and maintenance.

The Local Option Sales Tax Fund is used to account for the portion of local option sales tax to be used for secondary roads construction projects.

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

Additionally, the County reports the following funds:

Proprietary Fund – 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 period or soon enough thereafter to pay liabilities of the current period. 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 assets 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.

The proprietary funds of the County apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 2003 (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 Assets. Capital assets are recorded at historical cost if purchased or constructed.

Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
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
Equipment	3 - 20
Vehicles	5 - 15

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

Advances to/from Other Funds – Non-current portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve which indicates they do not constitute expendable available financial resources and, therefore, are not available to liquidate current obligations.

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, death or retirement. No payment for unused sick leave shall be made upon the termination of employment with the County. Full-time employees who do not utilize sick leave during a three-month span are entitled to an additional one-half day of floating personal time which will be credited at the end of each calendar quarter. Floating time is credited to the employee's vacation time. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, 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 Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Unrestricted Net Assets – The unrestricted net assets of the Internal Service Funds are designated for future catastrophic losses of the County.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceed the amount budgeted in the roads and transportation function and disbursements in the medical examiner department exceeded the amount appropriated prior to amendment.

### **(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$2,231,004 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

**(3) Due From and Due to Other Funds**

The detail of due to/due from other funds and advances to/from other funds at June 30, 2009 is as follows:

Due To/Due From Other Funds

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Mental Health	\$ 65
Special Revenue: Secondary Roads	General	2,893
	Special Revenue: Local Health	193
Total		<u>\$ 3,151</u>

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

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Special Revenue: Jackson County Revolving Loan	Capital Projects	<u>\$ 25,000</u>

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

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 25,000
	Special Revenue: Rural Services	700,000
	Local Option Sales Tax	551,500
Local Health	General	65,000
Capital Projects	General	<u>25,000</u>
Total		<u>\$ 1,366,500</u>

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

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

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

Upon receipt of loan payments from the businesses, the funds remain in the Jackson County Revolving Loan Fund for subsequent loans to other businesses. If the program is dissolved, all monies and interest earned will revert to Jackson County. During the year ended June 30, 2009, one new loan was made to Maquoketa Newspapers, Inc for \$175,000.

Outstanding loans receivable of the Jackson County Revolving Loan Fund are as follows:

Loaned to	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Loan Balance June 30, 2009
Clark Boat Company Inc. (Renegotiated)	Aug. 20, 2002	\$ 273,000	4.5%	15 years	\$ 65,220
Spartan Company	Jan. 18, 1995	125,000	5.0	15 years	7,760
T M Woodworks	Apr. 6, 2004	255,000	4.0	15 years	96,685
Maquoketa Newspapers, Inc	Apr. 27, 2004	87,000	4.0	7 years	27,385
Maquoketa Newspapers, Inc	June 13, 2006	205,000	5.5	7 years	126,668
Precision Metal Works	March 11, 2008	325,000	3.5	7 years	276,201
Maquoketa Newspapers, Inc	Nov. 18, 2008	175,000	4.0	5 years	159,030
Total					<u>\$ 758,949</u>

In addition, the County advanced \$255,000 to the Jackson County Conservation Board for construction costs of the Hurstville Interpretative Center. The advance will be repaid by the Capital Projects Fund. The balance outstanding at June 30, 2009 was \$25,000.

**(6) Capital Assets**

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,883,739	29,981	-	2,913,720
Construction in progress	487,805	1,198,429	487,805	1,198,429
Total capital assets not being depreciated	<u>3,371,544</u>	<u>1,228,410</u>	<u>487,805</u>	<u>4,112,149</u>
Capital assets being depreciated:				
Buildings and improvements	3,227,365	121,778	-	3,349,143
Equipment and vehicles	6,643,518	911,006	359,642	7,194,882
Infrastructure, road network	35,241,202	1,448,683	-	36,689,885
Infrastructure, other	196,036	-	-	196,036
Total capital assets being depreciated	<u>45,308,121</u>	<u>2,481,467</u>	<u>359,642</u>	<u>47,429,946</u>
Less accumulated depreciation for:				
Buildings and improvements	1,712,627	52,451	-	1,765,078
Equipment and vehicles	3,855,057	607,923	359,642	4,103,338
Infrastructure, road network	11,182,114	749,278	-	11,931,392
Infrastructure, other	54,188	8,651	-	62,839
Total accumulated depreciation	<u>16,803,986</u>	<u>1,418,303</u>	<u>359,642</u>	<u>17,862,647</u>
Total capital assets being depreciated, net	<u>28,504,135</u>	<u>1,063,164</u>	<u>-</u>	<u>29,567,299</u>
Governmental activities capital assets, net	<u>\$ 31,875,679</u>	<u>2,291,574</u>	<u>487,805</u>	<u>33,679,448</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 52,258
Physical health and social services	14,822
Mental health	2,082
County environment and education	63,745
Roads and transportation	1,195,715
Governmental services to residents	60,574
Administration	<u>29,107</u>
Total depreciation expense - governmental activities	<u>\$ 1,418,303</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 is as follows:

Fund	Description	Amount
General	Services	\$ 1,151
Special Revenue:		
Mental Health	Services	241,075
Rural Services	Services	1,710
Secondary Roads	Services	4,680
Local Health	Services	275
		<u>247,740</u>
Total for governmental funds		<u>\$ 248,891</u>
Agency:		
County Assessor	Collections	\$ 828,579
Schools		9,804,240
Community Colleges		617,661
Corporations		5,214,803
Townships		215,151
County Hospital		802,580
All other		<u>617,962</u>
Total for agency funds		<u>\$ 18,100,976</u>

**(8) Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	Capital Lease Purchase Agreement	Installment Agreement	Compen- sated Absences	Total
Balance beginning of year	\$ 14,920	15,095	207,303	237,318
Increases	-	-	229,099	229,099
Decreases	14,920	15,095	240,222	270,237
Balance end of year	<u>\$ -</u>	<u>-</u>	<u>196,180</u>	<u>196,180</u>
Due within one year	<u>\$ -</u>	<u>-</u>	<u>164,267</u>	<u>164,267</u>

**(9) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$247,198, \$224,164 and \$203,774, respectively, equal to the required contributions for each year.

**(10) Risk Management**

Jackson County is a member in 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 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2009 were \$193,275.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to

\$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

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

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

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

Under the agreement, deductible and coinsurance expenses are processed by Seabury & Smith, Inc. with payments from the Internal Service, Employee Self-Funded Dental Plan Fund.

**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, 2009

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 5,418,413	-	5,418,413
Interest and penalty on property tax	68,753	-	68,753
Intergovernmental	5,228,290	-	5,228,290
Licenses and permits	49,570	-	49,570
Charges for service	581,677	-	581,677
Use of money and property	597,562	34	597,528
Miscellaneous	124,576	10,108	114,468
Total receipts	<u>12,068,841</u>	<u>10,142</u>	<u>12,058,699</u>
Disbursements:			
Public safety and legal services	1,552,055	-	1,552,055
Physical health and social services	400,690	-	400,690
Mental health	2,296,476	-	2,296,476
County environment and education	1,257,196	14,390	1,242,806
Roads and transportation	4,060,886	-	4,060,886
Governmental services to residents	552,105	-	552,105
Administration	1,406,268	-	1,406,268
Non-program	-	-	-
Debt service	-	-	-
Capital projects	846,723	-	846,723
Total disbursements	<u>12,372,399</u>	<u>14,390</u>	<u>12,358,009</u>
Excess (deficiency) of receipts over (under) disbursements	(303,558)	(4,248)	(299,310)
Other financing sources (uses)	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(303,558)	(4,248)	(299,310)
Balance beginning of year	5,015,149	86,935	4,928,214
Balance end of year	<u>\$ 4,711,591</u>	<u>82,687</u>	<u>4,628,904</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
5,357,213	5,357,213	61,200
49,775	49,775	18,978
4,767,299	5,540,893	(312,603)
54,565	47,565	2,005
537,230	512,110	69,567
374,215	585,151	12,377
258,525	259,166	(144,698)
<u>11,398,822</u>	<u>12,351,873</u>	<u>(293,174)</u>
1,555,998	1,579,098	27,043
493,337	513,777	113,087
2,490,268	2,490,268	193,792
1,030,658	1,375,595	132,789
4,039,038	4,039,038	(21,848)
573,115	637,259	85,154
1,384,544	1,477,871	71,603
111,100	111,100	111,100
16,737	-	-
178,321	980,743	134,020
<u>11,873,116</u>	<u>13,204,749</u>	<u>846,740</u>
(474,294)	(852,876)	553,566
6,025	10,175	(10,175)
(468,269)	(842,701)	543,391
<u>4,764,264</u>	<u>5,132,800</u>	<u>(204,586)</u>
<u>4,295,995</u>	<u>4,290,099</u>	<u>338,805</u>

Jackson County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 12,068,841	58,555	12,127,396
Expenditures	12,372,399	276,130	12,648,529
Net	(303,558)	(217,575)	(521,133)
Beginning fund balances	5,015,149	426,850	5,441,999
Ending fund balances	\$ 4,711,591	209,275	4,920,866

See accompanying independent auditor's report.

Jackson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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 \$1,331,633. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the roads and transportation function and disbursements in the medical examiner department exceeded the amount appropriated prior to amendment.

**Jackson County**

**Other Supplementary Information**

Jackson County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2009

	County Recorder's Records Management	Green Island Drainage Districts	Local Health	Resource Enhancement and Protection	Emergency Training Grant	Special Local Law Enforcement
<b>Assets</b>						
Cash and pooled investments	\$ 403	82,687	6,484	8,899	4,783	139
Accounts receivable	-	-	4,896	49,757	-	-
Accrued interest receivable	1	-	-	13	-	-
Due from other governments	-	-	22,812	2,852	-	-
<b>Total assets</b>	<b>\$ 404</b>	<b>82,687</b>	<b>34,192</b>	<b>61,521</b>	<b>4,783</b>	<b>139</b>
<b>Liabilities and Fund Equity</b>						
Liabilities:						
Accounts payable	\$ -	-	7,730	4,400	-	-
Salaries and benefits payable	-	-	4,025	-	-	-
Due to other funds	-	-	193	-	-	-
Due to other governments	-	-	275	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	-	-	12,223	4,400	-	-
Fund equity:						
Unreserved fund balances, reported in:						
Special revenue funds	404	82,687	21,969	57,121	4,783	139
Capital projects fund	-	-	-	-	-	-
Total fund equity	404	82,687	21,969	57,121	4,783	139
<b>Total liabilities and fund equity</b>	<b>\$ 404</b>	<b>82,687</b>	<b>34,192</b>	<b>61,521</b>	<b>4,783</b>	<b>139</b>

See accompanying independent auditor's report.

Revenue								
Historic Preservation	Attorney Collection Incentive	Conservation Land Acquisition	Economic Development Grant - CDBG	Pioneer Cemetery Trust	Jackson County Farm	Andrew Jackson Care Facility	Capital Projects	Total
2,653	27,382	11,112	-	3,900	103,754	23,920	125,353	401,469
-	-	-	-	-	-	-	-	54,653
-	-	-	-	-	-	-	-	14
-	1,372	3,000	2,427	-	-	-	-	32,463
2,653	28,754	14,112	2,427	3,900	103,754	23,920	125,353	488,599
-	-	58	2,427	-	-	-	1,095	15,710
-	-	-	-	-	-	-	-	4,025
-	-	-	-	-	-	-	-	193
-	-	-	-	-	-	-	-	275
-	-	-	-	-	-	-	25,000	25,000
-	-	58	2,427	-	-	-	26,095	45,203
2,653	28,754	14,054	-	3,900	103,754	23,920	-	344,138
-	-	-	-	-	-	-	99,258	99,258
2,653	28,754	14,054	-	3,900	103,754	23,920	99,258	443,396
2,653	28,754	14,112	2,427	3,900	103,754	23,920	125,353	488,599

Jackson County

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

Year ended June 30, 2009

	County Recorder's Management	Green Island Drainage Districts	Local Health	Resource Enhancement and Protection	Emergency Training Grant	Special Local Law Enforcement
Revenues:						
Intergovernmental	\$ -	-	130,049	91,378	-	-
Licenses and permits	-	-	39,274	-	-	-
Charges for service	3,861	-	8,009	-	-	-
Use of money and property	240	34	-	485	-	2
Miscellaneous	-	10,108	-	-	-	-
Total revenues	4,101	10,142	177,332	91,863	-	2
Expenditures:						
Operating:						
Public safety and legal services	-	-	-	-	13,805	-
Physical health and social services	-	-	247,963	-	-	-
County environment and education	-	14,390	-	72,562	-	-
Administration	33,931	-	-	-	-	-
Capital projects	-	-	-	4,400	-	-
Total expenditures	33,931	14,390	247,963	76,962	13,805	-
Excess (deficiency) of revenues over (under) expenditures	(29,830)	(4,248)	(70,631)	14,901	(13,805)	2
Other financing sources:						
Operating transfers in	-	-	65,000	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(29,830)	(4,248)	(5,631)	14,901	(13,805)	2
Fund balances beginning of year	30,234	86,935	27,600	42,220	18,588	137
Fund balances end of year	\$ 404	82,687	21,969	57,121	4,783	139

See accompanying independent auditor's report.

Revenue								
Historic Preservation	Attorney Collection Incentive	Conservation Land Acquisition	Economic Development Grant	Pioneer Cemetery Trust	Jackson County Farm	Andrew Jackson Care Facility	Capital Projects	Total
16,850	11,633	3,456	2,427	-	-	-	-	255,793
-	-	580	-	-	-	-	-	39,854
-	-	27,081	-	-	-	-	-	38,951
-	-	-	-	-	47,062	-	9,600	57,423
-	-	653	-	-	-	3,500	-	14,261
16,850	11,633	31,770	2,427	-	47,062	3,500	9,600	406,282
-	-	-	-	-	-	-	-	13,805
-	-	-	-	-	-	-	-	247,963
16,850	-	31,672	2,427	-	-	-	-	137,901
-	-	-	-	-	34,252	-	-	68,183
-	-	13,158	-	-	-	-	1,095	18,653
16,850	-	44,830	2,427	-	34,252	-	1,095	486,505
-	11,633	(13,060)	-	-	12,810	3,500	8,505	(80,223)
-	-	-	-	-	-	-	25,000	90,000
-	11,633	(13,060)	-	-	12,810	3,500	33,505	9,777
2,653	17,121	27,114	-	3,900	90,944	20,420	65,753	433,619
2,653	28,754	14,054	-	3,900	103,754	23,920	99,258	443,396

**Jackson County**

Jackson County  
 Combining Schedule of Net Assets  
 Internal Service Funds

June 30, 2009

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 128,189	62,085	190,274
Accrued interest receivable	25	13	38
<b>Total assets</b>	<b>128,214</b>	<b>62,098</b>	<b>190,312</b>
<b>Liabilities</b>			
Accounts payable	2,973	4,149	7,122
<b>Net Assets</b>			
Unrestricted	\$ 125,241	57,949	183,190

See accompanying independent auditor's report.

**Schedule 4**

Jackson County

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

Year ended June 30, 2009

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Operating revenues:			
Reimbursements from operating funds	\$ 53,258	32,629	85,887
Reimbursements from employees	11,352	7,393	18,745
Total operating revenues	64,610	40,022	104,632
Operating expenses:			
Medical claims	30,185	40,878	71,063
Insurance premiums	24,037	-	24,037
Administrative fees	4,732	4,757	9,489
Total operating expenses	58,954	45,635	104,589
Operating income (loss)	5,656	(5,613)	43
Non-operating revenues:			
Interest income	1,315	699	2,014
Increase (decrease) in net assets	6,971	(4,914)	2,057
Net assets beginning of year	118,270	62,863	181,133
Net assets end of year	\$ 125,241	57,949	183,190

See accompanying independent auditor's report.

Jackson County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2009

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Cash flows from operating activities:			
Cash received from operating funds and employees	\$ 64,623	40,022	104,645
Cash paid to suppliers for medical claims, insurance premiums and administrative fees	(61,013)	(43,903)	(104,916)
Net cash provided (used) by operating activities	3,610	(3,881)	(271)
Cash flows from investing activities:			
Interest on investments	1,496	798	2,294
Net increase (decrease) in cash and cash equivalents	5,106	(3,083)	2,023
Cash and cash equivalents beginning of year	123,083	65,168	188,251
Cash and cash equivalents end of year	\$ 128,189	62,085	190,274
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 5,656	(5,613)	43
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Decrease in accounts receivable	13	-	13
Increase (decrease) in accounts payable	(2,059)	1,732	(327)
Net cash provided (used) by operating activities	\$ 3,610	(3,881)	(271)

See accompanying independent auditor's report.

Jackson County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	3,917	421,115	259,940	10,737
Other County officials	6,552	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	272	674	14,300	924
Succeeding year	-	173,000	430,000	9,530,000	606,000
Accounts receivable	-	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 6,552</b>	<b>177,189</b>	<b>851,789</b>	<b>9,804,240</b>	<b>617,661</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	-	-	-
Salaries and benefits payable	-	-	11,226	-	-
Due to other governments	-	177,189	828,579	9,804,240	617,661
Trusts payable	6,552	-	-	-	-
Compensated absences	-	-	11,984	-	-
<b>Total liabilities</b>	<b>\$ 6,552</b>	<b>177,189</b>	<b>851,789</b>	<b>9,804,240</b>	<b>617,661</b>

See accompanying independent auditor's report.

Corporations	Townships	County Hospital	E911 Service Commission	Other	Total
156,161	5,045	21,358	195,593	116,881	1,190,747
-	-	-	-	70,973	77,525
8,642	106	1,222	-	45	26,185
5,050,000	210,000	780,000	-	55,000	16,834,000
-	-	-	25,599	-	25,599
-	-	-	43	40	83
-	-	-	-	10,285	10,285
-	-	-	-	30,352	30,352
-	-	-	-	8,652	8,652
<u>5,214,803</u>	<u>215,151</u>	<u>802,580</u>	<u>221,235</u>	<u>292,228</u>	<u>18,203,428</u>
-	-	-	-	167	167
-	-	-	-	1,550	12,776
5,214,803	215,151	802,580	221,235	219,538	18,100,976
-	-	-	-	70,973	77,525
-	-	-	-	-	11,984
<u>5,214,803</u>	<u>215,151</u>	<u>802,580</u>	<u>221,235</u>	<u>292,228</u>	<u>18,203,428</u>

Jackson County  
 Combining Schedule of Changes in Fiduciary Assets and Liabilities  
 Agency Funds

Year ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 5,251	144,844	719,846	9,524,960	396,775
Additions:					
Property and other county tax	-	178,450	446,564	9,896,142	621,709
E911 surcharge	-	-	-	-	-
State tax credits	-	9,034	27,371	595,002	24,800
Drivers license fees	-	-	-	-	-
Office fees and collections	340,768	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	252,182	115	7,097	7,109	315
Total additions	592,950	187,599	481,032	10,498,253	646,824
Deductions:					
Agency remittances:					
To other funds	211,650	-	-	-	-
To other governments	140,816	155,254	349,089	10,218,973	425,938
Trusts paid out	239,183	-	-	-	-
Total deductions	591,649	155,254	349,089	10,218,973	425,938
Balances end of year	\$ 6,552	177,189	851,789	9,804,240	617,661

See accompanying independent auditor's report.

Corpora- tions	Townships	County Hospital	Auto License and Use Tax	E911 Service Commission	Other	Total
3,933,775	200,815	788,988	-	281,121	273,603	16,269,978
5,105,407	220,774	810,283	-	-	57,963	17,337,292
-	-	-	-	190,521	-	190,521
153,737	14,718	49,259	-	-	3,981	877,902
-	-	-	144,134	-	-	144,134
-	-	-	-	-	-	340,768
-	-	-	4,408,398	-	-	4,408,398
-	-	-	-	-	2,878	2,878
-	-	-	-	-	714,020	714,020
1,756	98	626	-	-	199,756	469,054
5,260,900	235,590	860,168	4,552,532	190,521	978,598	24,484,967
-	-	-	144,134	-	-	355,784
3,979,872	221,254	846,576	4,408,398	250,407	260,468	21,257,045
-	-	-	-	-	699,505	938,688
3,979,872	221,254	846,576	4,552,532	250,407	959,973	22,551,517
5,214,803	215,151	802,580	-	221,235	292,228	18,203,428

Jackson County

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

For the Last Nine Years

	Modified Accrual			
	2009	2008	2007	2006
<b>Revenues:</b>				
Property and other county tax	\$ 4,655,350	4,461,330	4,310,416	4,186,124
Local option sales tax	764,321	759,479	755,377	647,755
Interest and penalty on property tax	68,728	58,101	52,467	55,488
Intergovernmental	5,289,424	5,782,271	4,691,980	4,951,822
Licenses and permits	51,226	53,864	47,853	53,998
Charges for service	584,280	587,675	591,285	571,242
Use of money and property	555,246	556,668	637,902	427,152
Miscellaneous	158,821	308,945	150,356	182,839
<b>Total</b>	<b>\$ 12,127,396</b>	<b>12,568,333</b>	<b>11,237,636</b>	<b>11,076,420</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 1,587,048	1,482,897	1,477,246	1,405,665
Physical health and social services	405,912	392,247	437,156	415,159
Mental health	2,338,041	2,124,388	2,388,908	1,812,333
County environment and education	1,269,915	1,465,164	967,603	1,028,979
Roads and transportation	4,277,452	4,062,384	3,794,055	3,665,867
Governmental services to residents	533,597	419,451	403,470	570,894
Administration	1,479,792	1,322,125	1,149,527	1,140,125
Debt service	-	-	120,826	130,729
Capital projects	756,772	696,035	478,047	440,500
<b>Total</b>	<b>\$ 12,648,529</b>	<b>11,964,691</b>	<b>11,216,838</b>	<b>10,610,251</b>

See accompanying independent auditor's report.

Basis				
2005	2004	2003	2002	2001
4,106,769	3,838,216	3,427,264	3,100,851	2,914,848
639,096	678,545	671,334	612,699	587,625
55,188	47,843	52,331	51,111	50,556
4,983,896	5,304,353	5,088,078	4,913,882	5,087,919
61,439	48,357	41,993	38,028	24,451
535,022	548,158	495,619	448,717	409,736
280,786	234,327	353,827	434,063	500,954
222,767	508,987	273,759	92,682	139,806
10,884,963	11,208,786	10,404,205	9,692,033	9,715,895

1,276,490	1,244,442	1,183,667	1,133,274	1,081,588
390,865	434,384	422,338	469,567	472,152
1,788,575	1,632,214	2,394,395	2,272,613	2,063,079
960,173	1,087,432	825,127	766,505	1,406,479
3,690,936	3,795,781	3,792,710	3,955,263	3,498,761
374,677	332,776	337,012	314,645	346,384
990,874	1,096,817	1,016,630	882,829	790,994
137,217	124,291	-	-	-
640,235	2,203,445	441,822	502,556	125,887
10,250,042	11,951,582	10,413,701	10,297,252	9,785,324

**Schedule 9**

Jackson County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expenditures
<b>Direct:</b>			
U.S. Department of Agriculture:			
Watershed Protection and Flood Prevention	10.904	69-6114-8-016	\$ 182,048
Watershed Protection and Flood Prevention	10.904	69-6114-9-015	49,757
<b>Total Direct</b>			<u>231,805</u>
<b>Indirect:</b>			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>9,860</u>
U.S. Department of the Interior:			
National Park Service:			
Silos and Smokestacks National Heritage Area: Unknown	15.000		<u>6,000</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO49(43)-8J-49	<u>119,458</u>
Recreational Trails Program	20.219		<u>16,000</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Black Hawk County Health Department:			
Public Health Emergency Preparedness	93.069		<u>27,384</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursement:			
Temporary Assistance for Needy Families	93.558		<u>9,140</u>
Refugee and Entrant Assistance-State Administered Programs	93.566		<u>18</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>2,599</u>
Foster Care - Title IV-E	93.658		<u>5,655</u>
Adoption Assistance	93.659		<u>1,345</u>
State Children's Insurance Program	93.767		<u>77</u>
Medical Assistance Program	93.778		<u>12,144</u>
Social Services Block Grant	93.667		<u>5,991</u>
Social Services Block Grant	93.667		<u>92,655</u>
			<u>98,646</u>

Jackson County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expenditures
Indirect (continued):			
Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		103,538
Emergency Management Performance Grants	97.042		24,237
Homeland Security Grant Program	97.067	2005 HGSP	9,929
Homeland Security Grant Program	97.067	2006 HGSP	16,114
			26,043
Total Indirect			462,144
Total			\$ 693,949

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

See accompanying independent auditor's report.

**Jackson County**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

David A. Vaudt, CPA  
Auditor of State

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Des Moines, Iowa 50319-0004

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

To the Officials of Jackson County:

We have audited 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, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 26, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jackson County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Jackson County's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of Jackson County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including a deficiency we consider to be a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Jackson County's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Jackson County's financial statements that is more than inconsequential will not be prevented or detected by Jackson County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Jackson County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-09 is a material weakness.

#### 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 that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 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 findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Jackson County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Jackson County and other parties to whom Jackson County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 26, 2010

**Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133**

**Jackson County**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

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Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Officials of Jackson County:

Compliance

We have audited the compliance of Jackson County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Jackson County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Jackson County's management. Our responsibility is to express an opinion on Jackson County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jackson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jackson County's compliance with those requirements.

In our opinion, Jackson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Jackson County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Jackson County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jackson County's internal control over compliance.

A control deficiency in the County's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Jackson County and other parties to whom Jackson County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 26, 2010

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each of the major programs.
- (f) The audit did not disclose any audit finding which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 10.904 – Watershed Protection and Flood Prevention
  - CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Jackson County did not qualify as a low-risk auditee.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

**Part II: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

II-A-09 Segregation of Duties – During our review of internal control, the existing control activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Collection and deposit preparation functions are not segregated from those of recording and accounting for cash receipts. In addition, an initial listing is not prepared.	Treasurer and Recorder
(2) Bank accounts are reconciled by an individual who signs checks. Additionally, there is no evidence of an independent review of the bank reconciliation.	Treasurer
(3) Protective Payee Accounts – Responsibilities for collection and reconciliation functions are not segregated from those of recording and accounting for cash receipts. In addition, the responsibilities for expenditure preparation and approval functions are not segregated from those of recording cash disbursements.	General Relief
(4) Bank reconciliations are not reviewed periodically by an independent person for propriety.	Recorder

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Responses:

Treasurer – Individuals will be asked to check and verify deposits and then initial to document it has been checked. Also, an independent individual will check the bank reconciliation to document it has been reviewed.

General Relief – We have a new assistant available to disburse checks and may be involved in doing more tasks in the future. Monthly reports are available for review by the County Auditor's Office.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Recorder – We will keep a log of cash in through the mail. I will review the reconciliation of bank statements.

Conclusion – Responses accepted.

II-B-09 Credit Card Policy - The County has credit cards used by various County departments. However, the County does not have a written policy regarding the use of these credit cards.

Recommendation - The Board should adopt a written policy governing the use of County owned credit cards. The policy should specify the individuals who are authorized to use the cards and should include the types of expenses allowed to be charged and the documentation required to be submitted to support the expenses incurred to allow authorization for payment. Board policy should prohibit the use of County owned credit cards for personal expenses.

Response – The County is diligently working on a credit card policy for Jackson County.

Conclusion – Response accepted.

II-C-09 Electronic Data Processing Systems – The County does not have adequate fire protection for the computer room.

Recommendation – The County should install proper fire protection in the form of fire alarms, smoke detectors, a sprinkler system or water sensors to address the above item in order to improve the County's control over computer based systems.

Response – The County will approach this project by phases with Phase I being budgeted in fiscal year 2010/2011.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**SIGNIFICANT DEFICIENCIES:**

No material weaknesses in internal control over compliance were noted.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

IV-A-09 Certified Budget - Disbursements during the year ended June 30, 2009 exceeded the amount budgeted in the roads and transportation function and the medical examiner exceeded the amount appropriated prior to amendment.

Recommendation - The budget should have been amended in sufficient amounts in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - More diligent review of expenses will be made to ensure disbursements do not exceed appropriations.

Conclusion - Response accepted.

IV-B-09 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-09 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-09 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Mike Clausing, Engineer's Office, wife sells advertising at KMAQ	Job advertising	\$ 148
Jan Ward, Board of Public Health and Zoning secretary, Husband owns Ward's Repair Shop	Parts, welding and repair	752
Edward Clark, Sheriff's Office Deputy, Brother owns Clark's Saw Center	Chainsaw parts and repair	1,464
Mary Stickley, Auditor's Office Deputy, Husband owns Stickley Electric Service	Electrical parts and repair	13,540
Rosie Schwager, works in Attorney's Office, Husband owns Schwager's Auto	Car maintenance supplies	80
Steve Flynn, Board of Supervisors, Owner of Century Concrete Company, Inc.	Concrete and sand	15,480

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

The transactions with Stickley Electric Service and Century Concrete Company, Inc. may represent conflicts of interest as defined in Chapter 331.342 of the Code of Iowa since the total cumulative transactions with each were greater than \$1,500 during the fiscal year. The remainder of the transactions do not appear to represent a conflict of interest since cumulative transactions with each were less than \$1,500 during the fiscal year.

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

Response – The County Attorney is in agreement that due diligence is practiced by individual department heads to ensure business transactions were done using good business judgment.

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

IV-E-09 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.

IV-F-09 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-09 Deposits and Pooled Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-09 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).

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Jackson County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager  
Daniel L. Grady, Senior Auditor  
Aaron P. Wagner, CPA, Staff Auditor  
Jacqueline E. Gulick, Assistant Auditor  
Kristen M. Ockenfels, Assistant Auditor  
Rosemary E. Nielsen, Assistant Auditor



Andrew E. Nielsen, CPA  
Deputy Auditor of State