



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE _____ April 24, 2015 _____ Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$27,250,127 for the year ended June 30, 2014, which included \$1,388,634 in tax credits from the state. The County forwarded \$19,782,558 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,467,569 of the local tax revenue to finance County operations, a 4.4% increase over the prior year. Other revenues included charges for service of \$1,677,962, operating grants, contributions and restricted interest of \$4,368,677, capital grants, contributions and restricted interest of \$929,457, local option sales tax of \$882,222, unrestricted investment earnings of \$102,286, gain on disposition of capital assets of \$12,500 and other general revenues of \$162,076.

Expenses for County operations for the year ended June 30, 2014 totaled \$14,175,056, a 3.5% increase over the prior year. Expenses included \$6,481,753 for roads and transportation, \$2,385,067 for public safety and legal services, \$1,632,703 for administration and \$1,120,187 for mental health.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1410-0053-B00F.pdf>.

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JONES COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2014

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Jones County

Officials

Joe Cruise	Board of Supervisors	Jan 2015
Ned Rohwedder	Board of Supervisors	Jan 2015
Keith C. Dirks	Board of Supervisors	Jan 2017
Wayne Manternach	Board of Supervisors	Jan 2017
Joe Oswald	Board of Supervisors	Jan 2017
Janine Sulzner	County Auditor	Jan 2017
Amy L. Picray	County Treasurer	Jan 2015
Marie Krutzfield	County Recorder	Jan 2015
Greg A. Graver	County Sheriff	Jan 2017
Phil Parsons	County Attorney	Jan 2015
Arnie Andreesen	County Assessor	Jan 2016

Jones County



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Independent Auditor's Report

To the Officials of Jones County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jones County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jones County as of June 30, 2014, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 17 and 48 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jones County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2015 on our consideration of Jones County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jones County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 20, 2015

Jones County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Jones County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014, along with comparative data for the year ended June 30, 2013. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 3.5%, or approximately \$560,000, from fiscal year 2013 to fiscal year 2014. Property and other county tax increased approximately \$271,000, operating grants, contributions and restricted interest increased approximately \$100,000, capital grants, contributions and restricted interest decreased approximately \$1,000,000 and charges for service decreased approximately \$29,000.
- Program expenses of the County's governmental activities increased 3.5%, or approximately \$485,000, in fiscal year 2014 compared to fiscal year 2013. Mental health expenses increased approximately \$14,500, or 1.3%, administration expenses increased approximately \$104,000, or 6.8%, roads and transportation expenses increased approximately \$617,000, or 10.5%, county environment and education expenses increased approximately \$16,000, or 2%, public safety and legal services expenses increased approximately \$1,000, or .04%, and physical health and social services expenses decreased approximately \$36,000, or 5.2%, with a decrease for non-program of approximately \$223,000 related to the Community Development Block Grant project the County handled for Advancement Services, Inc. winding down during fiscal year 2014.
- The County's net position increased more than 5%, or approximately \$1,400,000, from June 30, 2013 to June 30, 2014, primarily due to spending being held less than available revenues and an increase in property tax revenue.
- Jones County experienced a moderate increase (5.2%) in taxable valuation for fiscal year 2014 (1-1-12 assessment). Jones County increased property tax rates for fiscal year 2014 an average of .01%, yet generated a 4.22% increase in tax dollars for County operations. The County decreased the general property tax levy rate \$0.14944 per \$1,000 of taxable valuation to \$5.52789 per \$1,000 of taxable valuation. The mental health property tax levy rate was decreased \$0.05186 per \$1,000 of taxable valuation to maintain a frozen level of property tax support of \$883,021. The rural services property tax levy rate was increased \$0.20 to \$2.76289 per \$1,000 of taxable valuation. The implementation of the 1% local option sales tax in 1999 continues to provide a significant amount of property tax relief for the Special Revenue, Rural Services Fund.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

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

2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds which account for Emergency Management, E911 and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Jones County's combined net position increased more than 5% over a year ago, increasing from approximately \$25.3 million to approximately \$26.7 million. The analysis that follows focuses on the changes in the net position of governmental activities.

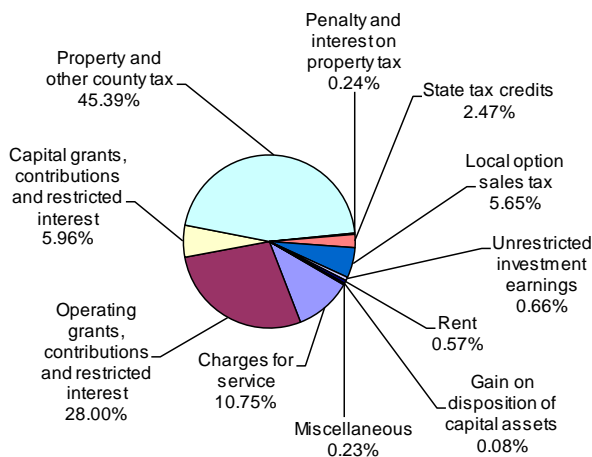
Net Position of Governmental Activities		
	June 30,	
	2014	2013
Current and other assets	\$ 14,475,404	13,334,768
Capital assets	20,869,470	20,180,119
Total assets	35,344,874	33,514,887
Long-term liabilities	389,935	373,580
Other liabilities	1,001,498	770,559
Total liabilities	1,391,433	1,144,139
Deferred inflows of resources	7,231,000	7,076,000
Net position:		
Net investment in capital assets	20,869,470	20,171,939
Restricted	4,316,616	3,574,312
Unrestricted	1,536,355	1,548,497
Total net position	\$ 26,722,441	25,294,748

Net position of Jones County's governmental activities increased \$1,427,693 (\$25,294,748 compared to \$26,722,441). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Next largest is restricted net position, which represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – is reported at \$1,536,355 at June 30, 2014. (Source: Exhibit A.)

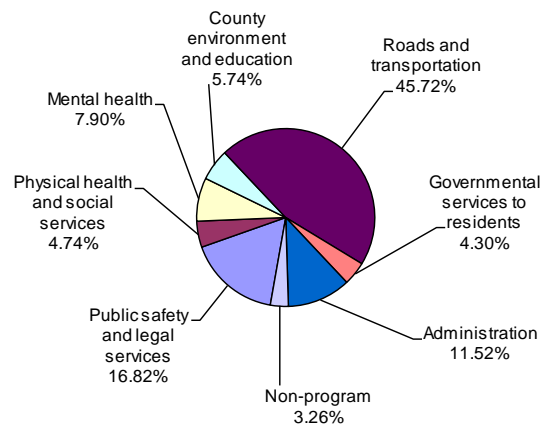
Changes in Net Position of Governmental Activities

	Year ended June 30,	
	2014	2013
Revenues:		
Program revenues:		
Charges for service	\$ 1,677,962	1,707,274
Operating grants, contributions and restricted interest	4,368,677	4,268,851
Capital grants, contributions and restricted interest	929,457	1,897,158
General revenues:		
Property and other county tax	7,081,828	6,811,019
Penalty and interest on property tax	36,955	46,675
State tax credits	385,741	342,202
Local option sales tax	882,222	858,480
Unrestricted investment earnings	102,286	87,472
Rent	88,854	76,908
Gain on disposition of capital assets	12,500	66,917
Miscellaneous	36,267	52
Total revenues	15,602,749	16,163,008
Program expenses:		
Public safety and legal services	2,385,067	2,384,136
Physical health and social services	671,427	707,888
Mental health	1,120,187	1,105,651
County environment and education	813,350	797,600
Roads and transportation	6,481,753	5,864,833
Governmental services to residents	608,845	616,226
Administration	1,632,703	1,528,764
Non-program	461,724	684,575
Total expenses	14,175,056	13,689,673
Change in net position	1,427,693	2,473,335
Net position beginning of year	25,294,748	22,821,413
Net position end of year	\$ 26,722,441	25,294,748

Revenues by Source



Expenses by Program



INDIVIDUAL MAJOR FUND ANALYSIS

As Jones County completed the year, its governmental funds reported a combined fund balance of approximately \$6 million, an increase of approximately \$600,000 from last year's total of approximately \$5.4 million. The following are the primary reasons for the changes in fund balances of the major funds from the prior year:

The General Fund, the operating fund for Jones County, ended fiscal year 2014 with a fund balance of \$2,350,874. This is an increase of \$266,190 from June 30, 2013. Expenditures increased \$657,747 while revenues increased \$462,155. The three most significant expenditure changes were in the administration function, the non-program function and the capital projects function. The administration function increased nearly \$77,000 as the County began expending funds for an update to the aerial tax maps and purchased a new document imaging system. The non-program function decrease is due to the Community Development Block Grant administered on behalf of Advancement Services, Inc. winding down. The capital projects function increase is primarily due to work on the Central Park Lake wastewater improvement project and acquisition of the 525 acre Eby's Mill Wildlife Management Area. Property and other county tax increased \$89,394 due to growth in the taxable valuation (\$113,877 increase in gross tax levied which was offset by an increase in property tax credits as a result of full funding of the homestead tax credit in fiscal year 2014). Intergovernmental revenues increased \$528,585, primarily due to receipt of state and federal grants for conservation department projects. Miscellaneous revenues decreased \$144,384, primarily a result of the completion of the Community Development Block Grant for Advancement Services, Inc. (local match).

The Special Revenue, Mental Health Fund ended fiscal year 2014 with a fund balance of \$943,512. The balance increased \$162,446 from June 30, 2013. Expenditures increased 1.2%, or \$13,293, from fiscal year 2013 and revenues increased 5.6%, or \$68,443.

The Special Revenue, Rural Services Fund ended fiscal year 2014 with a balance of \$254,870, or \$3,836 less than the June 30, 2013 balance of \$258,706. Property and other county tax increased \$174,818, or 12.2%, due to a taxable property valuation increase of approximately \$25.2 million for the rural levy, as well as a \$0.20 increase in the levy rate. 100% of the increase in property tax was used to increase the transfer to the Special Revenue, Secondary Roads Fund to support road maintenance and road projects, bringing the total transfer from \$1,516,000 to \$1,710,000.

The Special Revenue, Secondary Roads Fund ended fiscal year 2014 with a balance of \$2,411,995, an increase of \$186,980 from the June 30, 2013 balance of \$2,225,015. Of the ending balance, \$964,950 is unspent local option sales tax designated for future road and bridge projects, per voter approval in 1999, and \$428,859 is the value of materials held in inventory and prepaid expenditures at June 30, 2014. The restricted cash balance within the Special Revenue, Secondary Roads Fund reflects a positive balance of \$1,983,136 on a GAAP basis, 15.8% higher than the June 30, 2013 balance of \$1,712,492. Roads and transportation expenses increased \$480,848, or less than 10%. The County decreased its spending for its locally funded road construction activities in fiscal year 2014 by 11% (\$143,857 compared to \$161,719 in fiscal year 2013). Revenues for the Special Revenue, Secondary Roads Fund for fiscal year 2014 reflect an increase from fiscal year 2013 of \$127,700, primarily in intergovernmental revenues related to road and bridge construction projects. An additional \$194,000 was transferred from the Special Revenue, Rural Services Fund as compared to \$1,516,000 in fiscal year 2013 and \$80,000 was transferred from the General Fund, bringing the total funds transferred to \$1,790,000. Overall, Special Revenue, Secondary Roads Fund revenues and transfers from other County funds have not kept up with the cost to maintain County roads and road department equipment, nor have they allowed the County to fully abide by the five-year road construction program.

Source: Exhibits C and E.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds except the Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on a cash basis. Over the course of fiscal year 2014, Jones County amended its budget two times.

The first amendment was made on July 23, 2013 and resulted in changes to budgeted intergovernmental and miscellaneous receipts. Budgeted disbursements were increased \$1,077,412 and budgeted receipts and other financing sources were increased \$986,663. The receipts increase was due to expected grant reimbursement for conservation projects and a Community Development Block Grant and the disbursement increase was primarily due to various conservation projects and completion of the courthouse garage.

The second amendment was made on March 11, 2014 and resulted in changes to budgeted appropriations for every disbursement function and receipt category. The net total increase in receipts was \$274,311, with changes in each receipt category. Of significance was a \$226,396 increase in intergovernmental revenues, primarily reflecting \$91,000 of state mental health equalization funds and \$40,000 of additional state property tax credits, a result of full funding of the homestead tax credit which was not anticipated when the fiscal year 2014 budget was prepared. The net total change in budgeted disbursements was a decrease of \$62,435. Of significance was a \$309,581 increase in budgeted mental health disbursements, primarily for costs associated with placements at state mental health institutions. A \$339,954 decrease in road and bridge construction projects is also reflected in the decrease in disbursements, primarily due to delaying projects to future fiscal years. Of the \$123,366 increase in nonprogram current expenditures, \$90,000 was for a potential repayment to the state of grant funds for the Central Park Lake wastewater project. The potential repayment was subsequently not required. A \$225,367 decrease in the county environment and education function was primarily due to moving the MonMaq Dam conservation project to fiscal year 2015. Various other less significant changes in disbursements resulted in a net increase of \$69,939 in the other six functions. Nearly all departments reflected some level of change in spending authority and/or receipt adjustments with this budget amendment.

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

The County's actual receipts were \$286,432 less than the final amended budget, a variance of 1.8%. The most significant variances resulted from the County receiving \$355,341 less intergovernmental receipts than anticipated, primarily due to grant project timelines, and \$82,925 more miscellaneous receipts than anticipated, primarily from unanticipated dividends from the County's workers compensation insurance based on prior year claims experience and fuel reimbursements from the state being higher than expected.

Total disbursements were \$1,716,414 less than the final amended budget, a 10.7% variance. Actual disbursements for the public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, nonprogram and capital projects functions were all within 15% of the final amended budget. Disbursements for the mental health function were \$437,926, or 28.95%, below budget, primarily due to placements at state mental health institutions being less than anticipated.

Source: Required Supplementary Information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, Jones County had \$20,869,470 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 \$689,351, or 3.4%, over last year, primarily from Secondary Roads Department projects.

	Capital Assets of Governmental Activities at Year End	
	June 30,	
	2014	2013
Land	\$ 2,538,992	2,356,754
Construction/intangibles in progress	774,475	150,427
Buildings	1,828,681	1,800,704
Improvements other than buildings	168,931	180,998
Equipment and vehicles	2,165,725	2,072,411
Infrastructure	13,392,666	13,618,825
Total	\$ 20,869,470	20,180,119
This year's major additions included:		
Two Freightliner dump trucks		\$ 339,796
Courthouse garage		96,797
Central Park lake restoration phase I		182,238
Bridge deck overlay		203,990
Total		\$ 822,821

The County had depreciation expense of \$1,024,607 in fiscal year 2014 and total accumulated depreciation of \$9,468,415 at June 30, 2014.

The County budgets roadway construction and conservation land acquisition and major development costs in the capital projects function. Historically, Jones County has not budgeted other capital projects disbursements in the capital projects function, but rather budgets for those items in the function and fund where those items will be used.

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

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

Long-Term Debt

At June 30, 2014, Jones County had no general obligation long-term debt outstanding. 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

Jones County's elected and appointed officials considered many factors when setting the fiscal year 2015 budget, tax rates and the fees charged for various County activities. The primary factors considered were the increase in taxable valuations, health insurance costs for County employees and the condition of the Special Revenue, Secondary Roads Fund.

Jones County's total taxable valuation for the fiscal year 2015 budget increased 4.2%. By class of property, the County's agricultural valuation increased 4%, commercial valuation increased 8%, industrial valuation decreased 9% and residential valuation rose 5%. New residential construction in Jones County increased during 2012 for the January 1, 2013 assessment to become taxable in fiscal 2015. Jones County's agricultural land values comprise 32% of Jones County's taxable valuation for fiscal year 2015, while residential values comprise 38% of the total.

The fiscal year 2015 General Fund budget reflects a tax increase of \$204,690 and is projected to produce an unrestricted fund balance on June 30, 2015 of 31.10% of total general operating disbursements (total fund balance of 32.5% of total disbursements). The tax increase of \$204,690 was generated by applying the fiscal year 2014 tax levy rate to the new valuation with no further change in the General Fund tax levy rate. The total General Fund fiscal year 2015 budgeted disbursements (including transfers out) are \$569,099 more than the fiscal year 2014 original budget. The General Fund fiscal year 2015 budget reflects an 11% increase in employee wages and benefits, with overall disbursements projected to increase 7.97%, primarily due to grant funded projects. Employees of case management previously budgeted in the Special Revenue, Mental Health Fund are now included in the General Fund. The collective bargaining agreement covering wages to be paid in fiscal year 2015 calls for a 2.25% wage increase for employees in the bargaining unit. 3% to 3.5% wage increases were granted to non-union employees. The Board approved the salary recommendation of the Compensation Board for the elected Attorney, Auditor, Recorder, Sheriff and Treasurer and reduced the recommended increase for their own salaries by 25%, thereby granting salary increases in a range from 2.5% to 5%. Budgeted non-tax General Fund receipts are projected to increase \$342,533, primarily due to grant funded projects.

The fiscal year 2015 Special Revenue, Mental Health Fund budget continues to reflect a frozen level of property tax certified at \$883,021, with the tax rate adjusted lower by \$.04055 per \$1,000 of taxable valuation to reflect the increase in the taxable valuation. Beginning in fiscal year 2015, Jones County joined with eight other counties to form a 28E mental health region, as required by mental health redesign legislation. Mental health property tax dollars and other resources will be pooled to provide uniform services to clients in the nine-county region. The 28E agreement currently requires each member county levy at the maximum rate permitted by law.

The budget for the Special Revenue, Rural Services Fund for fiscal year 2015 reflects a tax increase of \$72,685. The tax increase represents the amount generated by applying the prior year's (fiscal year 2014) tax levy rate to the new valuation with no further change in the rural services tax levy rate. All of the additional receipts were budgeted to increase the tax support for the Special Revenue, Secondary Roads Fund.

The Special Revenue, Secondary Roads Fund budget for fiscal year 2015 reflects a small increase of \$5,000 in road maintenance disbursements to \$6,061,500, as well as a small increase in the roadway construction budget from the originally budgeted fiscal year 2014 level of \$485,000 to \$494,000 in fiscal year 2015. Due to the dwindling balance in the Special Revenue, Secondary Roads Fund, locally funded construction projects are either being curtailed or the source of funding is being changed to the Farm to Market fund held by the State of Iowa. The balance in the fund is projected to decrease substantially (\$547,500) from the re-estimated fiscal year 2014 balance due to the construction program and an active general roadway operations program. However, the ending fund balance is historically considerably higher than initially projected. Design and construction schedules, as well as a re-evaluation of funding sources and projected fund balances, are always considered prior to proceeding with certain road and bridge projects and equipment purchases.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Jones County

Basic Financial Statements

Exhibit A

Jones County
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 6,072,827
Receivables:	
Property tax:	
Delinquent	5,509
Succeeding year	7,231,000
Interest and penalty on property tax	14,954
Accounts	44,555
Due from other governments	677,700
Inventories	396,562
Prepaid expenses	32,297
Capital assets, net of accumulated depreciation	20,869,470
Total assets	<u>35,344,874</u>
Liabilities	
Accounts payable	699,231
Salaries and benefits payable	230,998
Due to other governments	71,269
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	145,358
Portion due or payable after one year:	
Compensated absences	185,577
Net OPEB liability	59,000
Total liabilities	<u>1,391,433</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	7,231,000
Net Position	
Net investment in capital assets	20,869,470
Restricted for:	
Supplemental levy purposes	681,886
Mental health purposes	951,381
Rural services purposes	275,933
Secondary roads purposes	2,314,158
Other purposes	93,258
Unrestricted	1,536,355
Total net position	<u>\$ 26,722,441</u>

See notes to financial statements.

Jones County

Statement of Activities

Year ended June 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,385,067	297,106	5,240	-	(2,082,721)
Physical health and social services	671,427	277,327	191,145	-	(202,955)
Mental health	1,120,187	14,126	362,666	-	(743,395)
County environment and education	813,350	56,013	95,571	717,296	55,530
Roads and transportation	6,481,753	509,201	3,310,241	212,161	(2,450,150)
Governmental services to residents	608,845	389,460	-	-	(219,385)
Administration	1,632,703	114,669	2,175	-	(1,515,859)
Non-program	461,724	20,060	401,639	-	(40,025)
Total	\$ 14,175,056	1,677,962	4,368,677	929,457	(7,198,960)

General Revenues:

Property and other county tax levied for general purposes	7,081,828
Penalty and interest on property tax	36,955
State tax credits	385,741
Local option sales tax	882,222
Unrestricted investment earnings	102,286
Rent	88,854
Gain on disposition of capital assets	12,500
Miscellaneous	36,267
Total general revenues	8,626,653
Change in net position	1,427,693
Net position beginning of year	25,294,748
Net position end of year	\$ 26,722,441

See notes to financial statements.

Jones County
Balance Sheet
Governmental Funds

June 30, 2014

	General	Special Revenue	
		Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 2,522,493	1,002,943	223,744
Receivables:			
Property tax:			
Delinquent	3,740	652	1,117
Succeeding year	4,746,000	827,000	1,658,000
Interest and penalty on property tax	14,954	-	-
Accounts	15,860	5,978	-
Due from other funds	2,278	-	-
Due from other governments	154,025	80,499	52,972
Inventories	-	-	-
Prepaid expenditures	-	-	-
Total assets	\$ 7,459,350	1,917,072	1,935,833
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 117,408	52,950	163
Salaries and benefits payable	142,091	13,239	983
Due to other funds	13,208	192	-
Due to other governments	6,393	56,290	-
Total liabilities	279,100	122,671	1,146
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,746,000	827,000	1,658,000
Other	83,376	23,889	21,817
Total deferred inflows of resources	4,829,376	850,889	1,679,817
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	-	-	-
Restricted for:			
Supplemental levy purposes	690,822	-	-
Mental health purposes	-	943,512	-
Rural services purposes	-	-	254,870
Secondary roads purposes	-	-	-
Conservation land acquisition/capital improvements	14,285	-	-
Other purposes	-	-	-
Committed for:			
Employee health insurance program	186,768	-	-
County facility capital projects/purposes	80,223	-	-
Voting equipment replacement	40,000	-	-
Aerial tax mapping update project	20,527	-	-
Unassigned	1,318,249	-	-
Total fund balances	2,350,874	943,512	254,870
Total liabilities, deferred inflows of resources and fund balances	\$ 7,459,350	\$ 1,917,072	\$ 1,935,833

See notes to financial statements.

Secondary Roads	Nonmajor	Total
2,255,879	67,768	6,072,827
-	-	5,509
-	-	7,231,000
-	-	14,954
11,512	11,205	44,555
13,208	-	15,486
390,204	-	677,700
396,562	-	396,562
32,297	-	32,297
<u>3,099,662</u>	<u>78,973</u>	<u>14,490,890</u>
528,710	-	699,231
74,685	-	230,998
2,086	-	15,486
8,586	-	71,269
<u>614,067</u>	<u>-</u>	<u>1,016,984</u>
-	-	7,231,000
73,600	11,205	213,887
<u>73,600</u>	<u>11,205</u>	<u>7,444,887</u>
396,562	-	396,562
32,297	-	32,297
-	-	690,822
-	-	943,512
-	-	254,870
1,983,136	-	1,983,136
-	-	14,285
-	67,768	67,768
-	-	186,768
-	-	80,223
-	-	40,000
-	-	20,527
-	-	1,318,249
<u>2,411,995</u>	<u>67,768</u>	<u>6,029,019</u>
<u>\$ 3,099,662</u>	<u>\$ 78,973</u>	<u>\$ 14,490,890</u>

Jones County

Jones County

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

June 30, 2014

Total governmental fund balances (page 23) \$ 6,029,019

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$30,337,885 and the accumulated depreciation is \$9,468,415. 20,869,470

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 213,887

Long-term liabilities, including compensated absences payable and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (389,935)

Net position of governmental activities (page 20) \$ 26,722,441

See notes to financial statements.

Jones County

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

Year ended June 30, 2014

	General	Special Revenue	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 4,623,007	839,440	1,610,002
Local option sales tax	-	-	199,831
Interest and penalty on property tax	45,618	-	-
Intergovernmental	2,072,136	425,201	86,516
Licenses and permits	47,390	-	-
Charges for service	539,835	10,421	5,400
Use of money and property	194,689	-	1
Miscellaneous	408,366	6,002	85
Total revenues	7,931,041	1,281,064	1,901,835
Expenditures:			
Operating:			
Public safety and legal services	2,430,781	-	-
Physical health and social services	670,071	-	-
Mental health	-	1,118,618	-
County environment and education	571,064	-	189,723
Roads and transportation	383,596	-	-
Governmental services to residents	589,390	-	5,948
Administration	1,600,204	-	-
Non-program	488,353	-	-
Capital projects	851,392	-	-
Total expenditures	7,584,851	1,118,618	195,671
Excess (deficiency) of revenues over (under) expenditures	346,190	162,446	1,706,164
Other financing sources (uses):			
Sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	(80,000)	-	(1,710,000)
Total other financing sources (uses)	(80,000)	-	(1,710,000)
Change in fund balances	266,190	162,446	(3,836)
Fund balances beginning of year	2,084,684	781,066	258,706
Fund balances end of year	\$ 2,350,874	943,512	254,870

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	-	7,072,449
599,492	-	799,323
-	-	45,618
3,315,466	16,391	5,915,710
10,178	-	57,568
58	3,452	559,166
-	75	194,765
190,298	532	605,283
4,115,492	20,450	15,249,882
-	6,400	2,437,181
-	-	670,071
-	-	1,118,618
-	-	760,787
5,585,953	-	5,969,549
-	-	595,338
-	-	1,600,204
-	-	488,353
143,857	-	995,249
5,729,810	6,400	14,635,350
(1,614,318)	14,050	614,532
11,298	-	11,298
1,790,000	-	1,790,000
-	-	(1,790,000)
1,801,298	-	11,298
186,980	14,050	625,830
2,225,015	53,718	5,403,189
2,411,995	67,768	6,029,019

Jones County

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

Year ended June 30, 2014

Change in fund balances - Total governmental funds (page 27) \$ 625,830

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	\$ 1,501,256	
Capital assets contributed by the Iowa Department of Transportation	203,702	
Depreciation expense	<u>(1,024,607)</u>	680,351

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. 9,000

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

Property tax	9,379	
Other	<u>119,488</u>	128,867

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 8,180

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(15,535)	
Other postemployment benefits	<u>(9,000)</u>	(24,535)

Change in net position of governmental activities (page 21) \$ 1,427,693

See notes to financial statements.

Jones County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 3,650,640
Other County officials	29,301
Receivables:	
Property tax:	
Delinquent	14,765
Succeeding year	18,752,000
Accounts	68,288
Accrued interest	5,866
Special assessments	149,769
Due from other governments	47,110
Prepaid expenses	1,354
Capital assets, net of accumulated depreciation	755,967
Total assets	23,475,060

Liabilities

Accounts payable	149,022
Salaries and benefits payable	16,813
Due to other governments	22,105,031
Trusts payable	29,301
Compensated absences	43,738
Estimated liability for landfill closure and posclosure care	1,131,155
Total liabilities	23,475,060

Net position

\$ -

See notes to financial statements.

Jones County

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Jones County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. Jones County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Jones County Assessor's Conference Board, Jones County Emergency Management Commission, Jones County Solid Waste Commission and Jones County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County. Condensed financial statements for the Jones County Solid Waste Commission are included in Note 12 to the financial statements.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2013.

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, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 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 Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
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	25-50
Building improvements	25-50
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.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Deferred Inflows of Resources – Although certain revenues are measurable they are not available. Available means collected with the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements during the ended June 30, 2014 did not exceed the amounts budgeted by function.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2014 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 has no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Mental Health	\$ 192
	Secondary Roads	2,086
		<u>2,278</u>
Special Revenue:	General	13,208
Secondary Roads		<u>13,208</u>
Total		<u>\$ 15,486</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.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	General	\$ 80,000
Secondary Roads	Special Revenue:	
	Rural Services	1,710,000
Total		<u>\$ 1,790,000</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,356,754	182,238	-	2,538,992
Intangibles in progress	-	26,973	-	26,973
Construction in progress	150,427	876,110	(279,035)	747,502
Total capital assets not being depreciated	2,507,181	1,085,321	(279,035)	3,313,467
Capital assets being depreciated:				
Buildings	3,158,049	96,797	-	3,254,846
Improvements other than buildings	241,331	-	-	241,331
Equipment and vehicles	7,206,771	606,885	(115,471)	7,698,185
Infrastructure, road network	14,837,706	203,990	-	15,041,696
Infrastructure, other	788,360	-	-	788,360
Total capital assets being depreciated	26,232,217	907,672	(115,471)	27,024,418
Less accumulated depreciation for:				
Buildings	1,357,345	68,820	-	1,426,165
Improvements other than buildings	60,333	12,067	-	72,400
Equipment and vehicles	5,134,360	513,571	(115,471)	5,532,460
Infrastructure, road network	1,948,743	414,382	-	2,363,125
Infrastructure, other	58,498	15,767	-	74,265
Total accumulated depreciation	8,559,279	1,024,607	(115,471)	9,468,415
Total capital assets being depreciated, net	17,672,938	(116,935)	-	17,556,003
Governmental activities capital assets, net	\$20,180,119	968,386	(279,035)	20,869,470

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 79,284
Physical health and social services	1,423
County environment and education	63,828
Roads and transportation	804,002
Governmental services to residents	11,643
Administration	64,427
Total depreciation expense - governmental activities	<u>\$ 1,024,607</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2014 is as follows:

Fund	Description	Amount
General	Services	\$ 6,393
Special Revenue:		
Mental Health	Services	56,290
Secondary Roads	Services and materials	8,586
		<u>64,876</u>
Total for governmental funds		<u>\$ 71,269</u>
Agency:		
County Offices	Collections	\$ 212
Agricultural Extension Education	Collections	201,667
County Assessor	Collections	549,284
Schools	Collections	12,314,796
Community Colleges	Collections	918,044
Corporations	Collections	4,904,412
Townships	Collections	252,239
City Special Assessments	Collections	154,191
Auto License and Use Tax	Collections	578,288
Jones County Solid Waste Management Commission	Collections and services	1,935,606
All other	Collections	296,292
Total for agency funds		<u>\$ 22,105,031</u>

(7) Prepaid Rental Agreement

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

The County has elected to amortize prepaid expenses of \$80,743 over 25 years. At June 30, 2014, the unamortized prepaid expense balance was \$32,297.

(8) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Capital Lease Purchase Agreement	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 8,180	315,400	50,000	373,580
Increases	-	305,458	13,500	318,958
Decreases	8,180	289,923	4,500	302,603
Balance end of year	\$ -	330,935	59,000	389,935
Due within one year	\$ -	145,358	-	145,358

(9) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% 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, 2014, 2013 and 2012 were \$428,335, \$406,762 and \$389,056, respectively, equal to the required contributions for each year.

(10) Risk Management

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

(11) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 102 active and one retired members in the plan. Retired participants must be age 55 or older at retirement, except retired sheriffs or deputies may be age 50 or older if the sheriff or deputy has 22 years of service or more.

The medical/prescription drug benefits are provided through a fully insured medical plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 14,200
Interest on net OPEB obligation	2,300
Adjustment to annual required contribution	(3,000)
Annual OPEB cost	<u>13,500</u>
Contributions made	(4,500)
Increase in net OPEB obligation	<u>9,000</u>
Net OPEB obligation beginning of year	<u>50,000</u>
Net OPEB obligation end of year	<u><u>\$ 59,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the County contributed \$4,500 to the medical plan. The plan member eligible for benefits contributed \$7,060, or 62% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 19,900	35.8%	\$ 40,700
2013	13,500	31.1	50,000
2014	13,500	33.3	59,000

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$120,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$120,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,109,000 and the ratio of the UAAL to covered payroll was 3.0%. As of June 30, 2014, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP 2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$864 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(12) Jointly Governed Organization

The County participates in the Jones County Solid Waste Management Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Agency Funds because of the County's fiduciary relationship with the organization. The following condensed financial statements are for the year ended June 30, 2014.

Condensed Statement of Net Position

Assets	
Current assets:	
Cash, cash equivalents and investments	\$ 1,010,128
Receivables:	
Accounts and other	56,155
Due from other governments	10,834
Prepaid items	1,354
Total current assets	<u>1,078,471</u>
Noncurrent assets:	
Restricted certificates of deposit	1,376,264
Capital assets, net of accumulated depreciation	755,967
Total noncurrent assets	<u>2,132,231</u>
Total assets	<u>3,210,702</u>
Liabilities	
Current liabilities:	
Accounts payable	130,605
Salaries and benefits payable	4,461
Due to other governments	5,825
Compensated absences payable	8,875
Total current liabilities	<u>149,766</u>
Non-current liabilities:	
Estimated liability for landfill closure and postclosure care	<u>1,131,155</u>
Total liabilities	<u>1,280,921</u>
Net position	
Net investment in capital assets	755,967
Restricted for closure and postclosure care	245,109
Unrestricted	928,705
Total net position	<u>\$ 1,929,781</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position	
Operating additions:	
Assessments	\$ 93,507
Gate fees	535,035
Other operating revenues	26,287
Total operating revenues	<u>654,829</u>
Operating deductions:	
Salaries and benefits	156,621
Solid waste hauling and disposal	441,020
Other operating expenses	363,229
Total operating expenses	<u>960,870</u>
Operating loss	(306,041)
Non-operating revenues:	
Interest income	<u>27,956</u>
Change in net position	(278,085)
Net position beginning of year	<u>2,207,866</u>
Net position end of year	<u>\$ 1,929,781</u>

Condensed Statement of Cash Flows	
Net cash used by operating activities	\$ (2,518)
Net cash used for financing activities	(59,051)
Net cash provided by investing activities	20,522
Net decrease in cash and cash equivalents	<u>(41,047)</u>
Cash and cash equivalents beginning of year	128,979
Cash and cash equivalents end of year	<u>\$ 87,932</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (306,041)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	38,510
Closure and postclosure care	186,189
Other changes in assets and liabilities	78,824
Total adjustments	<u>303,523</u>
Net cash used by operating activities	<u>\$ (2,518)</u>

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

These costs for the Commission have been estimated at \$1,113,508 for closure as of June 30, 2014 and the portion of the liability that has been recognized is \$1,113,508. During the year ended June 30, 2009, the Commission stopped accepting waste at the landfill and began transferring waste to Milan, Illinois.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun accumulating resources to fund these costs and, at June 30, 2014, assets of \$1,358,091 are restricted for these purposes. They are reported as restricted certificates of deposit in the condensed Statement of Net Position.

The total closure costs for the Commission's transfer station have been estimated at \$17,647 as of June 30, 2014 and the portion of the liability that has been recognized is \$17,647. The Commission has begun accumulating resources to fund these costs and, at June 30, 2014, assets of \$18,173 are restricted for these purposes. They are reported as restricted certificates of deposit in the condensed Statement of Net Position.

(13) Pending Litigation and Contingent Liabilities

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

(14) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's proportionate share of the employee pension plan.

Jones County

Required Supplementary Information

Jones County

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

Required Supplementary Information

Year ended June 30, 2014

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Receipts:				
Property and other county tax	\$ 7,876,583	7,895,015	7,905,716	(29,133)
Interest and penalty on property tax	45,735	42,250	44,450	1,285
Intergovernmental	6,059,733	5,218,765	6,415,074	(355,341)
Licenses and permits	57,148	72,923	65,618	(8,470)
Charges for service	558,632	561,960	561,171	(2,539)
Use of money and property	220,934	182,729	196,093	24,841
Miscellaneous	673,654	544,235	590,729	82,925
Total receipts	15,492,419	14,517,877	15,778,851	(286,432)
Disbursements:				
Public safety and legal services	2,414,210	2,411,027	2,475,561	61,351
Physical health and social services	680,042	787,388	775,418	95,376
Mental health	1,074,722	1,203,067	1,512,648	437,926
County environment and education	759,767	833,995	791,080	31,313
Roads and transportation	5,602,976	6,440,029	6,405,697	802,721
Governmental services to residents	593,308	635,523	625,494	32,186
Administration	1,578,294	1,544,279	1,643,015	64,721
Non-program	623,032	586,507	727,481	104,449
Debt service	-	500	500	500
Capital projects	988,117	573,590	1,073,988	85,871
Total disbursements	14,314,468	15,015,905	16,030,882	1,716,414
Excess (deficiency) of receipts over (under) disbursements	1,177,951	(498,028)	(252,031)	1,429,982
Other financing sources, net	11,298	-	-	11,298
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,189,249	(498,028)	(252,031)	1,441,280
Balance beginning of year	4,883,578	3,581,896	4,855,688	27,890
Balance end of year	\$ 6,072,827	3,083,868	4,603,657	1,469,170

See accompanying independent auditor's report.

Jones County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 15,492,419	(242,537)	15,249,882
Expenditures	14,314,468	320,882	14,635,350
Net	1,177,951	(563,419)	614,532
Other financing sources, net	11,298	-	11,298
Beginning fund balances	4,883,578	519,611	5,403,189
Ending fund balances	\$ 6,072,827	(43,808)	6,029,019

See accompanying independent auditor's report.

Jones County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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 the 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 and the Special Revenue Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,014,977. 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, 2014, disbursements did not exceed the amounts budgeted by function.

Jones County

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 163	163	0.00%	\$ 3,767	4.30%
2011	July 1, 2009	-	163	163	0.00	3,775	4.30
2012	July 1, 2009	-	163	163	0.00	3,992	4.10
2013	July 1, 2012	-	120	120	0.00	3,972	3.00
2014	July 1, 2012	-	120	120	0.00	4,109	3.00

See Note 11 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Jones County

Supplementary Information

Jones County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2014

	Special Revenue		
	County Recorder's Records Management	Special Law Enforcement Proceeds	Law Enforcement Canine
Assets			
Cash and pooled investments	\$ 19,011	1,011	6,259
Accounts receivable	-	-	11,205
Total assets	\$ 19,011	1,011	17,464
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
None	\$ -	-	-
Deferred inflows of resources:			
Other revenues	-	-	11,205
Fund balances:			
Restricted for other purposes	19,011	1,011	6,259
Total liabilities, deferred inflows of resources and fund balances	\$ 19,011	1,011	17,464

See accompanying independent auditor's report.

Resource Enhancement and Protection	Total
41,487	67,768
-	11,205
41,487	78,973

- -

- 11,205

41,487	67,768
41,487	78,973

Jones County

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

Year ended June 30, 2014

	Special Revenue		
	County Recorder's Records Management	Special Law Enforcement Proceeds	Law Enforcement Canine
Revenues:			
Intergovernmental	\$ -	-	-
Charges for service	3,452	-	-
Use of money and property	9	-	-
Miscellaneous	-	-	532
Total revenues	3,461	-	532
Expenditures:			
Operating:			
Public safety and legal services	-	-	6,400
Change in fund balances	3,461	-	(5,868)
Fund balances beginning of year	15,550	1,011	12,127
Fund balances end of year	\$ 19,011	1,011	6,259

See accompanying independent auditor's report.

Resource Enhancement and Protection	Total
16,391	16,391
-	3,452
66	75
-	532
16,457	20,450
-	6,400
16,457	14,050
25,030	53,718
41,487	67,768

Jones County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,511	204,732	151,380	11,328
Other County officials	29,301	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	156	300	9,416	716
Succeeding year	-	199,000	381,000	12,154,000	906,000
Accounts	212	-	500	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	-
Total assets	\$ 29,513	201,667	586,532	12,314,796	918,044
Liabilities					
Accounts payable	\$ -	-	239	-	-
Salaries and benefits payable	-	-	9,922	-	-
Due to other governments	212	201,667	549,284	12,314,796	918,044
Trusts payable	29,301	-	-	-	-
Compensated absences	-	-	27,087	-	-
Estimated liability for landfill closure and posclosure care	-	-	-	-	-
Total liabilities	\$ 29,513	201,667	586,532	12,314,796	918,044

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Solid Waste Management Commission	Other	Total
64,414	3,063	4,422	578,288	2,386,392	244,110	3,650,640
-	-	-	-	-	-	29,301
3,998	176	-	-	-	3	14,765
4,836,000	249,000	-	-	-	27,000	18,752,000
-	-	-	-	50,289	17,287	68,288
-	-	-	-	5,866	-	5,866
-	-	149,769	-	-	-	149,769
-	-	-	-	10,834	36,276	47,110
-	-	-	-	1,354	-	1,354
-	-	-	-	755,967	-	755,967
4,904,412	252,239	154,191	578,288	3,210,702	324,676	23,475,060
-	-	-	-	130,605	18,178	149,022
-	-	-	-	4,461	2,430	16,813
4,904,412	252,239	154,191	578,288	1,935,606	296,292	22,105,031
-	-	-	-	-	-	29,301
-	-	-	-	8,875	7,776	43,738
-	-	-	-	1,131,155	-	1,131,155
4,904,412	252,239	154,191	578,288	3,210,702	324,676	23,475,060

Jones County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2014

	Agricultural				
	County Offices	Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 886	199,472	686,347	12,012,102	899,564
Additions:					
Property and other county tax	-	198,792	391,396	12,148,013	906,665
E911 surcharges	-	-	-	-	-
State tax credits	-	10,798	20,797	653,099	48,595
Office fees and collections	374,678	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	391,328	-	-	-	-
Miscellaneous	-	-	500	-	-
Total additions	766,006	209,590	412,693	12,801,112	955,260
Deductions:					
Agency remittances:					
To other funds	182,179	-	-	-	-
To other governments	191,281	207,395	512,508	12,498,418	936,780
Trusts paid out	363,919	-	-	-	-
Total deductions	737,379	207,395	512,508	12,498,418	936,780
Balances end of year	\$ 29,513	201,667	586,532	12,314,796	918,044

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assess- ments	Auto License and Use Tax	Solid Waste Management Commission	Other	Total
4,932,726	256,057	199,858	402,585	3,200,657	288,608	23,078,862
4,859,153	249,139	-	-	-	26,507	18,779,665
-	-	-	-	-	85,057	85,057
254,389	13,313	-	-	-	1,902	1,002,893
-	-	-	-	-	-	374,678
-	-	-	6,012,139	-	230	6,012,369
-	-	16,199	-	-	-	16,199
-	-	-	-	-	-	391,328
-	-	-	-	682,785	388,987	1,072,272
5,113,542	262,452	16,199	6,012,139	682,785	502,683	27,734,461
-	-	-	255,520	-	-	437,699
5,141,856	266,270	61,866	5,580,916	672,740	466,615	26,536,645
-	-	-	-	-	-	363,919
5,141,856	266,270	61,866	5,836,436	672,740	466,615	27,338,263
4,904,412	252,239	154,191	578,288	3,210,702	324,676	23,475,060

Jones County

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

For the Last Ten Years

	2014	2013	2012	2011
Revenues:				
Property and other county tax	\$ 7,072,449	6,811,736	6,201,839	5,823,796
Local option sales tax	799,323	858,480	776,241	817,836
Interest and penalty on property tax	45,618	45,497	45,878	43,251
Intergovernmental	5,915,710	5,117,782	6,983,623	6,152,216
Licenses and permits	57,568	56,841	71,408	63,011
Charges for service	559,166	595,182	563,242	569,839
Use of money and property	194,765	169,640	180,357	216,425
Miscellaneous	605,283	773,992	449,883	427,913
Total	<u>\$ 15,249,882</u>	<u>14,429,150</u>	<u>15,272,471</u>	<u>14,114,287</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,437,181	2,415,219	2,259,095	2,134,638
Physical health and social services	670,071	705,651	705,535	758,680
Mental health	1,118,618	1,105,325	2,747,884	2,341,471
County environment and education	760,787	822,763	1,403,336	938,442
Roads and transportation	5,969,549	5,462,477	5,488,545	5,534,155
Governmental services to residents	595,338	604,835	608,099	540,325
Administration	1,600,204	1,523,341	1,586,149	1,359,275
Non-program	488,353	683,283	28,885	34,171
Debt service	-	-	-	167,265
Capital projects	995,249	185,357	888,496	44,369
Total	<u>\$ 14,635,350</u>	<u>13,508,251</u>	<u>15,716,024</u>	<u>13,852,791</u>

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
5,560,528	5,142,689	5,039,929	4,944,551	4,610,837	4,456,444
763,075	753,271	745,100	692,459	606,518	680,333
45,386	40,303	51,273	40,526	38,376	41,809
7,294,072	6,663,391	5,459,916	6,130,056	5,815,503	6,384,409
64,694	58,847	63,133	57,254	72,345	59,517
539,851	553,916	529,861	488,122	513,186	505,718
255,423	257,293	370,789	397,223	331,045	226,899
372,901	445,307	355,767	259,011	279,683	276,380
14,895,930	13,915,017	12,615,768	13,009,202	12,267,493	12,631,509
2,067,063	2,093,055	1,926,539	1,882,227	1,805,964	1,713,155
766,459	690,390	649,771	729,577	698,613	605,430
2,125,968	2,357,861	2,405,752	2,358,418	2,226,362	2,127,455
1,708,968	951,581	843,139	966,643	1,184,737	554,528
4,925,870	5,013,318	5,181,336	4,289,198	4,013,501	4,355,370
570,903	551,949	516,672	495,762	619,332	448,029
1,593,790	1,364,766	1,168,905	1,153,525	1,270,527	1,202,306
82,726	135,130	100,033	73,670	109,192	38,133
60,902	29,243	41,126	5,618	-	-
1,460,545	815,014	1,036,367	794,653	1,278,659	1,994,791
15,363,194	14,002,307	13,869,640	12,749,291	13,206,887	13,039,197

Jones County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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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 Jones County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jones County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 20, 2015.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Jones County's Responses to the Findings


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

Purpose of this Report

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

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 20, 2015

Jones County

Schedule of Findings

Year ended June 30, 2014

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

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

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

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

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

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Current personnel, including elected officials and personnel from other County offices, should be utilized to provide additional control through review of financial transactions and reconciliations. Such reviews should be performed by independent persons to the extent possible and should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

County Recorder – With our limited staff, we will try to comply with the recommendation as best we can.

County Extension Office – Elected officials serving on the Extension Council sign off on a review of the reconciliations. With the small size of our office, we will do our best to segregate duties.

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

Conclusions – Responses accepted.

Jones County

Schedule of Findings

Year ended June 30, 2014

- (B) Disaster Recovery Plan – A documented disaster recovery plan for processing critical jobs in the event of a major hardware or software failure or temporary or permanent destruction of the Courthouse has not been developed. The County has not developed an adequate disaster recovery plan which provides for a backup site, procedures to be followed to prepare the site for equipment and identify staff responsibilities.

Recommendation – The County should ensure an adequate disaster recovery plan is developed and documented.

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

Conclusion – Response accepted.

- (C) County Treasurer – A listing of cash and checks received in the mail has not been prepared since January 2014. In addition, the bank reconciliations were not prepared and reconciled to the general ledger timely. No independent review was performed.

Recommendation – The employee opening the mail should prepare a list of the checks and cash received at least on a test basis. Later, the listing should be compared to the cash receipt records. The bank reconciliations should be prepared and reconciled to the general ledger timely and should be independently reviewed.

Response – The Treasurer’s Office has resumed weekly preparation and verification of the listing of cash and checks received. The Treasurer’s Office has reviewed and addressed the processes which delayed the timely preparation of the bank reconciliations. The reconciliations are now timely prepared and independently reviewed.

Conclusion – Response accepted

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Jones County
Schedule of Findings
Year ended June 30, 2014

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted by function.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Basecamp Auto Repair, Brother in law is a Conservation Department employee	Auto repair	\$ 53
K. Sulzner Construction, owned by the County Auditor’s husband	Installation of air conditioner	167
Rebecca Moore, Senior Dining employee	Laundry	210
Keith Dirks Auto Body, owned by the father of the Sheriff’s Secretary	Auto repair: Sheriff’s Office JETS	996 4,574

The transactions with Basecamp Auto Repair, K. Sulzner Construction, Rebecca Moore and the Sheriff’s Office auto repair transactions with Keith Dirks Auto Body do not appear to represent a conflict of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since the total transactions for each individual were less than \$1,500 during the fiscal year.

The JETS (Jones County Economical Transportation System) transactions with Keith Dirks Auto Body do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(d) since the Sheriff’s secretary is not directly affected as a result of the transactions and her duties of employment do not directly involve procurement and preparation of any part of the transactions.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be periodically reviewed to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Jones County

Schedule of Findings

Year ended June 30, 2014

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2014 for the County Extension Office did not exceed the amount budgeted.

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

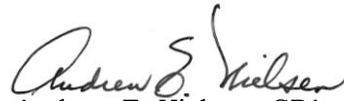
Total estimated costs for closure and postclosure care	<u>\$1,131,155</u>
Amount the Commission has restricted and reserved for closure and postclosure care at June 30, 2014	<u>\$1,376,264</u>

Jones County

Staff

This audit was performed by:

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