



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE

August 17, 2015

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$26,650,129 for the year ended June 30, 2014, which included \$1,222,830 in tax credits from the state. The County forwarded \$20,458,063 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,192,066 of the local tax revenue to finance County operations, an 8.5% increase over the prior year. Other revenues included charges for service of \$958,599, operating grants, contributions and restricted interest of \$3,885,850, capital grants, contributions and restricted interest of \$2,675,829, local option sales tax of \$923,319, gain on disposition of capital assets of \$66,200, unrestricted investment earnings of \$6,320, rent of \$237,650 and other general revenues of \$93,934.

Expenses for County operations for the year ended June 30, 2014 totaled \$12,815,517, a less than one percent increase over the prior year. Expenses included \$5,943,105 for roads and transportation, \$2,063,566 for public safety and legal services and \$1,499,033 for administration.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1410-0049-B00F.pdf>.

###

JACKSON COUNTY

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

JUNE 30, 2014

Table of Contents

		<u>Page</u>
Officials		4
Independent Auditor’s Report		5-7
Management’s Discussion and Analysis		9-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20-21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	26
Proprietary Fund Financial Statements:		
Statement of Net Position	G	27
Statement of Revenues, Expenses and Changes in Fund Net Position	H	28
Statement of Cash Flows	I	29
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	30
Notes to Financial Statements		31-45
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		48-49
Budget to GAAP Reconciliation		50
Notes to Required Supplementary Information – Budgetary Reporting		51
Schedule of Funding Progress for the Retiree Health Plan		52
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	54-55
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	56-57
Internal Service Funds:		
Combining Schedule of Net Position	3	59
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	4	60
Combining Statement of Cash Flows	5	61
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	6	62-63
Combining Schedule of Changes in Fiduciary Assets and Liabilities	7	64-65
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	8	66-67

Table of Contents (continued)

	<u>Page</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	69-70
Schedule of Findings	72-75
Staff	76

Jackson County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steve Flynn	Board of Supervisors	Jan 2015
John J. Willey	Board of Supervisors	Jan 2015
Larry "Buck" Koos	Board of Supervisors	Jan 2017
Joell Deppe	County Auditor	Jan 2017
Nancy Roling	County Treasurer	Jan 2015
Arlene Schauf	County Recorder	Jan 2015
Russell Kettmann	County Sheriff	Jan 2017
Sara Davenport	County Attorney	Nov 2014
Deb Lane	County Assessor	Jan 2016



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

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report

To the Officials of Jackson County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jackson County, Iowa, as of and for the year ended June 30, 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 Jackson County as of June 30, 2014, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

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 15 and 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 5, 2015 on our consideration of Jackson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jackson County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

August 5, 2015

Jackson County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Jackson County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. 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 increased 9.0%, or approximately \$1,241,000, from fiscal year 2013 to fiscal year 2014. Property and other county tax increased approximately \$445,000, operating grants, contributions and restricted interest decreased approximately \$413,000 and capital grants, contributions and restricted interest increased approximately \$1,156,000.
- Program expenses of the County's governmental activities were 0.5%, or approximately \$60,000, more in fiscal year 2014 than in fiscal year 2013. Mental health expenses decreased approximately \$312,000.
- The County's net position increased 5.0%, or approximately \$2,224,000, from June 30, 2013 to June 30, 2014.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, 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 three kinds of funds:

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

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

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

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

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 that account for drainage districts, emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Jackson County's combined net position of governmental activities increased from approximately \$44.2 million to approximately \$46.4 million. The analysis that follows focuses on the changes in the net position of governmental activities.

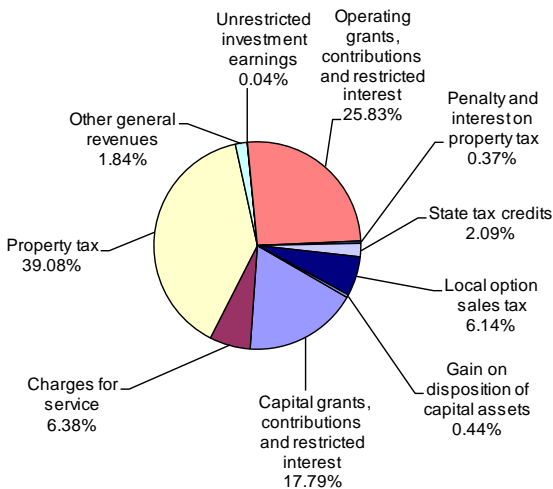
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2014	2013
Current and other assets	\$ 13,622	13,268
Capital assets	39,737	37,686
Total assets	53,359	50,954
Long-term liabilities	625	537
Other liabilities	277	511
Total liabilities	902	1,048
Deferred inflows of resources	6,051	5,724
Net position:		
Net investment in capital assets	39,737	37,686
Restricted	5,756	5,292
Unrestricted	913	1,204
Total net position	\$ 46,406	44,182

Net position of Jackson County's governmental activities increased 5.0% (approximately \$46.4 million compared to approximately \$44.2 million). The largest portion of the County's net position is net investment in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment). Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$1,204,100 at June 30, 2013 to approximately \$913,000 at the end of this year, a decrease of 24.2%. The decrease is due primarily to the unrestricted portion of the General Fund balance decreasing from the prior year.

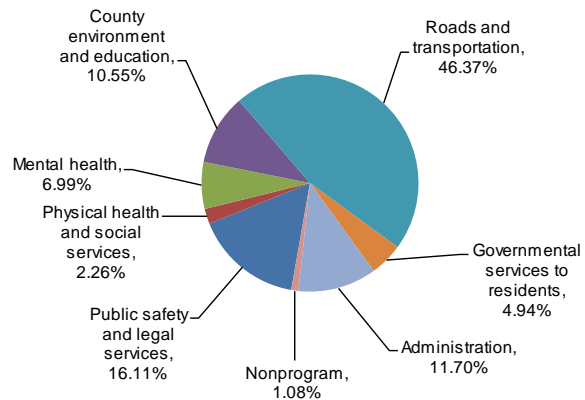
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2014	2013
Revenues:		
Program revenues:		
Charges for service	\$ 959	1,173
Operating grants, contributions and restricted interest	3,886	4,299
Capital grants, contributions and restricted interest	2,676	1,520
General revenues:		
Property tax	5,877	5,432
Penalty and interest on property tax	55	20
State tax credits	315	274
Local option sales tax	923	827
Unrestricted investment earnings	6	12
Gain on disposition of capital assets	66	39
Other general revenues	276	202
Total revenues	15,039	13,798
Program expenses:		
Public safety and legal services	2,064	1,935
Physical health and social services	289	337
Mental health	896	1,208
County environment and education	1,352	1,363
Roads and transportation	5,943	5,702
Governmental services to residents	633	654
Administration	1,499	1,436
Nonprogram	139	120
Total expenses	12,815	12,755
Change in net position	2,224	1,043
Net position beginning of year	44,182	43,139
Net position end of year	\$ 46,406	44,182

Revenues by Source



Expenses by Program



Revenues for governmental activities increased approximately \$1.2 million from the prior year, with capital grants, contributions and restricted interest up from the prior year approximately \$1,156,000, or 76%.

The County's property tax rates for fiscal year 2014 increased slightly, from \$8.272 per \$1,000 of taxable valuation in fiscal year 2013 to \$8.295 per \$1,000 of taxable valuation in fiscal year 2014. Additionally, the property tax valuation increased approximately \$26.4 million. Based on increases in the total assessed valuation, property tax is budgeted to increase an additional \$403,800 next year.

The cost of all governmental activities this year increased from approximately \$12,755,000 in fiscal year 2013 to approximately \$12,815,000 in fiscal year 2014, about a 0.5% increase. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was only \$5,295,239 because some of the cost was paid by those directly benefited from the programs (\$958,599) or by other governments and organizations which subsidized certain programs with grants and contributions (\$6,561,679). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2014 from approximately \$6,992,000 to approximately \$7,520,000, principally due to more capital grants and contributions revenue during fiscal year 2014.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jackson County completed the year, its governmental funds reported a combined fund balance of \$6,638,668, an increase of \$393,800 from last year's total of \$6,244,868. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased \$444,934 and expenditures increased \$393,731. The ending fund balance increased \$8,850 from the prior year to \$1,721,180.
- The County has continued to look for ways to effectively manage the cost of mental health services. For fiscal year 2014, revenues totaled \$864,345, a decrease of 37.5% from the prior year. Expenditures totaled \$558,980, a decrease of 34.2% from the prior year. The decreases were primarily due to the statewide mental health redesign which shifts Medicaid revenues and expenditures to the regional level and away from the County level. The Special Revenue, Mental Health Fund balance at year end increased \$305,365 over the prior year to \$299,378.
- The Special Revenue, Rural Services Fund ended fiscal year 2014 with a \$409,184 balance compared to the prior year ending balance of \$282,531. Revenues increased \$200,196 over the prior year. The increase was primarily due to an increase in property tax revenue of approximately \$164,500 for fiscal year 2014. Expenditures totaled \$827,414, which was an increase of approximately 20% over the prior year.
- Special Revenue, Secondary Roads Fund revenues increased \$34,607 and expenditures increased \$112,263 during fiscal year 2014. The increase in revenues is primarily due to an increase in local option sales tax in fiscal year 2014. The increase in expenditures was primarily due to an increase in roads and transportation expenditures, including the purchase of several trucks in fiscal year 2014. The Secondary Roads Fund ended fiscal year 2014 with a \$2,380,706 balance compared to the prior year ending balance of \$2,409,842.
- The Special Revenue, Jackson County Revolving Loan Fund ended fiscal year 2014 with a \$1,426,488 balance compared to the prior year ending balance of \$1,289,044. The increase in fund balance is due to the Jackson County Revolving Loan Fund receiving a greater amount of loan reimbursements than was disbursed for new loans during fiscal year 2014.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jackson County amended its budget two times. The amendments were made in September 2013 and April 2014 and resulted in an increase in budgeted disbursements related primarily to the county environment and education and the roads and transportation functions.

The County's receipts were \$162,395 more than the amended budget. The most significant variance resulted from the County receiving more in mental health property tax relief and grants than anticipated.

Total disbursements were \$1,940,023 less than the amended budget. Actual disbursements for the county environment and education, mental health and roads and transportation functions were \$838,186, \$208,751 and \$129,061, respectively, less than budgeted. Disbursements for certain roads and transportation projects were less than anticipated at June 30, 2014. County environment and education disbursements were under budget due to fewer revolving loans in fiscal year 2014 than anticipated. Mental health disbursements were less than anticipated, due primarily to the change in the method the State pays for Medicaid services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, Jackson County had approximately \$39.74 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$2,051,000, or 5.4%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2014	2013
Land	\$ 2,489	1,491
Intangibles	1,584	1,584
Construction in progress	2,168	493
Buildings and improvements	1,688	1,634
Equipment and vehicles	2,861	2,986
Infrastructure	28,947	29,498
Total	\$ 39,737	37,686

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

Land	\$ 998
Road network	1,675
Sewer project	293
Buildings and improvements	114
Equipment and vehicles	539
Total	\$ 3,619

The County had depreciation expense of \$1,574,018 in fiscal year 2014 and total accumulated depreciation of \$23,691,885 at June 30, 2014. More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

Long-Term Debt

At June 30, 2014, Jackson County had no outstanding long-term debt.

The County does not carry a general obligation bond rating assigned by national rating agencies since it has not issued any general obligation bonds for a number of years. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Jackson County's general obligation constitutional debt limit is approximately \$72 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Jackson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2015 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 4.1% versus 4.9% a year ago. The State of Iowa has an unemployment rate of 4.3%.

Inflation continues to be lower than the national Consumer Price Index increase. Inflation has been modest here due, in part, to the slow residential housing market and modest increases in energy prices in 2013-2014.

These indicators were taken into account when adopting the budget for fiscal year 2015. For the fiscal year 2015 budget, the County continued the remodeling of a house adjacent to the jail property for the Mental Health Department. The house was purchased and renovated with money from the sale of two properties, one received through tax sale and the other donated to the County in fiscal year 2003 and sold in fiscal year 2012.

If the fiscal year 2015 budget estimates are realized, the County's operating balance is expected to modestly decrease by the close of fiscal year 2015.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Jackson County

Basic Financial Statements

Jackson County
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 6,127,180
Receivables:	
Property tax:	
Delinquent	7,516
Succeeding year	6,051,000
Interest and penalty on property tax	1,864
Accounts	73,693
Accrued interest	24
Revolving loans	485,438
Due from other governments	408,446
Inventories	334,308
Prepaid insurance	132,739
Capital assets, net of accumulated depreciation	39,736,933
Total assets	53,359,141
Liabilities	
Accounts payable	123,287
Salaries and benefits payable	106,331
Due to other governments	47,043
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	178,267
Portion due or payable after one year:	
Compensated absences	52,684
Net OPEB liability	394,341
Total liabilities	901,953
Deferred Inflows of Resources	
Unavailable property tax revenue	6,051,000
Net Position	
Net investment in capital assets	39,736,933
Restricted for:	
Supplemental levy purposes	397,581
Mental health purposes	297,587
Rural services purposes	395,520
Secondary roads purposes	2,275,115
Capital projects	159,494
Revolving loans	1,911,942
Other purposes	318,710
Unrestricted	913,306
Total net position	\$ 46,406,188

See notes to financial statements.

Jackson County
 Statement of Activities
 Year ended June 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,063,566	94,597	14,263	-	(1,954,706)
Physical health and social services	289,163	15,756	131,912	-	(141,495)
Mental health	896,315	12,904	341,246	-	(542,165)
County environment and education	1,351,707	257,128	61,512	946,948	(86,119)
Roads and transportation	5,943,105	106,516	3,215,629	1,694,940	(926,020)
Governmental services to residents	633,347	332,537	1,193	-	(299,617)
Administration	1,499,033	125,172	120,095	33,941	(1,219,825)
Nonprogram	139,281	13,989	-	-	(125,292)
Total	\$ 12,815,517	958,599	3,885,850	2,675,829	(5,295,239)
General Revenues:					
Property and other county tax levied for general purposes					5,877,358
Penalty and interest on property tax					54,560
State tax credits					314,708
Local option sales tax					923,319
Unrestricted investment earnings					6,320
Gain on disposition of capital assets					66,200
Rent					237,650
Miscellaneous					39,374
Total general revenues					7,519,489
Change in net position					2,224,250
Net position beginning of year					44,181,938
Net position end of year					\$ 46,406,188

See notes to financial statements.

Jackson County
Balance Sheet
Governmental Funds

June 30, 2014

	General	Mental Health	Special Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 1,918,434	329,074	393,817
Receivables:			
Property tax:			
Delinquent	6,745	359	412
Succeeding year	3,757,000	722,000	1,572,000
Interest and penalty on property tax	1,864	-	-
Accounts	71,588	482	-
Accrued interest	24	-	-
Revolving loans	-	-	-
Due from other funds	46	-	-
Advances to other funds	-	-	-
Due from other governments	5,950	-	33,494
Inventories	-	-	-
Prepaid insurance	106,529	-	-
Total assets	\$ 5,868,180	1,051,915	1,999,723
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 36,466	14,902	380
Salaries and benefits payable	47,759	1,429	15,195
Due to other funds	5,323	46	-
Due to other governments	10,235	13,842	2,645
Advances from other funds	282,143	-	-
Total liabilities	381,926	30,219	18,220
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	3,757,000	722,000	1,572,000
Other	8,074	318	319
Total deferred inflows of resources	3,765,074	722,318	1,572,319
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	106,529	-	-
Restricted for:			
Supplemental levy purposes	305,556	-	-
Mental health purposes	-	299,378	-
Rural services purposes	-	-	409,184
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	79,787	-	-
Capital projects	-	-	-
Jackson County revolving loan	-	-	-
Other purposes	58,073	-	-
Assigned for:			
Andrew Jackson Care Facility	129,535	-	-
Jackson County Farm	135,979	-	-
Attorney collection incentive	38,895	-	-
Community drill	18,479	-	-
Other purposes	20,210	-	-
Unassigned	828,137	-	-
Total fund balances	1,721,180	299,378	409,184
Total liabilities, deferred inflows of resources and fund balances	\$ 5,868,180	1,051,915	1,999,723

See notes to financial statements.

Revenue			
Secondary Roads	Jackson County Revolving Loan	Nonmajor	Total
1,772,864	1,008,801	545,455	5,968,445
-	-	-	7,516
-	-	-	6,051,000
-	-	-	1,864
346	-	1,276	73,692
-	-	-	24
-	485,438	-	485,438
5,575	-	-	5,621
-	417,687	-	417,687
355,329	-	13,673	408,446
334,308	-	-	334,308
26,210	-	-	132,739
<u>2,494,632</u>	<u>1,911,926</u>	<u>560,404</u>	<u>13,886,780</u>
70,682	-	857	123,287
39,955	-	1,993	106,331
-	-	252	5,621
295	-	20,026	47,043
-	-	135,544	417,687
<u>110,932</u>	<u>-</u>	<u>158,672</u>	<u>699,969</u>
-	-	-	6,051,000
2,994	485,438	-	497,143
<u>2,994</u>	<u>485,438</u>	<u>-</u>	<u>6,548,143</u>
334,308	-	-	334,308
26,210	-	-	132,739
-	-	-	305,556
-	-	-	299,378
-	-	-	409,184
2,020,188	-	-	2,020,188
-	-	102,821	102,821
-	-	-	79,787
-	-	159,494	159,494
-	1,426,488	-	1,426,488
-	-	139,417	197,490
-	-	-	129,535
-	-	-	135,979
-	-	-	38,895
-	-	-	18,479
-	-	-	20,210
-	-	-	828,137
<u>2,380,706</u>	<u>1,426,488</u>	<u>401,732</u>	<u>6,638,668</u>
<u>2,494,632</u>	<u>1,911,926</u>	<u>560,404</u>	<u>13,886,780</u>

Jackson County

Jackson County

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

June 30, 2014

Total governmental fund balances (page 21)	\$ 6,638,668
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
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 \$63,428,818 and the accumulated depreciation is \$23,691,885.	39,736,933
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.	497,143
The Internal Service Funds are used by management to charge the costs of partial self-funding of the County's health and dental plans to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	158,736
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.	<u>(625,292)</u>
Net position of governmental activities (page 18)	<u><u>\$ 46,406,188</u></u>

See notes to financial statements.

Jackson County

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

Year ended June 30, 2014

	General	Mental Health	Special Rural Services
Revenues:			
Property and other county tax	\$ 3,638,873	749,180	1,490,193
Local option sales tax	-	-	230,830
Interest and penalty on property tax	53,738	-	-
Intergovernmental	676,977	104,065	83,044
Licenses and permits	21,105	-	-
Charges for service	485,241	-	-
Use of money and property	309,666	-	-
Miscellaneous	245,271	11,100	-
Total revenues	5,430,871	864,345	1,804,067
Expenditures:			
Operating:			
Public safety and legal services	1,494,738	-	544,243
Physical health and social services	88,156	-	-
Mental health	334,119	558,980	-
County environment and education	1,110,754	-	280,020
Roads and transportation	-	-	-
Governmental services to residents	599,408	-	3,151
Administration	1,443,608	-	-
Capital projects	237,104	-	-
Total expenditures	5,307,887	558,980	827,414
Excess (deficiency) of revenues over (under) expenditures	122,984	305,365	976,653
Other financing sources (uses):			
Sale of capital assets	866	-	-
Transfers in	-	-	-
Transfers out	(115,000)	-	(850,000)
Total other financing sources (uses)	(114,134)	-	(850,000)
Change in fund balances	8,850	305,365	126,653
Fund balances beginning of year	1,712,330	(5,987)	282,531
Fund balances end of year	\$ 1,721,180	299,378	409,184

See notes to financial statements.

Revenue				
Secondary Roads	Jackson County Revolving Loan		Nonmajor	Total
-	-	-	-	5,878,246
692,489	-	-	-	923,319
-	-	-	-	53,738
3,235,942	-	125,408	-	4,225,436
17,025	-	14,659	-	52,789
368	-	49,010	-	534,619
	198,529	408	-	508,603
105,000	-	9,967	-	371,338
4,050,824	198,529	199,452	-	12,548,088
-	-	8,840	-	2,047,821
-	-	186,428	-	274,584
-	-	-	-	893,099
-	61,085	36,523	-	1,488,382
4,902,887	-	-	-	4,902,887
-	-	5,077	-	607,636
-	-	-	-	1,443,608
27,073	-	232,960	-	497,137
4,929,960	61,085	469,828	-	12,155,154
(879,136)	137,444	(270,376)	-	392,934
-	-	-	-	866
850,000	-	115,000	-	965,000
-	-	-	-	(965,000)
850,000	-	115,000	-	866
(29,136)	137,444	(155,376)	-	393,800
2,409,842	1,289,044	557,108	-	6,244,868
2,380,706	1,426,488	401,732	-	6,638,668

Jackson County

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

Year ended June 30, 2014

Change in fund balances - Total governmental funds (page 25) \$ 393,800

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	\$ 1,006,131	
Capital assets contributed by the Iowa Department of	1,674,628	
Contributed land	878,000	
Depreciation expense	<u>(1,574,018)</u>	1,984,741

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. 66,200

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	(69)	
Other	<u>(141,950)</u>	(142,019)

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	(3,877)	
Other postemployment benefits	<u>(84,791)</u>	(88,668)

Internal Service Funds are used by management to charge the costs of the partial self-funding of the County's health and dental plans to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities. 10,196

Change in net position of governmental activities (page 19) \$ 2,224,250

See notes to financial statements.

Jackson County
Statement of Net Position
Proprietary Funds

June 30, 2014

	<u>Internal Service</u>
Current Assets	
Cash and cash equivalents	\$ 158,735
Accrued interest receivable	<u>1</u>
Total assets	158,736
Current Liabilities	
None	<u>-</u>
Net Position	
Unrestricted	<u><u>\$ 158,736</u></u>

See notes to financial statements.

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

Year ended June 30, 2014

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 121,517
Reimbursements from employees		<u>14,447</u>
Total operating revenues		135,964
Operating expenses:		
Medical claims	\$ 73,018	
Insurance premiums	42,861	
Administrative fees	<u>9,904</u>	<u>125,783</u>
Operating income		10,181
Non-operating revenues:		
Interest income		<u>15</u>
Net income		10,196
Net position beginning of year		<u>148,540</u>
Net position end of year		<u><u>\$ 158,736</u></u>
See notes to financial statements.		

Jackson County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2014

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds and employees	\$ 135,964
Cash paid to suppliers for medical claims, administrative fees and insurance premiums	(125,783)
Net cash provided by operating activities	10,181
Cash flows from investing activities:	
Interest on investments	14
Net increase in cash and cash equivalents	10,195
Cash and cash equivalents beginning of year	148,540
Cash and cash equivalents end of year	\$ 158,735
Reconciliation of operating income to net cash provided by operating activities:	
Operating income and net cash provided by operating activities	\$ 10,181
See notes to financial statements.	

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

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 766,371
Other County officials	5,270

Receivables:

Property tax:

Delinquent	10,356
Succeeding year	19,188,000

Accounts	21,056
----------	--------

Accrued interest	1
------------------	---

Special assessments:

Delinquent	19,059
Succeeding year	10,304

Due from other governments	30,515
----------------------------	--------

Total assets	<u>20,050,932</u>
---------------------	-------------------

Liabilities

Accounts payable	2,854
------------------	-------

Salaries and benefits payable	7,064
-------------------------------	-------

Due to other governments	20,018,461
--------------------------	------------

Trusts payable	5,270
----------------	-------

Compensated absences	17,283
----------------------	--------

Total liabilities	<u>20,050,932</u>
--------------------------	-------------------

Net position	<u>\$ -</u>
---------------------	-------------

See notes to financial statements.

Jackson County

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
Intangibles	25,000
Equipment and vehicles	5,000

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

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

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

Advances to/from Other Funds – Non-current portions of long-term interfund loans receivable are reported as advances. The resulting fund balance is reported as restricted fund balance.

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

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

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

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized as revenue 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.

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 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.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$3,363,765 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Due From and Due to Other Funds

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

Due To/Due From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue: Mental Health	\$ 46
Special Revenue: Secondary Roads	General Special Revenue: Local Health	5,323 252
Total		<u>\$ 5,621</u>

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

Advances To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Jackson County Revolving Loan	General Capital Projects	\$ 282,143 135,544
Total		<u>\$ 417,687</u>

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

(4) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$ 850,000
Local Health	General	65,000
Capital Projects	General	50,000
Total		<u>\$ 965,000</u>

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

(5) Jackson County Revolving Loan Fund

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

Upon receipt of loan payments from the businesses, the funds remain in the Jackson County Revolving Loan Fund for subsequent loans to other businesses. If the program is dissolved, all monies and interest earned will revert to the County. During the year ended June 30, 2014, one new loan totaling \$56,000 was made to the Hospice of Jackson County. The County also paid \$5,085 in administrative costs.

Outstanding loans receivable of the Jackson County Revolving Loan Fund at June 30, 2014 are as follows:

Loaned to	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Balance June 30, 2014
T M Woodworks	April 6, 2004	\$ 255,000	4.0%	15 years	\$ 73,430
Precision Metal Works	March 11, 2008	325,000	3.5	7 years	117,937
Iowa Firewood Products, Inc.	June 4, 2011	90,000	4.0	5 years	39,694
Maquoketa Newspapers, Inc	June 5, 2012	100,000	4.0	7 years	74,220
Waste Authority of Jackson County	January 29, 2013	225,000	2.0	10 years	124,157
Hospice of Jackson County	June 17, 2014	56,000	1.0	15 years	56,000
Total					<u>\$485,438</u>

In addition, the County advanced \$140,544 in fiscal year 2010 to the Jackson County Conservation Board for the purchase of land for the Copper Creek Trail Project. The advance will be repaid by the Capital Projects Fund. The balance outstanding at June 30, 2014 was \$40,544. The County also advanced \$120,000 during fiscal year 2014 to the Jackson County Conservation Board to assist in financing the Martin Property project. The advance will be repaid by the Capital Projects Fund. The balance outstanding at June 30, 2014 was \$95,000. In addition, the County advanced \$300,000 to the General Fund to assist in the financing of wastewater treatment facility improvements at the Jackson County Care Facility. The advance will be repaid by the General Fund. The balance outstanding at June 30, 2014 was \$282,143.

(6) Capital Assets

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

	Balance			Balance
	Beginning			End
	of Year	Increases	Decreases	of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,491,443	998,000	-	2,489,443
Intangibles, road network	1,583,789	-	-	1,583,789
Construction in progress, road network	1,455	1,674,628	-	1,676,083
Construction in progress	491,419	-	-	491,419
Total capital assets not being depreciated	3,568,106	2,672,628	-	6,240,734
Capital assets being depreciated:				
Buildings	3,481,592	113,774	-	3,595,366
Improvements other than buildings	127,109	-	-	127,109
Equipment and vehicles	8,083,990	539,467	(295,891)	8,327,566
Infrastructure, road network	44,425,618	-	-	44,425,618
Infrastructure, other	418,897	293,528	-	712,425
Total capital assets being depreciated	56,537,206	946,769	(295,891)	57,188,084
Less accumulated depreciation for:				
Buildings	1,938,173	52,975	-	1,991,148
Improvements other than buildings	36,900	5,692	-	42,592
Equipment and vehicles	5,098,284	670,013	(301,453)	5,466,844
Infrastructure, road network	15,256,685	826,166	-	16,082,851
Infrastructure, other	89,278	19,172	-	108,450
Total accumulated depreciation	22,419,320	1,574,018	(301,453)	23,691,885
Total capital assets being depreciated, net	34,117,886	(627,249)	(5,562)	33,496,199
Governmental activities capital assets, net	\$37,685,992	2,045,379	(5,562)	39,736,933

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 58,078
Physical health and social services	13,019
County environment and education	74,633
Roads and transportation	1,371,161
Governmental services to residents	19,109
Administration	32,856
Nonprogram	5,162
Total depreciation expense - governmental activities	\$ 1,574,018

(7) Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 10,235
Special Revenue:		
Mental Health	Services	13,842
Rural Services	Services	2,645
Secondary Roads	Services	295
Local Health	Services	20,026
		<u>36,808</u>
Total for governmental funds		<u>\$ 47,043</u>
Agency:		
County Assessor	Collections	\$ 689,021
Schools		11,377,005
Community Colleges		812,857
Corporations		5,254,743
Townships		269,454
County Hospital		909,868
E911 Services		192,525
All other		512,988
Total for agency funds		<u>\$ 20,018,461</u>

(8) Long-Term Liabilities

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

	<u>Compen- sated Absences</u>	<u>Net OPEB Liability</u>	<u>Total</u>
Balance beginning of year	\$ 227,074	309,550	536,624
Increases	344,632	125,625	470,257
Decreases	340,755	40,834	381,589
Balance end of year	<u>\$ 230,951</u>	<u>394,341</u>	<u>625,292</u>
Due within one year	<u>\$ 178,267</u>	<u>-</u>	<u>178,267</u>

(9) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 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 \$412,195, \$384,454 and \$351,100, respectively, equal to the required contributions for each year

(10) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 95 active and 3 retired members in the plan. Retired participants must be age 55 or older at retirement with the exception of special service participants who must be age 50 with 22 years of service.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by EBS, Inc. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Additionally, the County offers an explicit rate subsidy for retirees where the County will reimburse 80% of the cost of health insurance for five years, or until the retiree turns 65 years of age, up to a maximum pay-out of \$5,000 per year.

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

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

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

Annual required contribution	\$ 125,071
Interest on net OPEB obligation	12,382
Adjustment to annual required contribution	<u>(11,828)</u>
Annual OPEB cost	125,625
Contributions made	<u>(40,834)</u>
Increase in net OPEB obligation	84,791
Net OPEB obligation beginning of year	<u>309,550</u>
Net OPEB obligation end of year	<u><u>\$ 394,341</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 \$40,834 to the medical plan. Plan members eligible for benefits contributed \$6,600, or 14% 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	\$ 99,743	38.50%	\$ 221,601
2013	125,410	29.68%	309,550
2014	125,625	32.50%	394,341

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 \$1,152,557, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,152,557. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,507,000 and the ratio of the UAAL to covered payroll was 25.6%. 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% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2013 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2013.

Projected claim costs of the medical plan range from \$200 for a single retiree to \$1,564 per month for retirees plus their spouse who are less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2014 were \$200,381.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

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

(13) Jackson County Employee Self-Funded Dental Plan

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

(14) Lease Agreement

On September 11, 2012, the County entered a seven year lease agreement with DAC, Inc. to lease the Jackson County Care Facility. The agreement provides for monthly rental payments to the County as follows: \$2,500 per month for the first six months, \$5,000 per month for the second six months, \$6,000 per month for the second year and \$7,000 per month for the third year. Within 60 days of the end of the third year, the County and DAC, Inc. shall hold a meeting to review the lease agreement and set the rental fee for the remainder of the lease term.

(15) 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 ended 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.

Jackson County

Required Supplementary Information

Jackson County

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

Required Supplementary Information

Year ended June 30, 2014

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 6,732,719	-	6,732,719
Interest and penalty on property tax	53,779	-	53,779
Intergovernmental	4,342,287	-	4,342,287
Licenses and permits	36,834	-	36,834
Charges for service	553,104	-	553,104
Use of money and property	561,932	393	561,539
Miscellaneous	360,643	9,967	350,676
Total receipts	12,641,298	10,360	12,630,938
Disbursements:			
Public safety and legal services	2,035,680	-	2,035,680
Physical health and social services	275,463	-	275,463
Mental health	1,019,161	-	1,019,161
County environment and education	1,590,295	13,017	1,577,278
Roads and transportation	4,957,146	-	4,957,146
Governmental services to residents	605,520	-	605,520
Administration	1,503,584	-	1,503,584
Non-program	-	-	-
Capital projects	436,733	-	436,733
Total disbursements	12,423,582	13,017	12,410,565
Excess (deficiency) of receipts over (under) disbursements	217,716	(2,657)	220,373
Other financing sources, net	939	-	939
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	218,655	(2,657)	221,312
Balance beginning of year	5,749,790	105,478	5,644,312
Balance end of year	\$ 5,968,445	102,821	5,865,624

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
6,713,157	6,773,157	(40,438)
50,550	50,550	3,229
4,118,249	4,202,293	139,994
28,820	31,320	5,514
585,530	583,030	(29,926)
295,287	477,224	84,315
150,825	350,969	(293)
11,942,418	12,468,543	162,395
2,083,261	2,083,261	47,581
345,065	345,065	69,602
1,227,912	1,227,912	208,751
1,372,957	2,415,464	838,186
4,617,107	5,086,207	129,061
637,637	637,637	32,117
1,557,546	1,578,648	75,064
-	36,344	36,344
491,705	940,050	503,317
12,333,190	14,350,588	1,940,023
(390,772)	(1,882,045)	2,102,418
525	(965,000)	965,939
(390,247)	(2,847,045)	3,068,357
4,339,760	3,255,021	2,389,291
3,949,513	407,976	5,457,648

Jackson 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	\$ 12,641,298	44,647	12,548,088
Expenditures	12,423,582	(94,343)	12,155,154
Net	217,716	138,990	392,934
Other financing sources, net	939	(73)	866
Beginning fund balances	5,749,790	495,078	6,244,868
Ending fund balances	\$ 5,968,445	633,995	6,638,668

See accompanying independent auditor's report.

Jackson 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 blended component units, Internal Service Funds and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$2,017,398. 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.

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 883	883	0.0%	\$ 3,800	23.2%
2011	Jul 1, 2009	-	883	883	0.0	4,054	21.8
2012	Jul 1, 2009	-	883	883	0.0	4,171	21.2
2013	Jul 1, 2012	-	1,153	1,153	0.0	4,305	26.8
2014	Jul 1, 2012	-	1,153	1,153	0.0	4,507	25.6

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Jackson County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2014

	County Recorder's Records Management	Green Island Drainage Districts	Local Health
Assets			
Cash, cash equivalents and pooled investments	\$ 7,565	102,821	33,045
Accounts receivable	-	-	1,275
Due from other governments	-	-	7,379
Total assets	\$ 7,565	102,821	41,699
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 359	-	498
Salaries and benefits payable	-	-	1,405
Due to other funds	-	-	252
Due to other governments	-	-	20,026
Advance from other funds	-	-	-
Total liabilities	359	-	22,181
Fund balances:			
Restricted for:			
Drainage purposes	-	102,821	-
Capital projects	-	-	-
Other purposes	7,206	-	19,518
Total fund balances	7,206	102,821	19,518
Total liabilities and fund balances	\$ 7,565	102,821	41,699

See accompanying independent auditor's report.

Special Revenue					
Resource					
Enhancement and Protection	Emergency Training Grant	Pioneer Cemetery Trust	Capital Projects		Total
101,780	-	5,206	295,038		545,455
1	-	-	-		1,276
-	6,294	-	-		13,673
101,781	6,294	5,206	295,038		560,404
-	-	-	-		857
588	-	-	-		1,993
-	-	-	-		252
-	-	-	-		20,026
-	-	-	135,544		135,544
588	-	-	135,544		158,672
-	-	-	-		102,821
-	-	-	159,494		159,494
101,193	6,294	5,206	-		139,417
101,193	6,294	5,206	159,494		401,732
101,781	6,294	5,206	295,038		560,404

Jackson County

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

Year ended June 30, 2014

	County Recorder's Records Management	Green Island Drainage Districts	Local Health
Revenues:			
Intergovernmental	\$ 3,370	-	99,211
Licenses and permits	-	-	14,659
Charges for service	-	-	260
Use of money and property	1	393	-
Miscellaneous	-	9,967	-
Total revenues	3,371	10,360	114,130
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
Physical health and social services	-	-	186,428
County environment and education	-	13,017	-
Governmental services to residents	5,077	-	-
Capital projects	-	-	-
Total expenditures	5,077	13,017	186,428
Excess (deficiency) of revenues over (under) expenditures	(1,706)	(2,657)	(72,298)
Other financing sources:			
Transfers in	-	-	65,000
Change in fund balances	(1,706)	(2,657)	(7,298)
Fund balances beginning of year	8,912	105,478	26,816
Fund balances end of year	\$ 7,206	102,821	19,518

See accompanying independent auditor's report.

Special Revenue				
Resource				
Enhancement and Protection	Emergency Training Grant	Pioneer Cemetery Trust	Capital Projects	Total
16,533	6,294	-	-	125,408
-	-	-	-	14,659
48,750	-	-	-	49,010
14	-	-	-	408
-	-	-	-	9,967
65,297	6,294	-	-	199,452
-	8,840	-	-	8,840
-	-	-	-	186,428
23,506	-	-	-	36,523
-	-	-	-	5,077
-	-	-	232,960	232,960
23,506	8,840	-	232,960	469,828
41,791	(2,546)	-	(232,960)	(270,376)
-	-	-	50,000	115,000
41,791	(2,546)	-	(182,960)	(155,376)
59,402	8,840	5,206	342,454	557,108
101,193	6,294	5,206	159,494	401,732

Jackson County

Jackson County
 Combining Schedule of Net Position
 Internal Service Funds

June 30, 2014

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Assets			
Cash and cash equivalents	\$ 119,570	39,165	158,735
Accrued interest receivable	1	-	1
Total assets	119,571	39,165	158,736
Liabilities			
None	-	-	-
Net Position			
Unrestricted	\$ 119,571	39,165	158,736

See accompanying independent auditor's report.

Schedule 4

Jackson County

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

Year ended June 30, 2014

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Operating revenues:			
Reimbursements from operating funds	\$ 67,194	54,323	121,517
Reimbursements from employees	7,759	6,688	14,447
Total operating revenues	74,953	61,011	135,964
Operating expenses:			
Medical claims	24,946	48,072	73,018
Insurance premiums	42,861	-	42,861
Administrative fees	4,880	5,024	9,904
Total operating expenses	72,687	53,096	125,783
Operating income	2,266	7,915	10,181
Non-operating revenues:			
Interest income	12	3	15
Change in net position	2,278	7,918	10,196
Net position beginning of year	117,293	31,247	148,540
Net position end of year	\$ 119,571	39,165	158,736

See accompanying independent auditor's report.

Jackson County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2014

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Cash flows from operating activities:			
Cash received from operating funds and employees	\$ 74,953	61,011	135,964
Cash paid to suppliers for medical claims, insurance premiums and administrative fees	(72,687)	(53,096)	(125,783)
Net cash provided by operating activities	2,266	7,915	10,181
Cash flows from investing activities:			
Interest on investments	11	3	14
Net change in cash and cash equivalents	2,277	7,918	10,195
Cash and cash equivalents beginning of year	117,293	31,247	148,540
Cash and cash equivalents end of year	<u>\$ 119,570</u>	<u>39,165</u>	<u>158,735</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income and net cash provided by operating activities	<u>\$ 2,266</u>	<u>7,915</u>	<u>10,181</u>

See accompanying independent auditor's report.

Jackson County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	2,615	170,020	149,331
Other County officials	5,270	-	-	-
Receivables:				
Property tax:				
Delinquent	-	94	268	5,674
Succeeding year	-	188,000	540,000	11,222,000
Accounts	-	-	2,500	-
Accrued interest	-	-	-	-
Special assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 5,270	190,709	712,788	11,377,005
Liabilities				
Accounts payable	\$ -	-	281	-
Salaries and benefits payable	-	-	6,203	-
Due to other governments	-	190,709	689,021	11,377,005
Trusts payable	5,270	-	-	-
Compensated absences	-	-	17,283	-
Total liabilities	\$ 5,270	190,709	712,788	11,377,005

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	E911 Service Commission	Other	Total
10,469	50,351	3,377	12,423	148,940	218,845	766,371
-	-	-	-	-	-	5,270
388	3,392	77	445	-	18	10,356
802,000	5,201,000	266,000	897,000	-	72,000	19,188,000
-	-	-	-	18,556	-	21,056
-	-	-	-	1	-	1
-	-	-	-	-	19,059	19,059
-	-	-	-	-	10,304	10,304
-	-	-	-	27,571	2,944	30,515
812,857	5,254,743	269,454	909,868	195,068	323,170	20,050,932
-	-	-	-	2,543	30	2,854
-	-	-	-	-	861	7,064
812,857	5,254,743	269,454	909,868	192,525	322,279	20,018,461
-	-	-	-	-	-	5,270
-	-	-	-	-	-	17,283
812,857	5,254,743	269,454	909,868	195,068	323,170	20,050,932

Jackson 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
Assets and Liabilities				
Balances beginning of year	\$ 5,270	188,631	641,148	10,919,640
Additions:				
Property and other county tax	-	192,323	550,570	11,482,993
E911 surcharge	-	-	-	-
State tax credits	-	10,080	22,748	580,259
Drivers license fees	-	-	-	-
Office fees and collections	363,217	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Miscellaneous	276,645	99	3,179	5,272
Total additions	639,862	202,502	576,497	12,068,524
Deductions:				
Agency remittances:				
To other funds	186,014	-	-	-
To other governments	186,445	200,424	504,857	11,611,159
Trusts paid out	267,403	-	-	-
Total deductions	639,862	200,424	504,857	11,611,159
Balances end of year	\$ 5,270	190,709	712,788	11,377,005

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Auto License and Use Tax	E911 Service Commission	Other	Total
771,044	5,307,255	251,647	895,803	-	183,535	309,578	19,473,551
820,469	5,237,739	274,195	918,046	-	-	73,606	19,549,941
-	-	-	-	-	242,886	-	242,886
40,406	188,527	13,936	47,879	-	-	4,287	908,122
-	-	-	-	137,058	-	-	137,058
-	-	-	-	-	-	-	363,217
-	-	-	-	5,840,850	-	-	5,840,850
-	-	-	-	-	-	25,083	25,083
-	-	-	-	-	-	140,699	140,699
397	1,945	72	473	-	-	124,702	412,784
861,272	5,428,211	288,203	966,398	5,977,908	242,886	368,377	27,620,640
-	-	-	-	234,511	-	-	420,525
819,459	5,480,723	270,396	952,333	5,743,397	231,353	215,619	26,216,165
-	-	-	-	-	-	139,166	406,569
819,459	5,480,723	270,396	952,333	5,977,908	231,353	354,785	27,043,259
812,857	5,254,743	269,454	909,868	-	195,068	323,170	20,050,932

Jackson 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	\$ 5,878,246	5,434,887	5,220,986	4,891,514
Local option sales tax	923,319	827,026	803,675	778,066
Interest and penalty on property tax	53,738	54,424	55,920	68,360
Intergovernmental	4,225,436	4,824,467	5,597,998	5,713,471
Licenses and permits	52,789	36,524	32,271	41,803
Charges for service	534,619	619,580	609,388	592,693
Use of money and property	508,603	312,505	434,050	331,760
Miscellaneous	371,338	251,269	176,911	249,269
Total	\$ 12,548,088	12,360,682	12,931,199	12,666,936
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,047,821	1,881,167	1,675,130	1,677,192
Physical health and social services	274,584	324,855	285,337	363,810
Mental health	893,099	1,200,377	2,814,781	2,365,214
County environment and education	1,488,382	1,507,918	1,167,820	1,377,842
Roads and transportation	4,902,887	4,748,492	4,408,597	4,181,338
Governmental services to residents	607,636	584,294	496,356	511,650
Administration	1,443,608	1,562,340	1,332,373	1,383,627
Debt service	-	-	-	-
Capital projects	497,137	394,120	434,459	420,028
Total	\$ 12,155,154	12,203,563	12,614,853	12,280,701

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
4,868,615	4,655,350	4,461,330	4,310,416	4,186,124	4,106,769
766,653	764,321	759,479	755,377	647,755	639,096
74,007	68,728	58,101	52,467	55,488	55,188
5,863,638	5,289,424	5,782,271	4,691,980	4,951,822	4,983,896
32,714	51,226	53,864	47,853	53,998	61,439
576,132	584,280	587,675	591,285	571,242	535,022
342,637	555,246	556,668	637,902	427,152	280,786
179,597	158,821	308,945	150,356	182,839	222,767
12,703,993	12,127,396	12,568,333	11,237,636	11,076,420	10,884,963
1,550,118	1,587,048	1,482,897	1,477,246	1,405,665	1,276,490
416,161	405,912	392,247	437,156	415,159	390,865
2,205,598	2,338,041	2,124,388	2,388,908	1,812,333	1,788,575
1,728,069	1,269,915	1,465,164	967,603	1,028,979	960,173
4,249,632	4,277,452	4,062,384	3,794,055	3,665,867	3,690,936
478,631	533,597	419,451	403,470	570,894	374,677
1,244,206	1,479,792	1,322,125	1,149,527	1,140,125	990,874
-	-	-	120,826	130,729	137,217
1,000,473	756,772	696,035	478,047	440,500	640,235
12,872,888	12,648,529	11,964,691	11,216,838	10,610,251	10,250,042

Jackson County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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

To the Officials of Jackson County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jackson County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 5, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Jackson County's Responses to the Findings


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

Purpose of this Report

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

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

August 5, 2015

Jackson County

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

	<u>Applicable Offices</u>
(1) Collection and deposit preparation functions are not segregated from those of recording and accounting for cash receipts.	Auditor and Recorder
(2) Bank accounts are reconciled by an individual who has the ability to write checks and has access to the check signers' signature stamp.	Sheriff
(3) Bank reconciliations are not reviewed periodically by an independent person for propriety.	Sheriff & Ag Extension

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

Responses –

Auditor – We will implement procedures which will segregate duties for collection and depositing checks received in the Auditor's Office.

Recorder – The Recorder's Office is a three employee office. The functions listed above are double and triple checked by two of the employees after the initial employee performs the particular function.

Sheriff – The signature stamp will continue to be locked up and the person who has the ability to write checks and perform the bank reconciliations will not have access. In addition, the Sheriff will review and sign off on bank reconciliations.

Ag Extension – We will have the Extension Council Treasurer review, sign and date the bank reconciliations when completed.

Conclusions – Responses accepted.

Jackson County

Schedule of Findings

Year ended June 30, 2014

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

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

Response – The Auditor’s Office will be more diligent by sending reminders to Department Heads of the requirement to notify us of any and all capital asset purchases, including infrastructure, so they are properly added to the County’s capital asset listing.

Conclusion – Response accepted.

- (C) Inventory – During our review of inventory valuations, we noted the sand/salt mix stockpile was not properly included in the County’s inventory records. It was subsequently added to the County’s records.

Recommendation – Sand/salt mix stockpile should be included in inventory records to accurately value the County’s assets.

Response – Even though the length, width and depth of stockpiles vary and measurements are approximate, we will estimate the value of the amount of salt/sand mix the County has on hand.

Conclusion – Response accepted.

- (D) Sale of Scrap Metal – The County delivers scrap metal periodically to a scrap metal vendor. The County receives payment from the vendor for the sales. Supporting documentation was not always available to substantiate the amount paid to the County.

Recommendation – For all scrap metal sales, the County should request and retain supporting documentation of the sale, such as weigh tickets.

Response – The vendor provides weigh tickets with each payment. We will retain weigh tickets to ensure amounts collected are supported.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Jackson 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.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Mike Clausing, Engineer’s Office, Wife sells advertising at KMAQ	Job advertising	\$ 41
Mary Stickley, Auditor’s Office Deputy, owns Old Capital Cup Co. Inc.	Custodial and cleaning supplies	3,385
Troy Patzner, Assessor’s Office, Wife owns Patzner’s Pro Shop	Clothing and Uniforms	359
Mary Stickley, Auditor’s Office Deputy, Husband owns Stickley Electric Service	Electrical parts and repair	2,520

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transactions with Stickley Electric Service do not appear to represent a conflict of interest since the services were competitively bid.

The transactions with Old Capital Cup Co. Inc. may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa since the total cumulative transactions were greater than \$1,500 during the year ended June 30, 2014 and the transactions were not competitively bid.

The remainder of the transactions do not appear to represent a conflict of interest since cumulative transactions with each individual were less than \$1,500 during the fiscal year.

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

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

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

Jackson County

Schedule of Findings

Year ended June 30, 2014

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


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

Jackson County

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager
Darryl J. Brumm, Senior Auditor II
Kelly L. Hilton, Senior Auditor
Melissa E. Janssen, Staff Auditor
Kelsie K. Boyer, Assistant Auditor
James P. Moriarty, CPA, Assistant Auditor
Joe B. Sparks, Auditor Intern


Andrew E. Nielsen, CPA
Deputy Auditor of State