



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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Des Moines, Iowa 50319-0006

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NEWS RELEASE

FOR RELEASE

June 25, 2020

Contact: Marlys Gaston
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$17,385,495 for the year ended June 30, 2019, a 4.7% increase over the prior year. Expenses for County operations for the year ended June 30, 2019 totaled \$13,711,366, a 5.8% decrease from the prior year. The decrease in expenses is due primarily to the completion of several capital projects, including the Prairie Creek Campground renovations, in fiscal year 2018.

AUDIT FINDINGS:

Sand reported three findings related to the receipt and expenditure of taxpayer funds and one finding pertaining to the Friends of Jackson County Conservation, a blended component unit. They are found on pages 80 through 85 of this report. The findings address issues such as lack of segregation of duties, financial reporting, and an unapproved bank account. Sand provided the County with recommendations to address each of these findings.

The findings discussed above for the County and the Conservation Foundation are repeated from the prior year. The County Board of Supervisors, other elected officials and Management of the Conservation Foundation have a fiduciary responsibility to provide oversight of the County's and the Conservation Foundation's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

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

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JACKSON COUNTY

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

JUNE 30, 2019

Jackson County



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Rob Sand
Auditor of State

May 29, 2020

Officials of Jackson County
Maquoketa, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Jackson County for the year ended June 30, 2019. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Sincerely,

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

Rob Sand
Auditor of State

Table of Contents

		<u>Page</u>
Officials		4
Independent Auditor’s Report		5-7
Management’s Discussion and Analysis		8-14
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Proprietary Fund Financial Statements:		
Statement of Net Position	G	25
Statement of Revenues, Expenses and Changes in Fund Net Position	H	26
Statement of Cash Flows	I	27
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	29
Notes to Financial Statements		30-50
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		52-53
Budget to GAAP Reconciliation		55
Notes to Required Supplementary Information – Budgetary Reporting		56
Schedule of the County’s Proportionate Share of the Net Pension Liability		57
Schedule of County Contributions		58-59
Notes to Required Supplementary Information – Pension Liability		60
Schedule of Changes in the County’s Total OPEB Liability, Related Ratios and Notes		61
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	64-65
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	66-67
Internal Service Funds:		
Combining Schedule of Net Position	3	69
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	4	70
Combining Schedule of Cash Flows	5	71
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	6	72-73
Combining Schedule of Changes in Fiduciary Assets and Liabilities	7	74-75
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	8	76-77

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>	78-79
Schedule of Findings	80-85
Staff	86

Jackson County

Officials

(Before January 2019)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Larry McDevitt	Board of Supervisors	Jan 2019
John J. Willey	Board of Supervisors	Jan 2019
Mike Steines	Board of Supervisors	Jan 2021
Brian Moore	County Auditor	(Resigned Jan 2018)
Alisa Smith (Appointed Jan 2018)	County Auditor	Jan 2021
Nancy Roling	County Treasurer	Jan 2019
Arlene Schauf	County Recorder	Jan 2019
Russell Kettmann	County Sheriff	Jan 2021
Sara Davenport	County Attorney	Jan 2019
Lee Karabin	County Assessor	Jan 2022

(After January 2019)

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Mike Steines	Board of Supervisors	Jan 2021
Larry McDevitt	Board of Supervisors	Jan 2023
John J. Willey	Board of Supervisors	Jan 2023
Alisa Smith	County Auditor	Jan 2021
Beth Gerlach	County Treasurer	Jan 2023
Arlene Schauf	County Recorder	Jan 2023
Russell Kettmann	County Sheriff	Jan 2021
Sara Davenport	County Attorney	Jan 2023
Larry Koos	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Jackson County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jackson County, Iowa, as of and for the year ended June 30, 2019, 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, 2019, 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, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 52 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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.

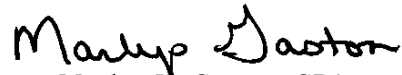
Supplementary Information

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, 2018 (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 May 29, 2020 on our consideration of Jackson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jackson County's internal control over financial reporting and compliance.


Marlys K. Gaston CPA
Deputy Auditor of State

May 29, 2020

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, 2019. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2019 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 4.7%, or approximately \$777,000, from fiscal year 2018 to fiscal year 2019. Capital grants, contributions and restricted interest increased approximately \$954,000, charges for service decreased approximately \$389,000, operating grants, contributions and restricted interest increased approximately \$52,000 and property and other county tax increased approximately \$123,000.
- Program expenses of the County's governmental activities were 5.8%, or approximately \$849,000, less in fiscal year 2019 than in fiscal year 2018. Mental health expenses decreased approximately \$148,000, roads and transportation expenses increased approximately \$415,000, and county environment and education decreased approximately \$1,571,000. This decrease is due to completion of the Prairie Creek Campground renovations and other capital projects in fiscal year 2018.
- The County's net position at June 30, 2019 increased 7.1%, or approximately \$3,674,000, over the June 30, 2018 balance.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position of governmental activities.

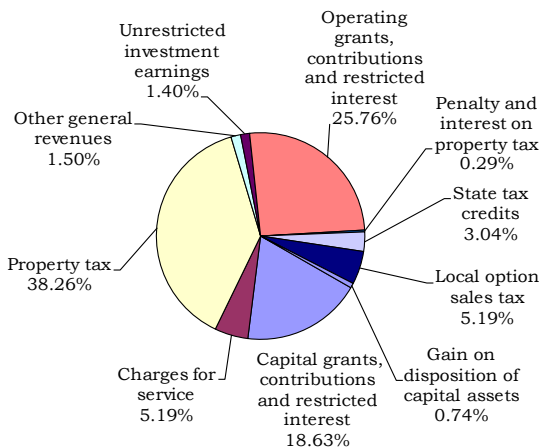
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2019	2018
Current and other assets	\$ 18,726	17,999
Capital assets	49,017	45,176
Total assets	67,743	63,175
Deferred outflows of resources	1,259	1,437
Long-term liabilities	5,057	5,413
Other liabilities	904	463
Total liabilities	5,961	5,876
Deferred inflows of resources	7,324	6,694
Net position:		
Net investment in capital assets	49,017	45,176
Restricted	8,480	8,493
Unrestricted	(1,781)	(1,627)
Total net position	\$ 55,716	52,042

Net position of Jackson County's governmental activities increased 7.1% (approximately \$55 million compared to approximately \$52 million). The largest portion of the County's net position is net investment in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment). Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from a deficit of approximately \$1,627,000 at June 30, 2018 to a deficit of approximately \$1,781,000 at the end of this year. The deficit is due to recording the net pension and total OPEB liabilities, as required.

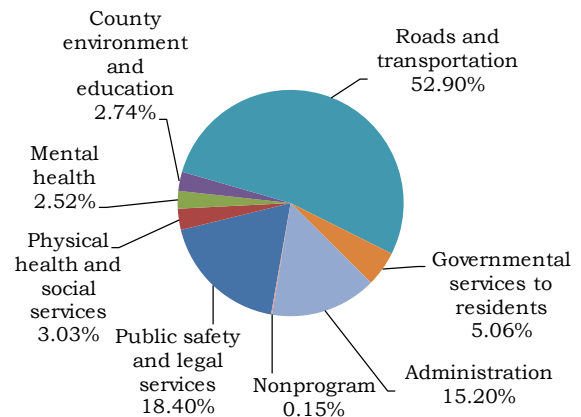
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2019	2018
Revenues:		
Program revenues:		
Charges for service	\$ 903	1,292
Operating grants, contributions and restricted interest	4,479	4,427
Capital grants, contributions and restricted interest	3,239	2,285
General revenues:		
Property tax	6,650	6,527
Penalty and interest on property tax	51	51
State tax credits	529	570
Local option sales tax	902	935
Unrestricted investment earnings	243	115
Gain on disposition of capital assets	128	145
Other general revenues	261	261
Total revenues	17,385	16,608
Program expenses:		
Public safety and legal services	2,523	2,385
Physical health and social services	415	271
Mental health	345	493
County environment and education	376	1,947
Roads and transportation	7,254	6,839
Governmental services to residents	694	686
Administration	2,084	1,901
Nonprogram	20	38
Total expenses	13,711	14,560
Change in net position	3,674	2,048
Net position beginning of year	52,042	49,994
Net position end of year	\$ 55,716	52,042

Revenues by Source



Expenses by Program



Jackson County's governmental activities net position increased approximately \$3,674,000 during the year. Revenues for governmental activities increased approximately \$777,000 over the prior year, with capital grants, contributions and restricted interest increasing approximately \$954,000, or 41.8%, due to more grants for road projects, and charges for services revenue decreasing from the prior year approximately \$389,000.

The County's property tax rates for fiscal year 2019 were slightly lower than the prior fiscal year, at \$7.388 per \$1,000 of taxable valuation compared to \$7.977 per \$1,000 of taxable valuation in fiscal year 2018. The County raised the property tax rate to 7.508 per \$1,000 of taxable valuation and property tax revenue is budgeted to increase approximately \$340,000 next year.

The cost of all governmental activities this year was approximately \$13.7 million compared to approximately \$14.6 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$5,091,000, because some of the cost was paid by those directly benefited from the programs (approximately \$903,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$7,718,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2019 from approximately \$8,004,000 to approximately \$8,621,000, principally due to an increase in capital grants, contributions and restricted interest for infrastructure assets contributed by the Iowa Department of Transportation during fiscal year 2019.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jackson County completed the year, its governmental funds reported a combined fund balance of approximately \$10,063,000, an increase of approximately \$28,000 above last year's total of approximately \$10,035,000. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased \$351,707 and expenditures increased \$1,094,409. The ending fund balance decreased \$41,174 from the prior year to \$3,238,799. Revenues increased primarily due to an increase in property valuation which resulted in an increase in property tax revenues. Expenditures increased primarily due to increased capital improvements in the courthouse and at the County fairgrounds.
- The County has continued to look for ways to effectively manage the cost of mental health services. For fiscal year 2019, revenues totaled \$2,802, a decrease of 99.6% from the prior year. Expenditures totaled \$340,758, a decrease of 23.1% from the prior year with a significant decrease in the amount paid for services to persons with mental illness. The Special Revenue, Mental Health Fund balance at year end decreased \$337,956 from the prior year to \$482,156.
- The Special Revenue, Rural Services Fund ended fiscal year 2019 with a \$1,080,438 balance compared to the prior year ending balance of \$881,172. Revenues increased \$224,343 over the prior year with much of the increase coming from property and other county tax. Expenditures totaled \$1,213,309, which was a \$172,204 increase over the prior year.
- Special Revenue, Secondary Roads Fund revenues decreased \$53,915 and expenditures increased \$153,104 during fiscal year 2019. The decrease in revenues is primarily due to a decrease in intergovernmental revenues and local options sales tax in fiscal year 2019. The Secondary Roads Fund ended fiscal year 2019 with a \$3,205,294 balance compared to the prior year ending balance of \$3,465,377.

- The Special Revenue, Jackson County Revolving Loan Fund ended fiscal year 2019 with a \$1,239,746 balance compared to the prior year ending balance of \$1,131,418. The increase in fund balance is due to the Jackson County Revolving Loan Fund receiving loan repayments and issuing no new loans during fiscal year 2019.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jackson County amended its budget three times. The first amendment was made in November 2018 and resulted in increases in budgeted disbursements related primarily to the physical health and social services and roads and transportation. The second amendment was in February 2019 and resulted in increases in budgeted disbursements related primarily to mental health and capital projects and a decrease related to administration. The final budget amendment was made in May 2019 and resulted in an increase in budgeted disbursements related primarily to the roads and transportation function.

The County’s receipts were \$227,316 more than budgeted, a 1.6% variance. Property and other county tax, interest and penalty on property tax, and use of money and property were higher than budgeted while intergovernmental receipts were lower than budgeted.

Total disbursements were \$2,178,599 less than the amended budget. Actual disbursements for the roads and transportation, county environment and education and capital projects functions were \$304,591, \$785,529, and \$504,146 respectively, less than budgeted. Disbursements for certain roads and transportation projects were less than anticipated at June 30, 2019. Capital projects disbursements were under budget due to capital projects progressing slower than expected. County environment and education function disbursements were lower than budgeted due to fewer revolving loan fund disbursements than expected.

The County did not exceed the budgeted amounts for the year ended June 30, 2019.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, Jackson County had approximately \$49.0 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 \$3,841,000, or 8.5%, over last year.

Capital Assets of Governmental Activities at Year End			
(Expressed in Thousands)			
		June 30,	
		2019	2018
Land	\$	3,292	3,439
Intangibles		1,836	1,836
Construction in progress		1,509	340
Buildings and improvements		3,738	1,934
Equipment and vehicles		3,901	3,486
Infrastructure		34,741	34,141
Total	\$	49,017	45,176

The County had depreciation expense of \$1,916,386 in fiscal year 2019 and total accumulated depreciation of \$29,399,859 at June 30, 2019.

The County's fiscal year 2020 capital budget included \$1,591,979 for capital projects, principally for conservation development and for continued upgrading of secondary roads and bridges. The County has no plans to issue additional debt to finance these projects. Rather, the County will use resources on hand in the County's fund balance. More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

Long-Term Debt

At June 30, 2019, 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 \$99 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 2020 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.7% versus 2.3% a year ago. This compares with the State's unemployment rate of 2.4% and the national rate of 3.7%.

These indicators were taken into account when adopting the budget for fiscal year 2020. Revenues available in the operating budget are approximately \$14.7 million, which is approximately \$243,000 more than the final fiscal year 2019 budget. Property tax and intergovernmental receipts are expected to increase slightly. The approximate \$16.6 million of budgeted disbursements is approximately \$31,000 more than the final fiscal year 2019 budget. Increased capital project costs and an increase in public safety and legal services function disbursements represent the largest increases. The County has added no major new programs or initiatives to the fiscal year 2020 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease slightly by the close of fiscal year 2020.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Jackson County
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 9,952,422
Receivables:	
Property tax:	
Delinquent	10,326
Succeeding year	6,827,000
Interest and penalty on property tax	1,093
Accounts	49,296
Accrued interest	16,336
Revolving loans	757,347
Due from other governments	497,297
Inventories	492,155
Prepaid insurance	122,826
Capital assets, net of accumulated depreciation	49,016,736
	67,742,834
Deferred Outflows of Resources	
Pension related deferred outflows	1,120,560
OPEB related deferred outflows	138,525
	1,259,085
Liabilities	
Accounts payable	669,909
Salaries and benefits payable	221,070
Due to other governments	13,221
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	259,269
Portion due or payable after one year:	
Compensated absences	113,261
Net pension liability	3,221,942
Total OPEB Liability	1,462,416
	5,961,088
Deferred Inflows of Resources	
Unavailable property tax revenue	6,827,000
Pension related deferred inflows	460,983
OPEB related deffered inflows	36,409
	7,324,392
Net Position	
Net investment in capital assets	49,016,736
Restricted for:	
Supplemental levy purposes	842,375
Mental health purposes	481,234
Rural services purposes	1,037,028
Secondary roads purposes	3,016,536
Revolving loans	1,997,093
Other purposes	1,105,795
Unrestricted	(1,780,358)
	\$ 55,716,439

See notes to financial statements.

Jackson County
Statement of Activities
Year ended June 30, 2019

	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	\$ 2,523,097	114,895	12,157	-	(2,396,045)
Physical health and social services	414,739	10,874	118,498	-	(285,367)
Mental health	344,613	2,800	-	-	(341,813)
County environment and education	376,334	146,072	126,790	586,078	482,606
Roads and transportation	7,253,618	90,220	4,221,731	2,652,871	(288,796)
Governmental services to residents	694,377	416,207	-	-	(278,170)
Administration	2,084,430	121,630	-	-	(1,962,800)
Nonprogram	20,158	-	-	-	(20,158)
Total	\$ 13,711,366	902,698	4,479,176	3,238,949	(5,090,543)
General Revenues:					
Property and other county tax levied for general purposes					6,649,655
Penalty and interest on property tax					51,340
State tax credits					528,876
Local option sales tax					901,739
Unrestricted investment earnings					243,187
Gain on disposition of capital assets					128,382
Rent					221,920
Miscellaneous					39,573
Total general revenues					8,764,672
Change in net position					3,674,129
Net position beginning of year					52,042,310
Net position end of year					\$ 55,716,439

See notes to financial statements.

Jackson County
Balance Sheet
Governmental Funds

June 30, 2019

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 3,813,935	510,447	1,083,466
Receivables:			
Property tax:			
Delinquent	10,326	-	-
Succeeding year	4,556,000	274,000	1,997,000
Interest and penalty on property tax	447	136	510
Accounts	39,516	-	1,289
Accrued interest	15,805	-	-
Revolving loans	-	-	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
Due from other governments	12,236	-	37,357
Inventories	-	-	-
Prepaid insurance	97,143	-	-
Total assets	\$ 8,545,408	784,583	3,119,622
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 509,298	22,107	11,756
Salaries and benefits payable	107,654	2,898	29,924
Due to other funds	3,245	-	-
Due to other governments	9,657	3,288	-
Advances from other funds	110,026	-	-
Total liabilities	<u>739,880</u>	<u>28,293</u>	<u>41,680</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,556,000	274,000	1,997,000
Other	10,729	134	504
Total deferred inflows of resources	<u>4,566,729</u>	<u>274,134</u>	<u>1,997,504</u>
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	97,143	-	-
Restricted for:			
Supplemental levy purposes	770,633	-	-
Mental health purposes	-	482,156	-
Rural services purposes	-	-	1,080,438
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	176,239	-	-
Capital projects	-	-	-
Jackson County revolving loans	-	-	-
Other purposes	112,716	-	-
Assigned for:			
Jackson County Farm	112,861	-	-
Attorney collection incentive	40,609	-	-
Community drill	10,687	-	-
Other purposes	27,468	-	-
Unassigned	1,890,443	-	-
Total fund balances	<u>3,238,799</u>	<u>482,156</u>	<u>1,080,438</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 8,545,408	784,583	3,119,622

See notes to financial statements.

Revenue			
Secondary Roads	Jackson County Revolving Loan	Nonmajor	Total
2,432,647	1,129,720	819,567	9,789,782
-	-	-	10,326
-	-	-	6,827,000
-	-	-	1,093
8,491	-	-	49,296
-	-	260	16,065
-	757,347	-	757,347
3,317	-	-	3,317
-	110,026	-	110,026
447,704	-	-	497,297
492,155	-	-	492,155
25,683	-	-	122,826
3,409,997	1,997,093	819,827	18,676,530
126,544	-	204	669,909
77,883	-	2,711	221,070
-	-	72	3,317
276	-	-	13,221
-	-	-	110,026
204,703	-	2,987	1,017,543
-	-	-	6,827,000
-	757,347	-	768,714
-	757,347	-	7,595,714
492,155	-	-	492,155
25,683	-	-	122,826
-	-	-	770,633
-	-	-	482,156
-	-	-	1,080,438
2,687,456	-	-	2,687,456
-	-	133,481	133,481
-	-	-	176,239
-	-	426,975	426,975
-	1,239,746	-	1,239,746
-	-	256,384	369,100
-	-	-	112,861
-	-	-	40,609
-	-	-	10,687
-	-	-	27,468
-	-	-	1,890,443
3,205,294	1,239,746	816,840	10,063,273
3,409,997	1,997,093	819,827	18,676,530

Jackson County

Jackson County

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

June 30, 2019

Total governmental fund balances (page 19) \$ 10,063,273

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$78,416,595 and the accumulated depreciation is \$29,399,859. 49,016,736

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. 768,714

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. 162,911

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 1,259,085	
Deferred inflows of resources	<u>(497,392)</u>	761,693

Compensated absences payable, net pension liability and total OPEB liability payable are not due and payable in the current year and, therefore, are not reported in the governmental funds. (5,056,888)

Net position of governmental activities (page 16) \$ 55,716,439

See notes to financial statements.

Jackson County

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

Year ended June 30, 2019

	General	Mental Health	Special Rural Services
Revenues:			
Property and other county tax	\$ 4,618,130	2	2,031,003
Local option sales tax	-	-	225,435
Interest and penalty on property tax	49,523	-	-
Intergovernmental	650,735	-	122,615
Licenses and permits	8,811	-	4,950
Charges for service	597,085	-	675
Use of money and property	432,215	-	-
Miscellaneous	307,879	2,800	7,897
Total revenues	6,664,378	2,802	2,392,575
Expenditures:			
Operating:			
Public safety and legal services	1,655,007	-	823,091
Physical health and social services	219,832	-	-
Mental health	3,743	340,758	-
County environment and education	1,077,963	-	328,009
Roads and transportation	-	-	-
Governmental services to residents	690,285	-	3,530
Administration	1,841,696	-	58,679
Capital projects	1,084,336	-	-
Total expenditures	6,572,862	340,758	1,213,309
Excess (deficiency) of revenues over (under) expenditures	91,516	(337,956)	1,179,266
Other financing sources (uses):			
Sale of capital assets	10	-	-
Transfers in	-	-	-
Transfers out	(132,700)	-	(980,000)
Total other financing sources (uses)	(132,690)	-	(980,000)
Change in fund balances	(41,174)	(337,956)	199,266
Fund balances beginning of year	3,279,973	820,112	881,172
Fund balances end of year	\$ 3,238,799	482,156	1,080,438

See notes to financial statements.

Revenue				
Secondary Roads	Jackson County Revolving Loan		Nonmajor	Total
-	-	-	-	6,649,135
676,304	-	-	-	901,739
-	-	-	-	49,523
4,383,592	-	88,434	-	5,245,376
23,170	-	10,850	-	47,781
88	-	3,303	-	601,151
-	17,853	29,781	-	479,849
66,962	90,475	384,543	-	860,556
5,150,116	108,328	516,911	-	14,835,110
-	-	2,240	-	2,480,338
-	-	175,857	-	395,689
-	-	-	-	344,501
-	-	59,481	-	1,465,453
6,339,574	-	-	-	6,339,574
-	-	273	-	694,088
-	-	-	-	1,900,375
100,625	-	2,000	-	1,186,961
6,440,199	-	239,851	-	14,806,979
(1,290,083)	108,328	277,060	-	28,131
-	-	-	-	10
1,030,000	-	82,700	-	1,112,700
-	-	-	-	(1,112,700)
1,030,000	-	82,700	-	10
(260,083)	108,328	359,760	-	28,141
3,465,377	1,131,418	457,080	-	10,035,132
3,205,294	1,239,746	816,840	-	10,063,273

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, 2019

Change in fund balances - Total governmental funds (page 23) \$ 28,141

**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	\$ 3,137,785	
Capital assets contributed by the Iowa Department of Transportation	2,491,010	
Depreciation expense	<u>(1,916,386)</u>	3,712,409

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. 128,382

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	520	
Other	<u>(98,385)</u>	(97,865)

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 477,586

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	(26,253)	
OPEB expense	(123,514)	
Pension Expense	<u>(475,491)</u>	(625,258)

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. 50,734

Change in net position of governmental activities (page 17) \$ 3,674,129

See notes to financial statements.

Jackson County
Statement of Net Position
Proprietary Funds
June 30, 2019

	Internal Service-Employee Group Health
Current Assets	
Cash and cash equivalents	\$ 162,640
Accrued interest receivable	271
	162,911
Total assets	
Current Liabilities	
None	-
Net Position	
Unrestricted	\$ 162,911

See notes to financial statements.

Exhibit H

Jackson County

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

Year ended June 30, 2019

		<u>Internal Service-Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds	\$	218,186
Reimbursements from employees		<u>1,517</u>
Total operating revenues		219,703
Operating expenses:		
Medical claims	\$ 59,003	
Insurance premiums	105,498	
Administrative fees	<u>7,579</u>	<u>172,080</u>
Operating income		47,623
Non-operating revenues:		
Interest income		<u>3,111</u>
Net income		50,734
Net position beginning of year		<u>112,177</u>
Net position end of year		<u><u>\$ 162,911</u></u>

See notes to financial statements.

Jackson County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2019

	<u>Internal Service-Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating funds and employees	\$ 219,703
Cash paid to suppliers for medical claims, administrative fees and insurance premiums	<u>(172,080)</u>
Net cash provided by operating activities	47,623
Cash flows from investing activities:	
Interest on investments	<u>3,111</u>
Net decrease in cash and cash equivalents	50,734
Cash and cash equivalents beginning of year	<u>111,977</u>
Cash and cash equivalents end of year	<u>\$ 162,711</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income and net cash provided by operating activities	<u>\$ 47,623</u>

See notes to financial statements.

Jackson County

Jackson County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 2,366,449
Other County officials	10,373
Receivables:	
Property tax:	
Delinquent	12,548
Succeeding year	22,013,000
Accounts	15,862
Accrued interest	114
Special assessments	1,615
Due from other governments	<u>72,415</u>
Total assets	<u>24,492,376</u>

Liabilities

Accounts payable	5,623
Salaries and benefits payable	11,779
Due to other governments	24,452,096
Trusts payable	10,373
Compensated absences	<u>12,505</u>
Total liabilities	<u>24,492,376</u>
Net position	<u>\$ -</u>

See notes to financial statements.

Jackson County

Notes to Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2018.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2019, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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

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

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, death or retirement. No payment for unused sick leave shall be made upon the termination of employment with the County. Full-time employees who do not utilize sick leave during a three-month span are entitled to an additional one-half day of floating personal time to be credited at the end of each calendar quarter. Floating time is credited to the employee's accumulated vacation. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2019. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

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

expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax and receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension and OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2019 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

In addition, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$9,476,662. There were no limitations or restrictions on withdrawals for the IPAIT investments. The investment in IPAIT is unrated.

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

The detail of interfund receivables and payables at June 30, 2019 is as follows:

Due From and Due To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	<u>\$ 3,317</u>

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

Advances To and From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Jackson County Revolving Loan	General	<u>\$ 110,026</u>

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Local Health	General	\$ 82,700
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Basic	<u>1,030,000</u>
Total		<u>\$ 1,112,700</u>

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

(5) Jackson County Revolving Loan Fund

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

Upon receipt of loan payments from the businesses, the funds remain in the Jackson County Revolving Loan Fund for subsequent loans to other businesses. If the program is dissolved, all monies and interest earned will revert to the County. During the year ended June 30, 2019, the County made no new loans.

Outstanding loans receivable of the Jackson County Revolving Loan Fund at June 30, 2019 are as follows:

Loaned to	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Balance June 30, 2019
T M Woodworks	April 6, 2004	\$ 255,000	4.0%	15 years	\$ 25,642
Sprague Small Engine Service	September 11, 2015	171,195	2.0	5 years	133,958
Martin Enterprises	November 18, 2015	160,000	2.0	5 years	130,907
Seven Hills Paving	November 21, 2016	222,300	2.0	5 years	203,721
DOT1 LLC (Blue 9)	August 31, 2017	275,000	2.0	10 years	263,119
Total					<u>\$ 757,347</u>

The County advanced \$300,000 to the General Fund to assist in the financing of wastewater treatment facility improvements at the Jackson County Care Facility. The advance is being repaid by the General Fund. The balance outstanding at June 30, 2019 was \$110,026.

(6) Capital Assets

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,439,456	-	147,939	3,291,517
Intangibles, road network	1,835,701	-	-	1,835,701
Construction in progress, road network	339,818	2,567,536	1,565,249	1,342,105
Construction in progress	-	875,313	708,338	166,975
Total capital assets not being depreciated	5,614,975	3,442,849	2,421,526	6,636,298
Capital assets being depreciated:				
Buildings	3,955,188	1,053,616	129,799	4,879,005
Improvements other than buildings	285,924	992,609	-	1,278,533
Equipment and vehicles	9,163,387	1,193,680	533,104	9,823,963
Infrastructure, road network	52,980,216	1,565,249	-	54,545,465
Infrastructure, other	1,203,844	49,487	-	1,253,331
Total capital assets being depreciated	67,588,559	4,854,641	662,903	71,780,297
Less accumulated depreciation for:				
Buildings	2,226,401	76,026	12,980	2,289,447
Improvements other than buildings	80,902	49,458	-	130,360
Equipment and vehicles	5,677,704	776,023	531,136	5,922,591
Infrastructure, road network	19,693,868	955,921	-	20,649,789
Infrastructure, other	348,714	58,958	-	407,672
Total accumulated depreciation	28,027,589	1,916,386	544,116	29,399,859
Total capital assets being depreciated, net	39,560,970	2,938,255	118,787	42,380,438
Governmental activities capital assets, net	\$ 45,175,945	6,381,104	2,540,313	49,016,736

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 61,806
Physical health and social services	13,019
County environment and education	172,260
Roads and transportation	1,570,811
Governmental services to residents	450
Administration	<u>98,040</u>
Total depreciation expense - governmental activities	<u>\$ 1,916,386</u>

(7) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2019 is as follows:

Fund	Description	Amount
General	Services	<u>\$ 9,657</u>
Special Revenue:		
Mental Health	Services	3,288
Secondary Roads	Services	<u>276</u>
		<u>3,564</u>
Total for governmental funds		<u>\$ 13,221</u>
Agency:		
County Assessor	Collections	\$ 987,243
Schools		13,665,686
Community Colleges		1,066,758
Corporations		5,333,625
Townships		370,333
County Hospital		1,012,765
911 Services		944,622
All other		<u>1,071,064</u>
Total for agency funds		<u>\$ 24,452,096</u>

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 346,277	3,696,491	1,370,064	5,412,832
Increases	392,773	-	207,087	599,860
Decreases	<u>366,520</u>	<u>474,549</u>	<u>114,735</u>	<u>955,804</u>
Balance end of year	<u>\$ 372,530</u>	<u>3,221,942</u>	<u>1,462,416</u>	<u>5,056,888</u>
Due within one year	<u>\$ 259,269</u>	<u>-</u>	<u>-</u>	<u>259,269</u>

(9) Pension Plan

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

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

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

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

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

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

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

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

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

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

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.76% of covered payroll for a total rate of 19.52%. Protection occupation members contributed 6.81% of covered payroll and the County contributed 10.21% for a total rate of 17.02%.

The County’s contributions to IPERS for the year ended June 30, 2019 were \$477,586.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the County reported a liability of \$3,221,942 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the County’s proportion was 0.050914%, which was a decrease of 0.004579% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$475,491. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,339	101,927
Changes of assumptions	606,056	137,908
Net difference between projected and actual earnings on IPERS' investments	-	127,552
Changes in proportion and differences between County contributions and the County's share of contributions proportionate	5,579	93,596
County contributions subsequent to the measurement date	477,586	-
Total	<u>\$ 1,120,560</u>	<u>460,983</u>

\$477,586 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2020	\$ 229,113
2021	97,869
2022	(83,277)
2023	(46,207)
2024	(15,507)
Total	<u>\$ 181,991</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an economic assumption study date March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 6,263,243	3,221,942	671,391

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

Payables to IPERS – At June 30, 2019, the County reported payables to IPERS of \$18,240 for legally required County contributions and \$13,724 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(10) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

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

Total OPEB Liability – The County’s total OPEB liability of \$1,462,416 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	
(effective June 30, 2019)	2.60% per annum.
Rates of salary increase	3.25% per year, including inflation
(effective June 30, 2019)	plus merit/productivity increases.
Discount rate	3.51% compounded annually
(effective June 30, 2019)	
Healthcare cost trend rate	8.50% initial rate decreasing by .5%
(effective June 30, 2019)	annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.51% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2014 total dataset mortality table fully generational using Scale MP-2018. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 1,370,064
Changes for the year:	
Service cost	123,993
Interest	56,330
Change of benefit terms	-
Differences between expected and actual experiences	(36,991)
Changes in assumptions	26,764
Benefit payments	<u>(77,744)</u>
Net changes	<u>92,352</u>
Total OPEB liability end of year	<u>\$ 1,462,416</u>

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.51% in fiscal year 2019.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.51%) or 1% higher (4.51%) than the current discount rate.

	<u>1% Decrease (2.51%)</u>	<u>Discount Rate (3.51%)</u>	<u>1% Increase (4.51%)</u>
Total OPEB liability	\$ 1,538,844	1,462,416	1,389,148

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.50%) or 1% higher (9.50%) than the current healthcare cost trend rates.

	<u>1% Decrease (7.50%)</u>	<u>Healthcare Cost Trend Rate (8.50%)</u>	<u>1% Increase (9.50%)</u>
Total OPEB liability	\$ 1,355,021	1,462,416	1,590,375

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the County recognized OPEB expense of \$201,258. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 115,107	32,367
Changes in assumptions	23,418	4,042
Total	<u>\$ 138,525</u>	<u>36,409</u>

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

Year ending June 30,	Amount
2020	\$ 20,935
2021	20,935
2022	20,935
2023	20,935
2024	20,935
Thereafter	<u>(2,559)</u>
	<u>\$ 102,116</u>

(11) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 778 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2019 were \$184,067.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2019, no liability has been recorded in the County's financial statements. As of June 30, 2019, 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 casualty 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 members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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

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

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

(13) Jackson County Employee Self-Funded Dental Plan

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

(14) Lease Agreements

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

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

(15) Tax Abatements

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

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2019 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Bellevue	Urban renewal and economic development projects	\$ 31,301
City of Maquoketa	Urban renewal and economic development projects	3,937
City of Preston	Urban renewal and economic development projects	3,991

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

The Eastern Iowa Mental Health Disability Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Cedar County, Clinton County, Jackson County, Muscatine County and Scott County. The financial activity of Jackson County’s Special Revenue, Mental Health Fund is included in the Eastern Iowa Mental Health Disability Services Region for the year ended June 30, 2019, as follows:

Revenues:		
Property and other county tax		\$ 2
Miscellaneous		2,800
Total revenues		<u>2,802</u>
Expenditures:		
Services to persons with:		
Mental illness	\$ 170,199	
Intellectual disabilities	84,472	
Other developmental disabilities	<u>7,586</u>	262,257
General administration:		
Direct administration		<u>78,501</u>
Total expenditures		<u>340,758</u>
Excess of expenditures over revenues		(337,956)
Fund balance beginning of year		<u>820,112</u>
Fund balance end of year		<u>\$ 482,156</u>

(17) Subsequent Event

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of Jackson County, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the County’s operations and finances.

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, 2019

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,545,305	-	7,545,305
Interest and penalty on property tax	49,650	-	49,650
Intergovernmental	5,235,395	-	5,235,395
Licenses and permits	39,020	-	39,020
Charges for service	608,034	-	608,034
Use of money and property	609,109	1,797	607,312
Miscellaneous	706,851	75,952	630,899
Total receipts	14,793,364	77,749	14,715,615
Disbursements:			
Public safety and legal services	2,468,070	-	2,468,070
Physical health and social services	382,869	-	382,869
Mental health	372,342	-	372,342
County environment and education	1,469,616	59,481	1,410,135
Roads and transportation	6,316,265	-	6,316,265
Governmental services to residents	693,818	-	693,818
Administration	1,887,647	-	1,887,647
Capital projects	851,342	-	851,342
Total disbursements	14,441,969	59,481	14,382,488
Excess (deficiency) of receipts over (under) disbursements	351,395	18,268	333,127
Other financing sources, net	10	-	10
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	351,405	18,268	333,137
Balance beginning of year	9,438,377	188,384	9,249,993
Balance end of year	\$ 9,789,782	206,652	9,583,130

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
7,521,773	7,521,773	23,532
3,820	3,820	45,830
5,231,240	5,362,650	(127,255)
41,960	41,960	(2,940)
631,353	631,353	(23,319)
399,588	377,238	230,074
562,103	549,505	81,394
14,391,837	14,488,299	227,316
2,494,333	2,535,659	67,589
303,750	464,650	81,781
395,785	521,915	149,573
2,129,542	2,195,664	785,529
5,926,756	6,620,856	304,591
725,197	740,821	47,003
2,147,587	2,126,034	238,387
1,116,858	1,355,488	504,146
15,239,808	16,561,087	2,178,599
(847,971)	(2,072,788)	2,405,915
25	(6,225)	6,235
(847,946)	(2,079,013)	2,412,150
8,017,598	8,017,598	1,232,395
7,169,652	5,938,585	3,644,545

Jackson County

Jackson County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2019

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 14,793,364	41,746	14,835,110
Expenditures	14,441,969	365,010	14,806,979
Net	351,395	(323,264)	28,131
Other financing sources, net	10	-	10
Beginning fund balances	9,438,377	596,755	10,035,132
Ending fund balances	\$ 9,789,782	273,491	10,063,273

See accompanying independent auditor's report.

Jackson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2019

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,321,279. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2019, disbursements did not exceed the amounts budgeted.

Jackson County

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

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

Required Supplementary Information

	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.050914%	0.055493%	0.055381%	0.053408%	0.052120%
County's proportionate share of the net pension liability	\$ 3,222	3,696	3,485	2,639	2,067
County's covered payroll	\$ 4,942	4,929	4,681	4,589	4,524
County's proportionate share of the net pension liability as a percentage of its covered payroll	64.20%	74.98%	74.45%	57.51%	45.69%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

Jackson County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 478	449	449	427
Contributions in relation to the statutorily required contribution	<u>(478)</u>	<u>(449)</u>	<u>(449)</u>	<u>(427)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 5,011	4,942	4,929	4,681
Contributions as a percentage of covered payroll	9.54%	9.09%	9.11%	9.12%

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
418	412	384	351	300	257
(418)	(412)	(384)	(351)	(300)	(257)
-	-	-	-	-	-
4,589	4,524	4,338	4,220	4,099	3,950
9.11%	9.11%	8.85%	8.32%	7.32%	6.51%

Jackson County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2019

Changes of benefit terms:

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

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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

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

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

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

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

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

Jackson County

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

For the Last Two Years
Required Supplementary Information

	2019	2018
Service cost	\$ 123,993	92,946
Interest cost	56,330	45,487
Change of benefit terms	-	(65,102)
Difference between expected and actual experiences	(36,991)	161,149
Changes in assumptions	26,764	(5,658)
Benefit payments	(77,744)	(72,169)
Net change in total OPEB liability	92,352	156,653
Total OPEB liability beginning of year, as restated	1,370,064	1,213,411
Total OPEB liability end of year	\$ 1,462,416	1,370,064
Covered-employee payroll	\$ 5,084,054	4,789,264
Total OPEB liability as a percentage of covered-employee payroll	28.8%	28.6%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

Jackson County

Supplementary Information

Jackson County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2019

				Special
	County Recorder's Records Management	Green Island Drainage Districts		Local Health
Assets				
Cash, cash equivalents and pooled investments	\$ 20,793	133,481	20,689	
Accrued interest	13	-	-	
Total assets	\$ 20,806	133,481	20,689	
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	204	
Salaries and benefits payable	-	-	2,711	
Due to other funds	-	-	72	
Total liabilities	-	-	2,987	
Fund balances:				
Restricted for:				
Drainage purposes	-	133,481	-	
Capital projects	-	-	-	
Other purposes	20,806	-	17,702	
Total fund balances	20,806	133,481	17,702	
Total liabilities and fund balances	\$ 20,806	133,481	20,689	

See accompanying independent auditor's report.

Revenue					
Resource Enhancement and Protection	Friends of Jackson County Conservation	Pioneer Cemetery Trust	Capital Projects		Total
138,803	73,171	5,655	426,975		819,567
247	-	-	-		260
139,050	73,171	5,655	426,975		819,827
-	-	-	-		204
-	-	-	-		2,711
-	-	-	-		72
-	-	-	-		2,987
-	-	-	-		133,481
-	-	-	426,975		426,975
139,050	73,171	5,655	-		256,384
139,050	73,171	5,655	426,975		816,840
139,050	73,171	5,655	426,975		819,827

Jackson County

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

Year ended June 30, 2019

	County Recorder's Records Management	Green Island Drainage Districts	Special Local Health
Revenues:			
Intergovernmental	\$ -	-	78,399
Licenses and permits	-	-	10,850
Charges for service	3,279	-	24
Use of money and property	152	1,797	-
Miscellaneous	-	4,099	5,141
Total revenues	<u>3,431</u>	<u>5,896</u>	<u>94,414</u>
Expenditures:			
Operating:			
Public Safety and legal services	-	-	-
Physical health and social services	-	-	175,857
County environment and education	-	1,917	-
Governmental services to residents	273	-	-
Capital projects	-	-	-
Total expenditures	<u>273</u>	<u>1,917</u>	<u>175,857</u>
Excess (deficiency) of revenues over (under) expenditures	3,158	3,979	(81,443)
Other financing sources:			
Transfers in	-	-	82,700
Change in fund balances	3,158	3,979	1,257
Fund balances beginning of year	<u>17,648</u>	<u>129,502</u>	<u>16,445</u>
Fund balances end of year	<u>\$ 20,806</u>	<u>133,481</u>	<u>17,702</u>

See accompanying independent auditor's report.

Revenue						
Resource Enhancement and Protection	Friends of Jackson County Conservation	Emergency Training Grant	Pioneer Cemetery Trust	Capital Projects	Total	
10,035	-	-	-	-	88,434	
-	-	-	-	-	10,850	
-	-	-	-	-	3,303	
2,832	-	-	-	25,000	29,781	
3,450	71,853	-	-	300,000	384,543	
16,317	71,853	-	-	325,000	516,911	
-	-	2,240	-	-	2,240	
-	-	-	-	-	175,857	
-	57,564	-	-	-	59,481	
-	-	-	-	-	273	
2,000	-	-	-	-	2,000	
2,000	57,564	2,240	-	-	239,851	
14,317	14,289	(2,240)	-	325,000	277,060	
-	-	-	-	-	82,700	
14,317	14,289	(2,240)	-	325,000	359,760	
124,733	58,882	2,240	5,655	101,975	457,080	
139,050	73,171	-	5,655	426,975	816,840	

Jackson County

Jackson County
 Combining Schedule of Net Position
 Internal Service Funds

June 30, 2019

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Assets			
Cash and cash equivalents	\$ 127,483	35,157	162,640
Accrued interest receivable	223	48	271
Total assets	127,706	35,205	162,911
Liabilities			
None	-	-	-
Net Position			
Unrestricted	\$ 127,706	35,205	162,911

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, 2019

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Operating revenues:			
Reimbursements from operating funds	\$ 156,804	61,382	218,186
Reimbursements from employees	336	1,181	1,517
Total operating revenues	157,140	62,563	219,703
Operating expenses:			
Medical claims	-	59,003	59,003
Insurance premiums	105,498	-	105,498
Administrative fees	5,451	2,128	7,579
Total operating expenses	110,949	61,131	172,080
Operating income	46,191	1,432	47,623
Non-operating revenues:			
Interest income	2,556	555	3,111
Net income	48,747	1,987	50,734
Net position beginning of year	78,959	33,218	112,177
Net position end of year	\$ 127,706	35,205	162,911

See accompanying independent auditor's report.

Jackson County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2019

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Cash flows from operating activities:			
Cash received from operating funds and employees	\$ 157,140	62,563	219,703
Cash paid to suppliers for medical claims, insurance premiums and administrative fees	(110,949)	(61,131)	(172,080)
Net cash provided by operating activities	46,191	1,432	47,623
Cash flows from investing activities:			
Interest on investments	2,497	543	3,040
Net change in cash and cash equivalents	48,688	1,975	50,663
Cash and cash equivalents beginning of year	78,795	33,182	111,977
Cash and cash equivalents end of year	\$ 127,483	35,157	162,640
Reconciliation of operating income to net cash provided by operating activities:			
Operating income and net cash provided by operating activities	\$ 46,191	1,432	47,623

See accompanying independent auditor's report.

Jackson County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,550	537,622	147,132
Other County officials	10,373	-	-	-
Receivables:				
Property tax:				
Delinquent	-	113	234	6,554
Succeeding year	-	229,000	471,000	13,512,000
Accounts	-	-	1,252	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 10,373	231,663	1,010,108	13,665,686
Liabilities				
Accounts payable	\$ -	-	218	-
Salaries and benefits payable	-	-	10,142	-
Due to other governments	-	231,663	987,243	13,665,686
Trusts payable	10,373	-	-	-
Compensated absences	-	-	12,505	-
Total liabilities	\$ 10,373	231,663	1,010,108	13,665,686

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Auto License and Use Tax	911 Service Commission	Other	Total
12,234	39,105	4,236	11,269	545,866	859,387	207,048	2,366,449
-	-	-	-	-	-	-	10,373
524	4,520	97	496	-	-	10	12,548
1,054,000	5,290,000	366,000	1,001,000	-	-	90,000	22,013,000
-	-	-	-	-	14,610	-	15,862
-	-	-	-	-	114	-	114
-	-	-	-	-	-	1,615	1,615
-	-	-	-	-	72,415	-	72,415
1,066,758	5,333,625	370,333	1,012,765	545,866	946,526	298,673	24,492,376
-	-	-	-	-	1,904	3,501	5,623
-	-	-	-	-	-	1,637	11,779
1,066,758	5,333,625	370,333	1,012,765	545,866	944,622	293,535	24,452,096
-	-	-	-	-	-	-	10,373
-	-	-	-	-	-	-	12,505
1,066,758	5,333,625	370,333	1,012,765	545,866	946,526	298,673	24,492,376

Jackson County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2019

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Balances beginning of year	\$ 6,705	225,762	942,904	13,029,602
Additions:				
Property and other county tax	-	232,678	479,487	13,746,784
911 surcharge	-	-	-	-
State tax credits	-	20,049	41,790	1,165,018
Drivers license fees	-	-	-	-
Office fees and collections	500,426	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	17,193	-	-	-
Miscellaneous	-	196	23,676	11,246
Total additions	517,619	252,923	544,953	14,923,048
Deductions:				
Agency remittances:				
To other funds	192,074	-	-	-
To other governments	308,352	247,022	477,749	14,286,964
Trusts paid out	13,525	-	-	-
Total deductions	513,951	247,022	477,749	14,286,964
Balances end of year	\$ 10,373	231,663	1,010,108	13,665,686

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Auto License and Use Tax	911 Service Commission	Other	Total
1,089,382	5,079,512	368,289	996,190	530,887	747,691	342,189	23,359,113
1,073,814	5,333,735	374,353	1,018,831	-	-	91,684	22,351,366
-	-	-	-	-	70,962	-	70,962
96,653	673,575	22,377	88,609	-	-	6,194	2,114,265
-	-	-	-	141,510	-	-	141,510
-	-	-	-	-	-	-	500,426
-	-	-	-	6,863,585	-	-	6,863,585
-	-	-	-	-	-	15,257	15,257
-	-	-	-	-	-	122,330	139,523
933	2,207	185	866	-	207,965	250,743	498,017
1,171,400	6,009,517	396,915	1,108,306	7,005,095	278,927	486,208	32,694,911
-	-	-	-	267,462	-	-	459,536
1,194,024	5,755,404	394,871	1,091,731	6,722,654	80,092	406,140	30,965,003
-	-	-	-	-	-	123,584	137,109
1,194,024	5,755,404	394,871	1,091,731	6,990,116	80,092	529,724	31,561,648
1,066,758	5,333,625	370,333	1,012,765	545,866	946,526	298,673	24,492,376

Jackson County

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

For the Last Ten Years

	2019	2018	2017	2016
Revenues:				
Property and other county tax	\$ 6,649,135	6,527,216	6,598,146	6,372,478
Local option sales tax	901,739	935,079	906,342	852,357
Interest and penalty on property tax	49,523	51,778	55,133	52,020
Intergovernmental	5,245,376	5,507,255	5,291,726	5,163,842
Licenses and permits	47,781	53,793	54,037	53,569
Charges for service	601,151	670,688	605,913	649,357
Use of money and property	479,849	398,833	575,099	470,979
Miscellaneous	860,556	663,902	594,292	270,515
Total	\$ 14,835,110	14,808,544	14,680,688	13,885,117
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,480,338	2,337,069	2,261,167	2,198,701
Physical health and social services	395,689	255,349	258,939	252,144
Mental health	344,501	487,514	1,271,864	1,124,506
County environment and education	1,465,453	1,844,887	1,631,103	1,769,766
Roads and transportation	6,339,574	5,883,732	5,419,299	4,782,276
Governmental services to residents	694,088	661,637	811,987	637,091
Administration	1,900,375	1,870,824	1,731,417	1,805,299
Capital projects	1,186,961	668,705	779,153	550,548
Total	\$ 14,806,979	14,009,717	14,164,929	13,120,331

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
6,205,455	5,878,246	5,434,887	5,220,986	4,891,514	4,868,615
909,054	923,319	827,026	803,675	778,066	766,653
58,827	53,738	54,424	55,920	68,360	74,007
4,927,799	4,225,436	4,824,467	5,597,998	5,713,471	5,863,638
40,364	52,789	36,524	32,271	41,803	32,714
584,653	534,619	619,580	609,388	592,693	576,132
375,310	508,603	312,505	434,050	331,760	342,637
270,664	371,338	251,269	176,911	249,269	179,597
13,372,126	12,548,088	12,360,682	12,931,199	12,666,936	12,703,993
2,102,403	2,047,821	1,881,167	1,675,130	1,677,192	1,550,118
273,848	274,584	324,855	285,337	363,810	416,161
854,768	893,099	1,200,377	2,814,781	2,365,214	2,205,598
1,239,879	1,488,382	1,507,918	1,167,820	1,377,842	1,728,069
4,984,889	4,902,887	4,748,492	4,408,597	4,181,338	4,249,632
611,617	607,636	584,294	496,356	511,650	478,631
1,528,426	1,443,608	1,562,340	1,332,373	1,383,627	1,244,206
474,805	497,137	394,120	434,459	420,028	1,000,473
12,070,635	12,155,154	12,203,563	12,614,853	12,280,701	12,872,888



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

To the Officials of Jackson County:

We have audited 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, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 29, 2020.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Jackson County's Responses to the Findings

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

Purpose of this Report

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

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


Marlys K. Gaston, CPA
Deputy Auditor of State

May 29, 2020

Jackson County
 Schedule of Findings
 Year ended June 30, 2019

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

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

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

	<u>Applicable Offices</u>
(1) Collection and deposit preparation functions are not segregated from those of recording and accounting for cash receipts.	Auditor, Conservation, Sheriff, Ag Extension and Recorder
(2) Bank accounts are reconciled by an individual who has the ability to write checks.	Sheriff and Conservation
(3) Bank reconciliations are reviewed periodically but reviewer does not date the reconciliations to show timeliness (Sheriff) or bank reconciliations are performed, but not reviewed (Ag Extension).	Sheriff and Ag Extension
(4) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. This independent mail opener should periodically list receipts coming through the mail and trace these receipts to proper recording in the financial records and to proper deposit.	Treasurer, Recorder and Ag Extension
(5) The person who signs checks is not independent of the person preparing the checks, approving disbursements, recording cash disbursements and handling cash.	Recorder and Conservation

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

Jackson County

Schedule of Findings

Year ended June 30, 2019

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

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

Responses –

Auditor – We will continue to work to properly segregate duties for the collection and deposit preparation functions from the reporting and accounting of cash receipts functions. We have a new employee hired who will be assisting and documenting with signatures and initials.

Treasurer – We will continue to work to properly segregate the mail opening duties from an employee who makes entries to the accounting records. This independent mail opener will periodically list receipts coming through the mail and trace the receipts to proper recording in the financial records and to proper deposits.

Recorder – We check, double check, and review by a separate employee.

Sheriff – Our office does our best with the staffing that we have, to segregate duties.

Conservation – The Office manager will work with the Conservation Director to segregate duties as efficiently as possible with limited staff.

Extension – We will have the Extension Council sign and review bank reconciliation reports.

Conclusions – Responses acknowledged. Each official should continue to review the control activities of their office to obtain the maximum internal control possible under the circumstances.

(B) Friends of Conservation

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

Jackson County

Schedule of Findings

Year ended June 30, 2019

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

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

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

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

Recommendation – Management of the Friends of Conservation should review control activities to obtain the maximum internal control possible under the circumstances. Management should utilize current personnel, to provide additional control through review of financial transactions, reconciliations and reports.

Response – We will continue to evaluate our systems to see where we can segregate duties with our limited number of volunteers.

Conclusions – Response accepted.

(C) Financial Reporting

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

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

Cause – County policies do not require, and procedures have not been established to require independent review of year end cut-off transactions and capital asset activity to ensure the County's financial statements are accurate and reliable.

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

Jackson County

Schedule of Findings

Year ended June 30, 2019

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

Response – The Auditor’s Office will be more diligent in making sure changes to capital assets and accruable items are properly recorded for more accurate reports. We are in the process of developing a procedures manual to account for asset changes.

Conclusions – Response accepted.

(D) Conservation Bank Account

Criteria – The County Conservation Department maintains separate accounting records for its online registrations for camping/boating receipts. An effective internal control system provides for internal controls relate to reconciling monthly bank statements to book balances.

Condition – The County Conservation Department maintains a separate bank account set up for online registration for camping/boating receipts without the approval of the Board of Supervisors. Also, monthly reconciliation of book to bank balances were not performed and reviewed by an independent person.

Cause – Policies and procedures have not been implemented to ensure all bank accounts are approved by the Board of Supervisors and requiring monthly bank reconciliations to be performed and reviewed by an independent person.

Effect – Lack of approval by the Board of Supervisors and performing monthly reconciliations of book to bank balances and review by an independent person increases the risk of misstatements may not have been prevented or detected and corrected on a timely basis in the normal course of operations.

Recommendation – The County should establish policies and procedures to ensure all bank accounts are approved by the Board of Supervisors. To improve financial accountability and control, monthly book to bank balances should be performed and reviewed by an independent person. This review should be documented by the signature or initials of the reviewer and the date of the review.

Response – Bank account is now approved by Board of Supervisors and County Treasurer is authorized on the account. The bank account will be reconciled to the books and reviewed by an independent person. The reviewer will add their signature and date of review to indicate independent review.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Jackson County
Schedule of Findings
Year ended June 30, 2019

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2019 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:

Name, Title and Business Connection	Transaction Description	Amount
Mary Stickley, Auditor’s Office Deputy, owns Old Capital Cup Co. Inc.	Custodial and cleaning supplies	\$ 2,996
Mary Stickley, Auditor’s Office Deputy, Husband owns Stickley Electric Service	Electrical parts and repair	31,657

The transactions with Old Capital Cup Co. Inc. and Stickley Electric Service do not appear to represent a conflict of interest as defined in Chapter 331.342(2)(d) of the Code of Iowa. The Auditor’s Office Deputy’s remuneration of employment is not directly affected as a result of the contract and her duties of employment do not directly involve the procurement or preparation of any part of the contract.

- (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.

Jackson County

Schedule of Findings

Year ended June 30, 2019

- (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, 2019 for the County Extension Office did not exceed the amount budgeted.

Jackson County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy
Janet K. Mortvedt, CPA, Manager
Cody J. Pifer, Staff Auditor
David A. Slocum, CPA, Staff Auditor
William J. Sallen, CPA, Staff Auditor
Steven D. Rater, Staff Auditor
Brandon G. Sommers, Assistant Auditor
Charles P. Duff, Assistant Auditor
Samantha J. Coster, Assistant Auditor