

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

State Capitol Building  
Des Moines, Iowa 50319-0006

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Rob Sand  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

March 25, 2021

Contact: Marlys Gaston  
515/281-5834

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

**FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$17,146,519 for the year ended June 30, 2020, a 5.1% decrease from the prior year. Expenses for County operations for the year ended June 30, 2020 totaled \$17,280,260, an 8.2% increase over the prior year. The decrease in the revenues is due primarily to decrease in contributed capital for secondary roads and conservation projects. The increase in the expenses is due primarily to the return of grant funds received in prior years for the MonMaq Dam project and an increase in spending for maintenance projects.

**AUDIT FINDINGS:**

Sand reported four findings related to the receipt and expenditure of taxpayer funds and two findings pertaining to the Friends of Jones County Conservation and Nature Center, (Friends), a blended component unit. They are found on pages 76 through 82 of this report. The findings address a lack of segregation of duties, infrastructure reporting, and a restatement of the beginning capital assets balance in the County's financial statements. Sand provided the County and the Friends with recommendations to address each of these findings.

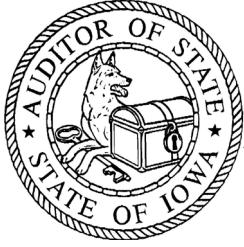
One finding discussed above was repeated from the prior year. The County Board of Supervisors, management of the Friends and other elected officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful 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/>.

###

**JONES COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2020**

**Jones County**



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Rob Sand  
Auditor of State

March 16, 2021

Officials of Jones County  
Anamosa, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Jones County for the year ended June 30, 2020. 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 Jones 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 written in a cursive-like font.

Rob Sand  
Auditor of State

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**Jones County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Lloyd Eaken	Board of Supervisors	Jan 2021
Wayne Manternach	Board of Supervisors	Jan 2021
Joe Oswald	Board of Supervisors	Jan 2021
Ned Rohwedder	Board of Supervisors	Jan 2023
Jon C. Zirkelbach	Board of Supervisors	Jan 2023
Janine Sulzner	County Auditor	Jan 2021
Amy L. Picray	County Treasurer	Jan 2023
Sheri L. Jones	County Recorder	Jan 2023
Greg A. Graver	County Sheriff	Jan 2021
Kristofer Lyons	County Attorney	Jan 2023
Sarah Benter	County Assessor	Jan 2022

**Jones County**



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Independent Auditor's Report

To the Officials of Jones County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jones County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jones County as of June 30, 2020 and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, 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 16 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

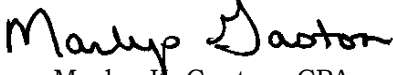
### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jones County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2021 on our consideration of Jones County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Jones County's internal control over financial reporting and compliance.

  
Marlys K. Gaston, CPA  
Deputy Auditor of State

March 16, 2021

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

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Jones County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020, along with comparative data for the year ended June 30, 2019. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2020 FINANCIAL HIGHLIGHTS**

- Program expenses of the County's governmental activities increased 8.2%, or approximately \$1,316,000, in fiscal year 2020 compared to fiscal year 2019. Non-program expenses increased approximately \$788,000, county environment and education expenses increased approximately \$228,000, mental health expenses increased approximately \$188,000 and public safety and other legal services expenses increased approximately \$113,000.
- The County's net position decreased 0.3%, or approximately \$134,000, from June 30, 2019 to June 30, 2020.
- Jones County property tax rates for fiscal year 2020 did not change overall yet the County had a 4.4% increase in budgeted tax dollars \$356,702 for County operations. The County increased the fiscal year 2020 mental health tax levy rate by \$0.01423 to \$0.17635 per \$1,000 of taxable valuation for fiscal year 2020. The implementation of the 1% local option sales tax in 1999 continues to provide a significant amount of property tax relief for the Special Revenue, Rural Services Fund. Jones County included a \$0.39928 Debt Service levy for fiscal year 2020 that generated approximately \$417,000 for capital type improvements.
- The County's beginning net position for government activities was restated to properly report construction in progress. Beginning construction in progress and net position for government activities was increased \$239,611.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, 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 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 and non-program activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has two kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Capital Projects Fund, and 4) the Debt Service 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) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County’s own programs. These fiduciary funds include Agency Funds which account for Emergency Management, 911 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		
	June 30,	
	2020	2019 (Not Restated)
Current and other assets	\$ 19,727,446	20,340,835
Capital assets	39,516,654	38,329,558
Total assets	<u>59,244,100</u>	<u>58,670,393</u>
Deferred outflows of resources	1,177,208	1,283,948
Long-term liabilities	3,983,626	4,222,656
Other liabilities	1,485,810	1,409,294
Total liabilities	<u>5,469,436</u>	<u>5,631,950</u>
Deferred inflows of resources	9,274,529	8,511,307
Net position:		
Net investment in capital assets	39,516,654	38,089,947
Restricted	6,369,111	7,998,484
Unrestricted	<u>(208,422)</u>	<u>(516,958)</u>
Total net position	<u>\$ 45,677,343</u>	<u>45,571,473</u>

The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment).

The next largest is restricted, which represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category decreased 20.4% from the prior year, primarily due to an increase in secondary roads construction activities expenses and the County returning \$505,026 of Mon Maq Dam grant funds to the Iowa Department of Natural Resources.

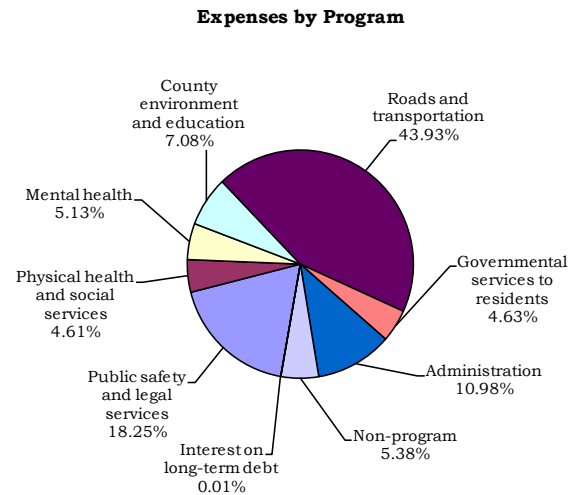
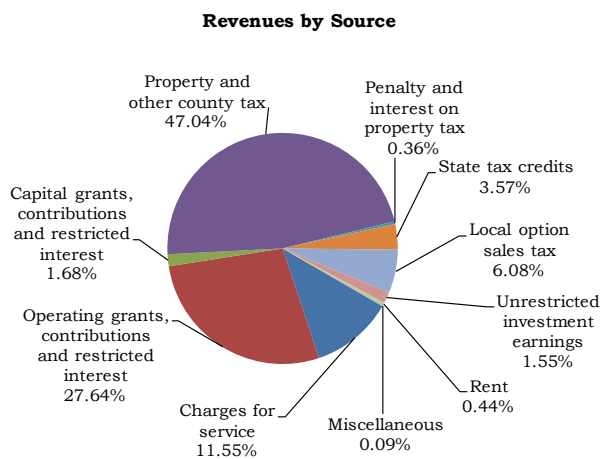
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of approximately \$517,000 at June 30, 2019 to a deficit of approximately \$208,000 at the end of this year, an increase of 59.7%. This increase is primarily due to a decrease in the net pension liability at June 30, 2020.

Total net position of Jones County’s governmental activities increased 0.2% (approximately \$45.7 million compared to approximately \$45.6 million).

The County's governmental activities revenues decreased approximately \$924,000, or 5.1%, from the prior year. Expenses increased approximately \$1.3 million, partially due to the County returning \$505,026 of Mon Maq Dam grant funds to the Iowa Department of Natural Resources. The remainder of this increase is primarily due to an increase in payments to the Mental Health Region's fiscal agent.

The cost of all governmental activities this year was approximately \$17.2 million compared to approximately \$16.0 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$10.3 million because some of the cost was paid by those who directly benefited from the programs (approximately \$1,980,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5,028,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for services, decreased in fiscal year 2020 from approximately \$8,441,000 to approximately \$7,007,000. The primary reason for this decrease is a reduction in the infrastructure contributed by the Iowa Department of Transportation during fiscal year 2020.

Changes in Net Position of Governmental Activities		
	Year ended June 30,	
	2020	2019 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 1,979,721	1,987,175
Operating grants, contributions and restricted interest	4,739,356	4,455,076
Capital grants, contributions and restricted interest	288,234	1,998,832
General revenues:		
Property and other county tax	8,066,481	7,740,059
Penalty and interest on property tax	61,783	45,996
State tax credits	612,015	610,321
Local option sales tax	1,042,500	821,349
Unrestricted investment earnings	265,022	233,670
Rent	75,304	95,234
Gain on disposition of capital assets	-	80,334
Miscellaneous	16,103	2,543
Total revenues	<u>17,146,519</u>	<u>18,070,589</u>
Program expenses:		
Public safety and legal services	3,153,019	3,040,446
Physical health and social services	796,475	756,937
Mental health	886,934	698,892
County environment and education	1,223,147	995,022
Roads and transportation	7,591,324	7,694,420
Governmental services to residents	799,462	748,296
Administration	1,897,860	1,888,723
Non-program	929,557	141,090
Interest on long-term debt	2,482	-
Total expenses	<u>17,280,260</u>	<u>15,963,826</u>
Change in net position	(133,741)	2,106,763
Net position beginning of year, as restated	<u>45,811,084</u>	<u>43,464,710</u>
Net position end of year	<u>\$ 45,677,343</u>	<u>45,571,473</u>



**INDIVIDUAL MAJOR FUND ANALYSIS**

As Jones County completed the year, its governmental funds reported a combined fund balance of approximately \$9.6 million, a decrease of approximately \$1,253,000 from last year’s total of approximately \$10.8 million. The following are the primary reasons for the changes in fund balances of the major funds from the prior year.

The General Fund, the operating fund for Jones County, ended fiscal year 2020 with a fund balance of \$4,428,983. This is a decrease of \$34,044 from June 30, 2019. Expenditures increased \$770,675 while revenues decreased \$858,721 from fiscal year 2019. The two most significant expenditure changes were in the county environment and education and the capital projects functions.

The county environment and education function in the General Fund decreased approximately \$558,000 primarily due to less activity and expenditures incurred on the Wapsipinicon Trail project in fiscal year 2020. The capital projects function decreased approximately \$816,000 primarily due to less activity and expenditures incurred on the Central Park Lake restoration project in fiscal year 2020.

Property and other county tax in the General Fund increased approximately \$237,000 due to the increase in the property valuation. Intergovernmental revenues decreased approximately \$1,125,000, primarily due to a decrease in grant revenues for the Wapsipinicon Trail, and the Central Park Lake projects.

The Special Revenue, Mental Health Fund ended fiscal year 2020 with a fund balance of \$222,185. The balance decreased \$437,424 from June 30, 2019. Expenditures increased 29.7%, or \$206,771, over fiscal year 2019, primarily due to an increase in payments to the Mental Health Region’s fiscal agent. Revenues increased 27.2%, or \$99,729, primarily due to an increase in the levy rate applied to increased valuation.

The Special Revenue, Rural Services Fund ended fiscal year 2020 with a balance of \$348,925, or \$37,066 more than the June 30, 2019 balance of \$311,859. Property and other county tax increased \$70,921, or 3.8%, due to an increase to increased valuation. The transfer to the Secondary Roads Fund to support road maintenance and road projects was increased from \$2,000,000 to \$2,065,000.

The Special Revenue, Secondary Roads Fund ended fiscal year 2020 with a balance of \$4,080,617, a decrease of \$796,643 from the June 30, 2019 balance of \$4,877,300. Of the ending balance, \$2,406,145 is unspent local option sales tax restricted for future road and bridge projects, per voter approval in 1999, and \$499,998 is the value of materials held in inventory and prepaid expenditures at June 30, 2020. The restricted fund balance within the Secondary Roads Fund reflects a positive balance of \$3,580,619 on a GAAP basis, 19.4% lower than the June 30, 2019 balance of \$4,440,497. Expenditures increased \$339,741, or 5.1%. The County increased its spending for its locally funded road construction activities in fiscal year 2020 by over 66.6% (\$2,170,509 compared to \$1,302,451 in fiscal year 2019), primarily due to construction schedules. Revenues for the Secondary Roads Fund for fiscal year 2020 reflect a decrease from fiscal year 2019 of \$427,885, primarily in intergovernmental revenues related to road and bridge construction projects, offset by an increase in local option sales tax. In fiscal year 2020, a transfer was made from the Special Revenue, Rural Services Fund in the amount of \$2,065,000, and a transfer was made from the General Fund in the amount of \$179,000, bringing the total funds transferred to the Secondary Roads Fund to \$2,244,000.

The Capital Projects Fund ended fiscal year 2020 with a fund balance of \$302,072. The balance represented funds reserved for various projects not yet completed. The Capital Projects Fund received funding through a four-month loan in February 2020. Capital projects expenditures incurred earlier in the year were funded by permanent and temporary transfers from other funds into the Capital Projects Fund.

There were not significant changes in revenues, expenditures and fund balance of the Debt Service Fund.

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

## **BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds except the blended component unit and the Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on a cash basis. Over the course of fiscal year 2020, Jones County amended its budget three times.

The first amendment was made on March 31, 2020 and resulted in changes to budgeted amounts in every revenue category and for every disbursement function except physical health and social services.

The net total decrease in revenue (non-transfer) adopted in the March amendment was \$76,371. Of significance was a \$166,731 decrease in miscellaneous revenues, primarily reflecting changes to grant related revenues and donations towards various projects.

The net total change in budgeted disbursements (non-transfer) adopted in the March amendment reflects a decrease of \$949,992. Of significance was a \$777,333 decrease in budgeted county environment and education disbursements and a \$462,083 decrease in budgeted capital projects disbursements due to various projects being moved to fiscal year 2021, and a \$281,483 increase in budgeted roads and transportation disbursements, primarily as a result of road maintenance, which includes rock expenditures. Various other less significant changes in disbursements resulted in a net increase of \$7,941 in the other seven functions. Nearly all departments reflected some level of change in spending authority and/or revenue adjustments with this budget amendment.



The second amendment was made on April 28, 2020 primarily to account for increased nonprogram expenditures to provide spending authority to reimburse the Iowa Department of Natural Resources for advanced payment on grants for the Mon Maq Dam project as the grants have been withdrawn. The total increase in budgeted disbursements (non-transfer) was \$511,500 while there was no change in projected revenue.

The final amendment was made on May 26, 2020 primarily to account for increased government services to residents expenditures due to additional costs associated with conducting the June 2, 2020 Primary Election under COVID-19 precautions, including postage, ballots, envelopes, and temporary staff to process a large increase in absentee ballot requests. The total increase in budgeted disbursements (non-transfer) was \$15,000 while there was no change in projected revenue.

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

The County's actual receipts were \$232,866 more than the final amended budget, a variance of 1.4%. The May 2020 amendment allowed the County to minimize significant variances in budgeted to actual revenues.

Total disbursements were \$2,090,696 less than the final amended budget, a 10% variance. Actual disbursements for the public safety and legal services, mental health, roads and transportation, governmental services to residents, administration, nonprogram current and debt service functions were all within 10% of the final amended budget. Disbursements for the physical health and social services function were \$101,662, or 11.5%, below budget, primarily due to decreases in expenses as a result of COVID-19. Disbursements for the county environment and education function were \$155,941, or 12.6%, below budget, primarily due to conservation projects scheduling. Disbursements for the capital projects function were \$1,491,225, or 41.6%, below budget, primarily due to road construction and conservation projects scheduling.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2020, Jones County had \$39,516,654 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of \$1,187,096, or 3.1%, over last year, primarily due to County projects in progress.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2020	As Restated 2019
Land	\$ 6,191,374	3,993,712
Intangibles, road network	924,305	924,305
Construction/intangibles in progress	1,652,552	3,250,297
Buildings	2,770,103	2,713,316
Improvements other than buildings	96,530	108,597
Equipment and vehicles	4,658,412	4,400,924
Intangibles, other	65,580	85,761
Infrastructure	23,157,798	22,852,646
Total	\$ 39,516,654	38,329,558
This year's major additions included:		
Central Park Lake Restoration	\$	1,257,379
Wapsipinicon Trail		940,283
Infrastructure, road network		992,753
John Deere Motor Grader		305,000
Total	\$	3,495,415

The County had depreciation/amortization expense of \$1,697,758 in fiscal year 2020 and total accumulated depreciation/amortization of \$15,216,529 at June 30, 2020.

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

### **Long-Term Debt**

At June 30, 2020, Jones County had no general obligation long-term debt outstanding. Information about the County's long-term liabilities is presented in Note 8 to the financial statements.

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

Jones County's elected and appointed officials considered many factors when setting the fiscal year 2021 budget, tax rates, and the fees charged for various County activities. The primary factors considered were the increase in taxable valuations, changes in funding for mental health services, jail staffing increases to meet minimum staffing levels, needed facility improvements and repairs, and the Board's desire to invest in County facility upgrades and keep the tax levy rate relatively stable.

Jones County's total taxable valuation for the fiscal year 2021 budget increased 3.7%. By class of property, the County's agricultural valuation increased 4%, residential valuation rose 3%, commercial valuation reflects a 1% decrease and industrial valuation reflects an increase of 35% (\$4.1 million). The multi-residential valuation increased by 4%. New residential construction in Jones County increased during 2018 for the January 1, 2019 assessment to become taxable in fiscal 2021. Jones County's agricultural land values continue to comprise 33% of Jones County's taxable valuation, while residential values continue to comprise 39% of the total.

The fiscal year 2021 General Fund budget reflects a tax increase of \$216,935 and is projected to produce an unrestricted fund balance on June 30, 2021 of 32.39% of total general operating disbursements (total General Fund balance of 30.84% of total disbursements). The tax increase of \$216,935 was generated by applying the same General Basic and General Supplemental tax levy rates as fiscal year 2020, to the increased valuation. The total General Fund fiscal year 2021 budgeted disbursements (including transfers out) are \$1,362,620 greater than the original 2020 fiscal year budget. The General Fund fiscal year 2021 budget reflects a 6.61% increase in employee wages and benefits, primarily due to increased jail staffing, with overall disbursements projected to increase by nearly 14%, primarily due to a \$1,194,550 increase in Conservation Department projects funded with non-tax revenues. If the Conservation Department projects are removed from the equation, the overall disbursements reflect an increase of 1.83% in disbursements for general operating purposes. The collective bargaining agreement covering wages to be paid in fiscal year 2021 calls for a 2.75% wage increase for employees in the bargaining unit. A variety of wage increase rates were granted to non-union employees. The Board reduced by 30% the salary increases recommended by the Compensation Board for the elected Attorney, Auditor, Recorder, Sheriff and Treasurer, and by 40% for their own salaries. Budgeted non-tax General Fund receipts are projected to increase by over 40% (\$1,149,594) in the fiscal 2021 budget, however, \$1,104,711 of that increase was directly attributable to Conservation Department projects, leaving a 1.62%, or \$44,883 increase from all other non-tax General Fund sources.

The fiscal year 2021 Special Revenue, Mental Health Fund levy of \$700,000 was established at an amount sufficient to meet projected expenses when considering the fiscal 2020 ending fund balance projected to carry forward into fiscal 2021, and is \$57,363, or 7.6%, below the maximum levy permitted by law for Jones County. The Board will carefully re-evaluate the status of the mental health fund, fiscal obligations to the region and current legislation prior to establishing a levy for fiscal 2022. While the fiscal 2021 levy increased by over \$500,000 from fiscal 2020, the County had been relying on excess fund balance to meet expenditures and to bring the fund balance down to a level to meet current legislative guidelines for the Mental Health Fund.

The budget for the Special Revenue, Rural Services Fund for fiscal year 2021 reflects a tax increase of \$151,149. The tax increase represents the Board's desire to keep revenues in this fund close to proposed disbursements and transfers out, and to try to maintain a consistent levy rate from year to year when possible. The tax levy rate is five cents per thousand higher than the tax levy rate from fiscal year 2020. The transfer to the Secondary Road Fund increased \$190,000 in the fiscal year 2021 budget to help fund Secondary Road expenditures.

The Special Revenue, Secondary Roads Fund budget for fiscal year 2021 reflects an increase of \$240,160 in road maintenance disbursements to \$6,602,560, and a \$1,500,000 decrease in the roadway construction budget from the originally budgeted fiscal year 2020 level of \$3,000,000 down to \$1,500,000 in fiscal year 2021. The County is decreasing the amount of funds spent on locally funded construction projects from the budgeted fiscal year 2020 budget, primarily due to construction schedules. The County continues to budget to replace outdated and worn equipment and update secondary road facilities. This will result in the projected balance in the fund at the end of the fiscal year to decrease \$1,063,560 from the projected fiscal year beginning fund balance. Budgeted expenditures continue to outpace projected revenues in the Secondary Road fund. The actual ending fund balance is historically considerably higher than initially projected. Design and construction schedules, as well as a re-evaluation of funding sources and projected fund balances, are always considered prior to proceeding with certain road and bridge projects and equipment purchases.

In fiscal year 2021, the Board of Supervisors discontinued the debt service levy that had been in place for the previous four years. The debt service levy had been implemented to utilize tax savings from the reduction in the mental health levy over the past four years. The reduction to the mental health levy was necessary in order to reduce the Mental Health fund balance to levels desired by the Mental Health Region for compliance with legislation. The debt service funds were used for essential county purposes such as constructing repairs and improvements to County buildings and grounds, including the County Courthouse, the Broadway Place Annex, and constructing new road maintenance facilities near Monticello and Wyoming; and to improve and equip the regional transit authority with the construction of a facility for JETS and including providing matching funds for new JETS transit vans. The Board anticipated that all debt service funds levied in the previous four years would be mostly spent by the end of fiscal 2021, depending on the construction schedule for the Courthouse window replacement project.

The overall fiscal year 2021 budget reflects a 3.576 cent increase in the countywide levy rate and a 5-cent increase in the rural services rate (total 8.576 cent increase on rural properties). For the first time in five years a debt service tax was not levied. The adopted budget generates a 4.94% increase (\$425,416) in total tax dollars to be levied to support the County budget.

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

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

## **Basic Financial Statements**

**Exhibit A**

Jones County  
Statement of Net Position  
June 30, 2020

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 9,680,746
Receivables:	
Property tax:	
Delinquent	58,882
Succeeding year	8,451,000
Interest and penalty on property tax	26,152
Accounts	44,869
Accrued interest	16,133
Special assessments	11,754
Due from other governments	937,912
Inventories	487,079
Prepaid expense	12,919
Capital assets, net of accumulated depreciation/amortization	<u>39,516,654</u>
<b>Total assets</b>	<u>59,244,100</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	1,093,015
OPEB related deferred outflows	<u>84,193</u>
<b>Total deferred outflows of resources</b>	<u>1,177,208</u>
<b>Liabilities</b>	
Accounts payable	1,052,909
Salaries and benefits payable	421,646
Due to other governments	11,255
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	193,209
OPEB liability	14,417
Portion due or payable after one year:	
Compensated absences	238,513
Net pension liability	3,319,343
OPEB liability	<u>218,144</u>
<b>Total liabilities</b>	<u>5,469,436</u>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	8,451,000
Pension related deferred inflows	800,394
OPEB related deferred inflows	<u>23,135</u>
<b>Total deferred inflows of resources</b>	<u>9,274,529</u>
<b>Net Position</b>	
Net investment in capital assets	39,516,654
Restricted for:	
Supplemental levy purposes	1,276,378
Mental health purposes	206,669
Rural services purposes	355,027
Secondary roads purposes	3,876,643
Capital projects	386,397
Other purposes	267,997
Unrestricted	<u>(208,422)</u>
<b>Total net position</b>	<u>\$ 45,677,343</u>

See notes to financial statements.

Jones County  
Statement of Activities  
Year ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 3,153,019	284,333	27,499	-	(2,841,187)
Physical health and social services	796,475	275,419	373,284	-	(147,772)
Mental health	886,934	268,709	-	-	(618,225)
County environment and education	1,223,147	78,296	20,837	156,329	(967,685)
Roads and transportation	7,591,324	493,551	4,225,657	130,905	(2,741,211)
Governmental services to residents	799,462	474,217	4,500	-	(320,745)
Administration	1,897,860	86,134	2,377	-	(1,809,349)
Non-program	929,557	19,062	85,202	1,000	(824,293)
Interest on long-term debt	2,482	-	-	-	(2,482)
<b>Total</b>	<b>\$ 17,280,260</b>	<b>1,979,721</b>	<b>4,739,356</b>	<b>288,234</b>	<b>(10,272,949)</b>
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					
General purposes					7,649,338
Debt service					417,143
Penalty and interest on property tax					61,783
State tax credits					612,015
Local option sales tax					1,042,500
Unrestricted investment earnings					265,022
Rent					75,304
Miscellaneous					16,103
<b>Total general revenues</b>					<b>10,139,208</b>
Change in net position					(133,741)
Net position beginning of year, as restated					45,811,084
Net position end of year					<b>\$ 45,677,343</b>

See notes to financial statements.

Jones County  
Balance Sheet  
Governmental Funds

June 30, 2020

	General	Special	
		Mental Health	Rural Services
<b>Assets</b>			
Cash and pooled investments	\$ 4,634,870	159,391	327,654
Receivables:			
Property tax:			
Delinquent	42,036	4,615	12,231
Succeeding year	5,732,000	654,000	2,065,000
Interest and penalty on property tax	26,152	-	-
Accounts	27,317	-	-
Accrued interest	16,133	-	-
Special assessments	11,754	-	-
Due from other funds	1,712	-	-
Due from other governments	285,706	73,977	19,738
Inventories	-	-	-
Prepaid expenditures	-	-	-
<b>Total assets</b>	<b>\$ 10,777,680</b>	<b>891,983</b>	<b>2,424,623</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 113,266	483	72
Salaries and benefits payable	281,065	11,841	2,049
Due to other funds	-	-	-
Due to other governments	10,257	-	-
<b>Total liabilities</b>	<b>404,588</b>	<b>12,324</b>	<b>2,121</b>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	5,732,000	654,000	2,065,000
Other	212,109	3,474	8,577
<b>Total deferred inflows of resources</b>	<b>5,944,109</b>	<b>657,474</b>	<b>2,073,577</b>
Fund balances:			
Nonspendable:			
Inventories and prepaid expenditures	-	-	-
Restricted for:			
Supplemental levy purposes	1,269,540	-	-
Mental health purposes	-	222,185	-
Rural services purposes	-	-	348,925
Secondary roads purposes	-	-	-
Conservation land acquisition/capital improvements	84,325	-	-
Capital projects	-	-	-
Conservation department projects	73,174	-	-
Other purposes	14,234	-	-
Committed for:			
County facility capital projects/purposes	289,124	-	-
Voting equipment replacement	80,000	-	-
Aerial tax mapping update project	88,526	-	-
Unassigned	2,530,060	-	-
<b>Total fund balances</b>	<b>4,428,983</b>	<b>222,185</b>	<b>348,925</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 10,777,680</b>	<b>891,983</b>	<b>2,424,623</b>

See notes to financial statements.

<u>Revenue</u>				
Secondary Roads	Capital Projects	Nonmajor	Total	
3,911,259	481,877	165,695	9,680,746	
-	-	-	58,882	
-	-	-	8,451,000	
-	-	-	26,152	
2,658	-	14,894	44,869	
-	-	-	16,133	
-	-	-	11,754	
-	-	-	1,712	
558,491	-	-	937,912	
487,079	-	-	487,079	
12,919	-	-	12,919	
<u>4,972,406</u>	<u>481,877</u>	<u>180,589</u>	<u>19,729,158</u>	
759,283	179,805	-	1,052,909	
126,691	-	-	421,646	
1,712	-	-	1,712	
998	-	-	11,255	
<u>888,684</u>	<u>179,805</u>	-	<u>1,487,522</u>	
-	-	-	8,451,000	
<u>3,105</u>	-	-	<u>227,265</u>	
<u>3,105</u>	-	-	<u>8,678,265</u>	
499,998	-	-	499,998	
-	-	-	1,269,540	
-	-	-	222,185	
-	-	-	348,925	
3,580,619	-	-	3,580,619	
-	-	-	84,325	
-	302,072	-	302,072	
-	-	-	73,174	
-	-	180,589	194,823	
-	-	-	289,124	
-	-	-	80,000	
-	-	-	88,526	
-	-	-	2,530,060	
<u>4,080,617</u>	<u>302,072</u>	<u>180,589</u>	<u>9,563,371</u>	
<u>4,972,406</u>	<u>481,877</u>	<u>180,589</u>	<u>19,729,158</u>	



**Jones County**

Jones County

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

June 30, 2020

**Total governmental fund balances (page 21)** \$ 9,563,371

***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 reposted in the governmental funds. The cost of assets is \$54,733,183 and the accumulated depreciation/amortization is \$15,216,529. 39,516,654

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. 227,265

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	\$ 1,177,208	
Deferred inflows of resources	<u>(823,529)</u>	353,679

Long-term liabilities, including compensated absences payable, net pension liability and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. (3,983,626)

**Net position of governmental activities (page 18)** \$ 45,677,343

See notes to financial statements.

Jones County

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

Year ended June 30, 2020

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 5,523,545	182,598	1,941,586
Local option sales tax	-	-	260,625
Interest and penalty on property tax	26,421	-	-
Intergovernmental	1,465,822	283,455	115,494
Licenses and permits	62,622	-	-
Charges for service	670,548	-	8,375
Use of money and property	346,613	-	2
Miscellaneous	385,260	-	100
Total revenues	<u>8,480,831</u>	<u>466,053</u>	<u>2,326,182</u>
Expenditures:			
Operating:			
Public safety and legal services	3,070,048	-	-
Physical health and social services	780,697	-	-
Mental health	-	903,477	-
County environment and education	861,333	-	216,257
Roads and transportation	438,787	-	-
Governmental services to residents	765,103	-	7,859
Administration	1,787,845	-	-
Non-program	592,253	-	-
Debt service	-	-	-
Capital projects	16,415	-	-
Total expenditures	<u>8,312,481</u>	<u>903,477</u>	<u>224,116</u>
Excess (deficiency) of revenues over (under) expenditures	<u>168,350</u>	<u>(437,424)</u>	<u>2,102,066</u>
Other financing sources (uses):			
Note proceeds	-	-	-
Sale of capital assets	29,523	-	-
Transfers in	823	-	-
Transfers out	(232,740)	-	(2,065,000)
Total other financing sources (uses)	<u>(202,394)</u>	<u>-</u>	<u>(2,065,000)</u>
Change in fund balances	(34,044)	(437,424)	37,066
Fund balances beginning of year	<u>4,463,027</u>	<u>659,609</u>	<u>311,859</u>
Fund balances end of year	<u>\$ 4,428,983</u>	<u>222,185</u>	<u>348,925</u>

See notes to financial statements.

Revenue				
Secondary Roads	Capital Projects	Debt Service	Nonmajor	Total
-	-	417,143	-	8,064,872
781,875	-	-	-	1,042,500
-	-	-	-	26,421
4,322,435	-	33,798	12,303	6,233,307
6,215	-	-	-	68,837
100	-	-	3,870	682,893
-	-	-	888	347,503
98,614	-	-	42,802	526,776
5,209,239	-	450,941	59,863	16,993,109
-	-	-	38,340	3,108,388
-	-	-	-	780,697
-	-	-	-	903,477
-	-	-	4,494	1,082,084
6,111,238	-	-	-	6,550,025
-	-	-	2,609	775,571
-	-	-	-	1,787,845
-	-	-	-	592,253
-	-	450,482	-	450,482
2,170,509	538,026	-	-	2,724,950
8,281,747	538,026	450,482	45,443	18,755,772
(3,072,508)	(538,026)	459	14,420	(1,762,663)
-	448,000	-	-	448,000
31,825	-	-	-	61,348
2,244,000	54,223	-	-	2,299,046
-	-	(483)	(823)	(2,299,046)
2,275,825	502,223	(483)	(823)	509,348
(796,683)	(35,803)	(24)	13,597	(1,253,315)
4,877,300	337,875	24	166,992	10,816,686
4,080,617	302,072	-	180,589	9,563,371

Jones County

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

Year ended June 30, 2020

**Change in fund balances - Total governmental funds (page 25)** \$ (1,253,315)

***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/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 3,086,307	
Depreciation/amortization expense	<u>(1,697,758)</u>	1,388,549

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources, as follows:

Loss on disposition of capital assets	(140,105)	
Proceeds from the sale of capital assets	<u>(61,348)</u>	(201,453)

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	1,609	
Other	<u>151,801</u>	153,410

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.

534,441

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	(14,671)	
Pension expense	(731,631)	
OPEB expense	<u>(9,071)</u>	<u>(755,373)</u>

**Change in net position of governmental activities (page 19)** \$ (133,741)

See notes to financial statements.

Jones County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2020

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 4,001,073
Other County officials	2,575
Receivables:	
Property tax:	
Delinquent	189,118
Succeeding year	23,108,000
Accounts	79,579
Accrued interest	10,489
Special assessments	189,161
Due from other governments	66,696
Prepaid expenses	1,520
Capital assets, net of accumulated depreciation	627,674
<b>Total assets</b>	28,275,885

**Liabilities**

Accounts payable	83,408
Salaries and benefits payable	33,841
Due to other governments	27,192,863
Trusts payable	2,075
Compensated absences	34,667
Estimated liability for landfill closure and postclosure care	929,031
<b>Total liabilities</b>	28,275,885
<b>Net position</b>	\$ -

See notes to financial statements.

Jones County

Notes to Financial Statements

June 30, 2020

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

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

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

A. Reporting Entity

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

These financial statements present Jones 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 Unit – The following component unit is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, the same as the County. It is reported as part of the County and blended into the appropriate fund.

The Friends of Jones County Conservation and Nature Center has been incorporated under Chapter 504A of the Code of Iowa to assist and support the functions and efforts of Jones County Conservation by helping to raise funds for designated conservation related projects, providing materials for community involvement, serving as an organizational base for volunteers at the Central Park Nature Center, and advising the Jones County Conservation Board on the needs of the community related to programming and infrastructure. The financial transactions of the Friends are reported as a nonmajor 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: Jones County Assessor’s Conference Board, Jones County Emergency Management Commission, Jones County Solid Waste Commission and Jones 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. Condensed financial statements for the Jones County Solid Waste Commission are included in Note 13 to the financial statements.

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

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 unit. 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/amortization.

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. Net position restricted through enabling legislation consists of the balance of the unusual needs levy for Conservation Department projects.

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

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



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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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 – committed, assigned and then unassigned fund balances.

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

D. Assets, 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 non-negotiable certificates of deposit which are stated at amortized cost.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is 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, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

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, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 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	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	50,000
Road right of way easements	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	25 - 50
Building improvements	25 - 50
Infrastructure	10 - 65
Intangibles	2 - 65
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 and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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 Jones 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 with the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities

of the current year. Deferred inflows of resources 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 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.

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

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

The County's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County has no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

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

The detail of interfund receivables and payables at June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue: Secondary Roads	<u>\$ 1,712</u>

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

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Resource Enhancement and Protection	<u>\$ 823</u>
Special Revenue: Secondary Roads	General	179,000
	Special Revenue: Rural Services	<u>2,065,000</u>
		<u>2,244,000</u>
Capital Projects	General	53,740
	Debt Service	<u>483</u>
		<u>54,223</u>
Total		<u>\$ 2,299,046</u>

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

## (5) Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance Beginning of Year	Restatement (See Note 15)	Balance Beginning of Year, as restated	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>						
Capital assets not being depreciated/amortized:						
Land	\$ 3,993,712	-	3,993,712	2,197,662	-	6,191,374
Intangibles, road network	924,305	-	924,305	-	-	924,305
Construction in progress, road network	471,302	358,686	829,988	1,806,068	992,753	1,643,303
Construction in progress	2,539,384	(119,075)	2,420,309	277,884	2,688,944	9,249
Total capital assets not being depreciated/amortized	7,928,703	239,611	8,168,314	4,281,614	3,681,697	8,768,231
Capital assets being depreciated/amortized:						
Buildings	4,569,100	-	4,569,100	203,771	-	4,772,871
Improvements other than buildings	241,331	-	241,331	-	-	241,331
Equipment and vehicles	11,012,819	-	11,012,819	1,116,880	511,879	11,617,820
Intangibles	160,907	-	160,907	-	-	160,907
Infrastructure, road network	27,390,910	-	27,390,910	992,753	-	28,383,663
Infrastructure, other	788,360	-	788,360	-	-	788,360
Total capital assets being depreciated/amortized	44,163,427	-	44,163,427	2,313,404	511,879	45,964,952
Less accumulated depreciation/amortization for:						
Buildings	1,855,784	-	1,855,784	146,984	-	2,002,768
Improvements other than buildings	132,734	-	132,734	12,067	-	144,801
Equipment and vehicles	6,611,895	-	6,611,895	830,925	483,412	6,959,408
Intangibles, other	75,146	-	75,146	20,181	-	95,327
Infrastructure, road network	5,173,523	-	5,173,523	671,834	-	5,845,357
Infrastructure, other	153,101	-	153,101	15,767	-	168,868
Total accumulated depreciation/amortization	14,002,183	-	14,002,183	1,697,758	483,412	15,216,529
Total capital assets being depreciated/amortized, net	30,161,244	-	30,161,244	615,646	28,467	30,748,423
Governmental activities capital assets, net	\$ 38,089,947	239,611	38,329,558	4,897,260	3,710,164	39,516,654

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 146,571
Physical health and social services	1,153
Mental Health	5,821
County environment and education	77,265
Roads and transportation	1,330,787
Governmental services to residents	10,180
Administration	125,981
Total depreciation/amortization expense - governmental activities	\$ 1,697,758



**(6) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2020 is as follows:

Fund	Description	Amount
General	Services	\$ 10,257
Special Revenue:		
Secondary Roads	Services and materials	998
Total for governmental funds		<u>\$ 11,255</u>
Agency:		
Agricultural Extension Education	Collections	\$ 239,161
County Assessor		728,263
Schools		15,965,475
Community Colleges		1,360,077
Corporations		5,359,252
Townships		324,838
Auto License and Use Tax		615,445
Jones County Solid Waste Management Commission		1,887,400
All other		<u>712,952</u>
Total for agency funds		<u>\$ 27,192,863</u>

**(7) Prepaid Rental Agreement**

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

The County has elected to amortize prepaid expenses of \$80,743 over 25 years. At June 30, 2020 the unamortized prepaid expense balance was \$12,919.

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

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	General Obligation Notes	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ -	417,051	3,663,531	142,074	4,222,656
Increases	448,000	351,239	-	104,904	904,143
Decreases	448,000	336,568	344,188	14,417	1,143,173
Balance end of year	<u>\$ -</u>	<u>431,722</u>	<u>3,319,343</u>	<u>232,561</u>	<u>3,983,626</u>
Due within one year	\$ -	193,209	-	14,417	207,626

## General Obligation Notes

On February 19, 2019, the County adopted a resolution anticipating the future authorization of a general obligation loan agreement and providing for the levy of taxes to pay the principal of a general obligation loan. On February 25, 2020, the County issued a \$448,000, 1.69% interest, general obligation note to Citizens Bank for the purpose of paying the costs of various County improvements. The County paid the \$448,000 general obligation note in full on June 18, 2020.

### **(9) Pension Plan**

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

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

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

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

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

The formula used to calculate a sheriff's, 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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.51% of covered payroll, for a total rate of 19.02%. Protection occupation members contributed 6.61% of covered payroll and the County contributed 9.91% of covered payroll, for a total rate of 16.52%.

The County's contributions to IPERS for the year ended June 30, 2020 totaled \$534,441.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the County reported a liability of \$3,319,343 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the County's proportion was 0.057322%, which was a decrease of 0.000570% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020 the County recognized pension expense of \$731,631. At June 30, 2020 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	\$ 21,049	141,901
Changes of assumptions	464,870	106,647
Net difference between projected and actual earnings on IPERS' investments	-	516,558
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	72,655	35,288
County contributions subsequent to the measurement date	534,441	-
Total	<u>\$ 1,093,015</u>	<u>800,394</u>

\$534,441 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, 2021. 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
2021	\$ 72,946
2022	(130,042)
2023	(102,296)
2024	(79,843)
2025	<u>(2,585)</u>
Total	<u>\$ (241,820)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 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, 2019 valuation were based on the results of actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 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%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100%</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	\$ 6,769,050	3,319,343	426,468

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

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2020.

**(10) Risk Management**

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

**(11) Other Postemployment Benefits (OPEB)**

Plan Description – The County 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 Jones 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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>96</u>
Total	<u>99</u>

Total OPEB Liability – The County’s total OPEB liability of \$232,561 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions – The total June 30, 2020 OPEB liability in the July 1, 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. The roll forward calculations assume all actuarial assumptions are exactly realized.

Rate of inflation (effective July 1, 2019)	3.00% per annum.
Rates of salary increase (effective July 1, 2019)	3.00% per annum, including inflation.
Discount rate (effective July 1, 2019)	3.50% compounded annually, including inflation.
Healthcare cost trend rate (effective July 1, 2019)	5.00% annually.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% 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-2019 total dataset mortality table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 142,074
Changes for the year:	
Service cost	8,089
Interest	8,108
Differences between expected and actual experiences	87,701
Changes in assumptions	1,006
Benefit payments	<u>(14,417)</u>
Net changes	<u>90,487</u>
Total OPEB liability end of year	<u>\$ 232,561</u>

Changes of assumptions reflect a change in the discount rate from 3.58% in fiscal year 2019 to 3.50% in fiscal year 2020.

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 (2.50%) or 1% higher (4.50%) than the current discount rate.

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability	\$ 250,739	232,561	216,045

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 (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	<u>1% Decrease (4.00%)</u>	<u>Healthcare Cost Trend Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Total OPEB liability	\$ 212,996	232,561	254,572

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of \$9,071. At June 30, 2020, 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	\$ 77,735	(23,135)
Changes in assumptions	6,458	-
Total	<u>\$ 84,193</u>	<u>(23,135)</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
2021	\$ 7,291
2022	7,291
2023	7,291
2024	7,291
2025	7,291
Thereafter	<u>24,603</u>
	<u>\$ 61,058</u>

**(12) 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, 2020 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Anamosa	Urban renewal and economic development projects	\$ 4,536
City of Monticello	Urban renewal and economic development projects	45,214



### (13) Jointly Governed Organization

The County participates in the Jones County Solid Waste Management Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Agency Funds because of the County's fiduciary relationship with the organization. The following financial statements are for the year ended June 30, 2020.

Statement of Net Position	
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 176,676
Investments	853,204
Receivables:	
Accounts and other	79,343
Due from other governments	3,912
Prepaid items	1,520
Total current assets	<u>1,114,655</u>
Noncurrent assets:	
Restricted certificates of deposit	1,134,545
Capital assets, net of accumulated depreciation	<u>627,674</u>
Total noncurrent assets	<u>1,762,219</u>
<b>Total assets</b>	<u>2,876,874</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	<u>31,321</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	39,222
Salaries and benefits payable	10,206
Due to other governments	54,120
Compensated absences payable	<u>11,015</u>
Total current liabilities	<u>114,563</u>
Non-current liabilities:	
Estimated liability for landfill closure and postclosure care	929,031
Net pension liability	<u>100,705</u>
Total non-current liabilities	<u>1,029,736</u>
<b>Total liabilities</b>	<u>1,144,299</u>
<b>Deferred Inflows of Resources</b>	
Pension related deferred inflows	<u>15,241</u>
<b>Net position</b>	
Net investment in capital assets	627,674
Restricted for closure and postclosure care	205,514
Unrestricted	<u>915,467</u>
<b>Total net position</b>	<u>\$ 1,748,655</u>

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Statement of Revenues, Expenses and Changes in Net Position

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Operating revenues:	
Assessments	\$ 103,630
Gate fees	725,521
Other operating revenues	<u>15,352</u>
Total operating revenues	<u>844,503</u>
Operating expenses:	
Salaries and benefits	191,169
Solid waste hauling and disposal	508,561
Depreciation	59,496
Other operating expenses	<u>137,052</u>
Total operating expenses	<u>896,278</u>
Operating loss	(51,775)
Non-operating revenues:	
Interest income	<u>51,354</u>
Change in net position	(421)
Net position beginning of year	<u>1,749,076</u>
Net position end of year	<u>\$ 1,748,655</u>

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Statement of Cash Flows

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Cash flows from operating activities:	
Cash received from gate fees	\$ 741,386
Cash received from assessments	103,630
Cash received from other operating receipts	15,352
Cash paid to employees for services	(181,010)
Cash paid to suppliers for goods and services	<u>(656,993)</u>
Net cash used by operating activities	<u>22,365</u>
Cash flows from investing activities:	
Purchase of certificates of deposit	(1,026,155)
Sale of certificates of deposit	1,085,465
Interest received	<u>12,466</u>
Net cash provided by investing activities	<u>71,776</u>
Net decrease in cash and cash equivalents	94,141
Cash and cash equivalents beginning of year	<u>82,535</u>
Cash and cash equivalents end of year	<u>\$ 176,676</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	<u>\$ (51,775)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	59,496
Closure and postclosure care	(35,093)
Other changes in assets and liabilities	<u>49,736</u>
Total adjustments	<u>74,139</u>
Net cash used by operating activities	<u>\$ 22,364</u>

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

These costs for the Commission have been estimated at \$910,100 for closure as of June 30, 2020 and the portion of the liability that has been recognized is \$910,100. During the year ended June 30, 2009, the Commission stopped accepting waste at the landfill and began transferring waste to Milan, Illinois.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun accumulating resources to fund these costs and, at June 30, 2020, assets of \$1,114,661 are restricted for these purposes. They are reported as restricted certificates of deposit in the condensed Statement of Net Position.

The total closure costs for the Commission's transfer station have been estimated at \$18,931 as of June 30, 2020 and the portion of the liability that has been recognized is \$18,931. The Commission has begun accumulating resources to fund these costs and, at June 30, 2020, assets of \$19,884 are restricted for these purposes. They are reported as restricted certificates of deposit in the condensed Statement of Net Position.

**(14) Jones County Financial Information Included in the Mental Health/Disability Services of the East Central Region (MHDS-ECR)**

MHDS-ECR, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Benton County, Bremer County, Buchanan County, Delaware County, Dubuque County, Iowa County, Jones County, Johnson County and Linn County. The financial activity of Jones County's Special Revenue, Mental Health Fund is included in the MHDS-ECR for the year ended June 30, 2020, as follows:

Revenues:		
Property and other county tax		\$ 182,598
Intergovernmental:		
State tax credits	\$ 14,746	
Payments from regional fiscal agent	<u>268,709</u>	<u>283,455</u>
Total revenues		<u>466,053</u>
Expenditures:		
Services to persons with mental illness		102,596
General administration:		
Direct administration	166,113	
Distribution to regional fiscal agent	<u>634,768</u>	<u>800,881</u>
Total expenditures		<u>903,477</u>
Excess of expenditures over revenues		(437,424)
Fund balance beginning of year		<u>659,609</u>
Fund balance end of year		<u>\$ 222,185</u>

**(15) Restatement**

Beginning net position for governmental activities was restated to properly report the beginning balance for capital assets as follows:

	<u>Governmental Activities</u>
Net position June 30, 2019, as previously reported	\$ 45,571,473
Adjustment to properly report construction in progress	<u>239,611</u>
Net position July 1, 2019, as restated	<u>\$ 45,811,084</u>

**(16) COVID-19**

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of Jones County, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Jones County. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Jones County.

**(17) Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

**Jones County**

**Required Supplementary Information**

Jones County

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

Required Supplementary Information

Year ended June 30, 2020

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 9,083,938	-	9,083,938
Interest and penalty on property tax	26,186	-	26,186
Intergovernmental	6,239,750	-	6,239,750
Licenses and permits	69,933	-	69,933
Charges for service	699,363	-	699,363
Use of money and property	347,487	-	347,487
Miscellaneous	497,523	13,912	483,611
Total receipts	16,964,180	13,912	16,950,268
<b>Disbursements:</b>			
Public safety and legal services	3,095,571	-	3,095,571
Physical health and social services	782,384	-	782,384
Mental health	906,253	-	906,253
County environment and education	1,085,384	4,494	1,080,890
Roads and transportation	7,160,889	-	7,160,889
Governmental services to residents	771,016	-	771,016
Administration	1,810,465	-	1,810,465
Non-program	587,898	-	587,898
Debt service	450,482	-	450,482
Capital projects	2,094,291	-	2,094,291
Total disbursements	18,744,633	4,494	18,740,139
Excess (deficiency) of receipts over (under) disbursements	(1,780,453)	9,418	(1,789,871)
Other financing sources, net	511,147	-	511,147
Change in balances	(1,269,306)	9,418	(1,278,724)
Balance beginning of year	10,950,052	11,403	10,938,649
Balance end of year	\$ 9,680,746	20,821	9,659,925

See accompanying independent auditor's report.

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Budgeted Amounts		Final to
Original	Final	Actual
		Variance
8,952,883	8,967,594	116,344
42,050	42,350	(16,164)
6,345,429	6,248,503	(8,753)
68,836	73,326	(3,393)
602,953	646,872	52,491
231,674	332,540	14,947
572,948	406,217	77,394
<u>16,816,773</u>	<u>16,717,402</u>	<u>232,866</u>
3,184,888	3,244,916	149,345
827,546	884,046	101,662
889,845	915,875	9,622
2,094,164	1,236,831	155,941
6,881,371	7,162,854	1,965
802,949	807,460	36,444
1,985,227	1,939,799	129,334
92,154	602,758	14,860
448,584	450,780	298
<u>4,047,599</u>	<u>3,585,516</u>	<u>1,491,225</u>
<u>21,254,327</u>	<u>20,830,835</u>	<u>2,090,696</u>
(4,437,554)	(4,113,433)	2,323,562
<u>456,000</u>	<u>479,000</u>	<u>32,147</u>
(3,981,554)	(3,634,433)	2,355,709
<u>8,912,552</u>	<u>10,911,781</u>	<u>26,868</u>
<u>4,930,998</u>	<u>7,277,348</u>	<u>2,382,577</u>

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Jones County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2020

	Governmental Funds		
	Cash	Accrual	Modified
	Basis	Adjustments	Accrual
			Basis
Revenues	\$ 16,964,180	28,929	16,993,109
Expenditures	18,744,633	11,139	18,755,772
Net	(1,780,453)	17,790	(1,762,663)
Other financing sources, net	511,147	(1,799)	509,348
Beginning fund balances	10,950,052	(133,366)	10,816,686
Ending fund balances	\$ 9,680,746	(117,375)	9,563,371

See accompanying independent auditor's report.

Jones County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2020

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except the blended component unit 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, the Debt Service Fund 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 decreased budgeted disbursements by \$423,492. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2020, disbursements did not exceed the amounts budgeted by function.

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, 2020, disbursements did not exceed the amounts budgeted.

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Jones County

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

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

Required Supplementary Information

	2020	2019	2018	2017
County's proportion of the net pension liability	0.057322%	0.057892%	0.061877%	0.060335%
County's proportionate share of the net pension liability	\$ 3,319	3,664	4,122	3,797
County's covered payroll	\$ 5,595	5,384	5,291	5,003
County's proportionate share of the net pension liability as a percentage of its covered payroll	59.32%	68.05%	77.91%	75.89%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

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

See accompanying independent auditor's report.

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2016	2015
0.058300%	0.056897%
2,880	2,256
4,827	4,699
59.66%	48.01%
85.19%	87.61%

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Jones County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 534	534	487	480
Contributions in relation to the statutorily required contribution	<u>(534)</u>	<u>(534)</u>	<u>(487)</u>	<u>(480)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 5,635	5,595	5,384	5,291
Contributions as a percentage of covered payroll	9.48%	9.54%	9.05%	9.07%

See accompanying independent auditor's report.

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2016	2015	2014	2013	2012	2011
455	440	429	407	389	323
(455)	(440)	(429)	(407)	(389)	(323)
-	-	-	-	-	-
5,003	4,827	4,699	4,568	4,637	4,367
9.09%	9.12%	9.13%	8.91%	8.39%	7.40%

Jones County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

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.

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Jones County

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

For the Past Two Years  
Required Supplementary Information

	2020	2019
Service cost	\$ 8,089	7,082
Interest cost	8,108	4,984
Difference between expected and actual experiences	87,701	-
Changes in assumptions	1,006	-
Benefit payments	(14,417)	(4,244)
Net change in total OPEB liability	90,487	7,822
Total OPEB liability beginning of year	142,074	134,252
Total OPEB liability end of year	\$ 232,561	142,074
Covered-employee payroll	\$ 4,841,063	4,839,023
Total OPEB liability as a percentage of covered-employee payroll	4.8%	2.9%

See accompanying independent auditor's report.

**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, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.50%



**Jones County**

## **Supplementary Information**

Jones County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2020

			Special
	County Recorder's Records Management	Special Law Enforcement Proceeds	Law Enforcement Canine
<b>Assets</b>			
Cash and pooled investments	\$ 25,283	1,428	177
Receivables:			
Accounts	-	-	14,894
<b>Total Assets</b>	<b>\$ 25,283</b>	<b>1,428</b>	<b>15,071</b>
<b>Fund Balances</b>			
Fund balances:			
Restricted for other purposes	\$ 25,283	1,428	15,071

See accompanying independent auditor's report.

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<u>Revenue</u>			
<u>Resource</u>			
<u>Enhancement</u>	<u>Drug Abuse</u>	<u>Friends of</u>	
<u>and</u>	<u>Resistance</u>	<u>Jones County</u>	
<u>Protection</u>	<u>Education</u>	<u>Conservation</u>	<u>Total</u>
117,548	438	20,821	165,695
-	-	-	14,894
<u>117,548</u>	<u>438</u>	<u>20,821</u>	<u>180,589</u>
<u>117,548</u>	<u>438</u>	<u>20,821</u>	<u>180,589</u>

Jones County

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

Year ended June 30, 2020

	Special		
	County Recorder's Records Management	Special Law Enforcement Proceeds	Law Enforcement Canine
Revenues:			
Intergovernmental	\$ -	-	-
Charges for service	3,870	-	-
Use of money and property	13	-	-
Miscellaneous	-	-	26,729
Total revenues	3,883	-	26,729
Expenditures:			
Operating:			
Public safety and legal services	-	204	36,188
County environment and education	-	-	-
Governmental services to residents	2,609	-	-
Total expenditures	2,609	204	36,188
Excess (deficiency) of revenues over (under) expenditures	1,274	(204)	(9,459)
Other financing sources (uses):			
Transfers out	-	-	-
Change in fund balances	1,274	(204)	(9,459)
Fund balances beginning of year	24,009	1,632	24,530
Fund balances end of year	\$ 25,283	1,428	15,071

See accompanying independent auditor's report.

Revenue				
Resource				
Enhancement and Protection	Drug Abuse Resistance Education	Friends of Jones County Conservation		Total
12,303	-	-		12,303
-	-	-		3,870
875	-	-		888
-	2,161	13,912		42,802
13,178	2,161	13,912		59,863
-	1,948	-		38,340
-	-	4,494		4,494
-	-	-		2,609
-	1,948	4,494		45,443
13,178	213	9,418		14,420
(823)	-	-		(823)
12,355	213	9,418		13,597
105,193	225	11,403		166,992
117,548	438	20,821		180,589

Jones County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	3,514	387,585	237,005	19,479
Other County officials	2,575	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	1,647	2,597	112,470	9,598
Succeeding year	-	234,000	368,000	15,616,000	1,331,000
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,575</b>	<b>239,161</b>	<b>758,182</b>	<b>15,965,475</b>	<b>1,360,077</b>
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ 500	-	456	-	-
Salaries and benefits payable	-	-	18,190	-	-
Due to other governments	-	239,161	728,263	15,965,475	1,360,077
Trusts payable	2,075	-	-	-	-
Compensated absences	-	-	11,273	-	-
Estimated liability for landfill closure and posclosure care	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 2,575</b>	<b>239,161</b>	<b>758,182</b>	<b>15,965,475</b>	<b>1,360,077</b>

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Solid Waste Management Commission	Other	Total
92,872	4,168	615,445	2,164,425	476,580	4,001,073
-	-	-	-	-	2,575
60,380	1,670	-	-	756	189,118
5,206,000	319,000	-	-	34,000	23,108,000
-	-	-	68,854	10,725	79,579
-	-	-	10,489	-	10,489
-	-	-	-	189,161	189,161
-	-	-	3,912	62,784	66,696
-	-	-	1,520	-	1,520
-	-	-	627,674	-	627,674
5,359,252	324,838	615,445	2,876,874	774,006	28,275,885
-	-	-	39,222	43,230	83,408
-	-	-	10,206	5,445	33,841
5,359,252	324,838	615,445	1,887,400	712,952	27,192,863
-	-	-	-	-	2,075
-	-	-	11,015	12,379	34,667
-	-	-	929,031	-	929,031
5,359,252	324,838	615,445	2,876,874	774,006	28,275,885



Jones County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2020

<b>Assets and Liabilities</b>	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Balances beginning of year	\$ 5,202	226,185	743,272	15,144,546	1,249,378
Additions:					
Property and other county tax	-	237,460	378,276	15,855,344	1,350,999
911 surcharges	-	-	-	-	-
State tax credits	-	15,723	32,236	1,055,689	87,073
Office fees and collections	455,980	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	207,100	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	663,080	253,183	410,512	16,911,033	1,438,072
Deductions:					
Agency remittances:					
To other funds	208,303	-	-	-	-
To other governments	247,582	240,207	395,602	16,090,104	1,327,373
Trusts paid out	209,822	-	-	-	-
Total deductions	665,707	240,207	395,602	16,090,104	1,327,373
Balances end of year	\$ 2,575	239,161	758,182	15,965,475	1,360,077

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Solid Waste Management Commission	Other	Total
4,928,471	285,018	505,100	2,878,467	685,530	26,651,169
5,242,459	323,758	-	-	34,817	23,423,113
-	-	-	-	57,789	57,789
482,268	15,990	-	-	1,951	1,690,930
-	-	-	-	-	455,980
-	-	6,974,926	-	389	6,975,315
-	-	-	-	162,653	162,653
-	-	-	-	-	207,100
-	-	-	895,857	475,064	1,370,921
5,724,727	339,748	6,974,926	895,857	732,663	34,343,801
-	-	304,601	-	-	512,904
5,293,946	299,928	6,559,980	897,450	644,187	31,996,359
-	-	-	-	-	209,822
5,293,946	299,928	6,864,581	897,450	644,187	32,719,085
5,359,252	324,838	615,445	2,876,874	774,006	28,275,885

Jones County

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

For the Last Ten Years

	2020	2019	2018	2017
<b>Revenues:</b>				
Property and other county tax	\$ 8,064,872	7,736,768	7,849,305	7,693,151
Local option sales tax	1,042,500	884,799	834,067	857,403
Interest and penalty on property tax	26,421	41,656	43,490	40,000
Intergovernmental	6,233,307	7,806,986	6,525,175	6,450,432
Licenses and permits	68,837	74,219	55,973	51,086
Charges for service	682,893	677,344	690,298	640,945
Use of money and property	347,503	338,617	258,880	214,765
Miscellaneous	526,776	521,275	1,066,863	437,154
<b>Total</b>	<b>\$ 16,993,109</b>	<b>18,081,664</b>	<b>17,324,051</b>	<b>16,384,936</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 3,108,388	2,979,007	2,996,084	2,752,376
Physical health and social services	780,697	763,300	715,706	722,072
Mental health	903,477	698,812	795,583	1,157,430
County environment and education	1,082,084	1,637,676	978,695	948,592
Roads and transportation	6,550,025	7,071,882	6,285,831	6,836,332
Governmental services to residents	775,571	737,428	717,962	677,712
Administration	1,787,845	1,790,139	1,815,971	1,707,156
Non-program	592,253	82,990	82,243	93,130
Debt service	450,482	450,000	383,021	400,000
Capital projects	2,724,950	2,311,687	1,874,604	354,087
<b>Total</b>	<b>\$ 18,755,772</b>	<b>18,522,921</b>	<b>16,645,700</b>	<b>15,648,887</b>

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
7,434,518	7,280,962	7,072,449	6,811,736	6,201,839	5,823,796
832,518	917,239	799,323	858,480	776,241	817,836
42,938	42,982	45,618	45,497	45,878	43,251
7,192,925	6,661,282	5,915,710	5,117,782	6,983,623	6,152,216
70,810	73,594	57,568	56,841	71,408	63,011
637,180	581,223	559,166	595,182	563,242	569,839
172,370	197,919	194,765	169,640	180,357	216,425
454,828	436,108	605,283	773,992	449,883	427,913
<u>16,838,087</u>	<u>16,191,309</u>	<u>15,249,882</u>	<u>14,429,150</u>	<u>15,272,471</u>	<u>14,114,287</u>
2,722,911	2,537,685	2,437,181	2,415,219	2,259,095	2,134,638
702,077	696,151	670,071	705,651	705,535	758,680
1,115,440	1,035,751	1,118,618	1,105,325	2,747,884	2,341,471
923,276	886,991	760,787	822,763	1,403,336	938,442
6,600,997	6,158,379	5,969,549	5,462,477	5,488,545	5,534,155
796,892	619,073	595,338	604,835	608,099	540,325
1,758,826	1,806,532	1,600,204	1,523,341	1,586,149	1,359,275
89,655	420,735	488,353	683,283	28,885	34,171
-	-	-	-	-	167,265
923,830	764,868	995,249	185,357	888,496	44,369
<u>15,633,904</u>	<u>14,926,165</u>	<u>14,635,350</u>	<u>13,508,251</u>	<u>15,716,024</u>	<u>13,852,791</u>



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

To the Officials of Jones County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jones County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 16, 2021.

Internal Control Over Financial Reporting

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

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

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

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

### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

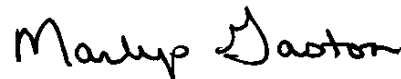
### Jones County's Responses to the Findings

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

### Purpose of this Report

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

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



Marlys K. Gaston, CPA  
Deputy Auditor of State

March 16, 2021

Jones County  
Schedule of Findings  
Year ended June 30, 2020

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties

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

Condition –

Conservation – Generally, one individual in the Conservation Office may have control over collecting, depositing and reconciling receipts.

Transfer Station – Generally, one individual has control over account billings, collections, deposit preparation and reconciliation functions. Additionally, incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.

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

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

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

Jones County

Schedule of Findings

Year ended June 30, 2020

Responses –

Conservation – In order to further minimize this concern, the Director plans to perform random spot checks of envelopes placed in campground deposit boxes. This should help ensure all envelopes and revenue picked up by the Resource Manager/Park Ranger are accounted for.

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

Conclusions – Responses accepted.

(B) Segregation of Duties – Friends of Jones County Conservation and Nature Center (Friends)

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 individual. This segregation of duties helps prevent losses from error or dishonesty and maximizes the accuracy of the Friend's financial statements.

Condition – Generally, one individual has control over account billings, collections, depositing, and recording functions.

Cause – The Friends have a limited number of individuals on the board 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 Friend's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by individuals the normal course of performing their assigned functions.

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

Response – Moving forward, Friends will do our best to segregate duties.

Conclusions – Response accepted.



Jones County

Schedule of Findings

Year ended June 30, 2020

(C) Infrastructure 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 – County infrastructure amounts on the Iowa County Engineers Association (ICEA) Service Bureau GASB-34 infrastructure report were not properly recorded by the County Engineer. Adjustments were subsequently made by the County Engineer to properly include these amounts in the ICEA GASB-34 report.

Cause – Procedures have not been established to require independent review of the ICEA GASB-34 infrastructure report to ensure the report is accurate and reliable.

Effect – Lack of procedures resulted in County employees not detecting the errors in the ICEA GASB-34 infrastructure report during the normal course of performing their assigned functions. As a result, adjustments to the ICEA GASB-34 infrastructure report were necessary.

Recommendation – The County Engineer should ensure all infrastructure additions and deletions are identified and properly reported in the ICEA GASB-34 report.

Response – The County Engineer’s Office has implemented a timeline for review to determine projects with construction in progress at year-end and to ensure that all infrastructure additions and deletions are identified and properly reported on the GASB-34 report.

Conclusion – Response accepted.

(D) Restatement

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 construction in progress were improperly included in the beginning capital assets balance. Adjustments were subsequently made to adjust the beginning capital assets balance. Note 15 to the financial statements describes the restatement.

Jones County

Schedule of Findings

Year ended June 30, 2020

Cause – The County Engineer Office did not implement procedures to review accounts payable for construction in progress transactions to ensure the County’s financial statements are accurate and reliable, resulting in understated construction in progress for infrastructure. The County improperly included a repair and maintenance project in prior year construction and progress.

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

Recommendation – The County should establish and implement procedures to ensure construction in progress is properly recorded in capital assets.

Response – The County Engineer’s Office has implemented a timeline for review to determine projects with construction in progress at year-end and to ensure that all infrastructure additions and deletions are identified and properly reported on the GASB-34 report. The County will more closely review major improvement projects to better determine whether projects should be classified as repair and maintenance items or capital assets.

Conclusion – Response accepted.

(E) Unsupported Disbursement - Friends of Jones County Conservation and Nature Center

Criteria – Internal controls over safeguarding assets constitutes a process, effected by an entity’s Board and other individuals designated to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – Supporting documentation for three of the four transactions tested was not maintained. Three of these transactions were made using the Friend’s debit card. Unlike credit cards, debit cards offer limited ability to set guidelines for access and limited, if any, repercussions for fraudulent transactions.

Cause – Policies and procedures have not been established to ensure vendor receipts are retained for all purchases. Friends has been unaware of the repercussions of allowing the use of a debit card.

Effect – Allowing the use of debit cards and not requiring sufficient records be maintained to account for expenditures could result in unauthorized transactions and the opportunity for misappropriation.

Recommendation – Friends of Jones County Conservation and Nature Center should discontinue the use of debit cards and should establish policies and procedures to ensure all expenditures are adequately supported by a vendor receipt.

Jones County  
Schedule of Findings  
Year ended June 30, 2020

Response – We currently save receipts for all intentional purposes. The debit card has been disabled.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted

Jones County  
Schedule of Findings  
Year ended June 30, 2020

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted by function.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – The following business transactions between the County and County officials or employees were noted:

Vendor and County Connection	Transaction Description	Amount
K Sulzner Construction, owner is Spouse of the County Auditor	Equipment delivery	\$ 300
WM Burger Son works for County Engineer	Land survey	800
Tin Roof LLC Owned by County Board Member	Rent assistance	250
Bait, Guns and More, owner is Jones County Landfill employee	Supplies for conservation	90
Regina Engelbart County employee	Laundry services	255
Sheila Kirby County employee	Laundry services	70
Dawn Zembriskie County employee	Laundry services	350

The above transactions do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since the total transactions with each employee, Board member, or spouse were less than \$6,000 during the fiscal year.

- (5) Restricted Donor Activity – No transactions were noted between the County, County officials, or County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (6) 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.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Jones County

Schedule of Findings

Year ended June 30, 2020

- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.
- (9) 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).
- (10) Financial Assurance – The Jones County Solid Waste Management Commission has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

Total estimated costs for closure and postclosure care	<u>\$ 929,031</u>
Amount the Commission has restricted and reserved for closure and postclosure care at June 30, 2020	<u>\$ 1,134,545</u>

- (11) Solid Waste Commissioner Payments – Under IRC Section 3401(c), an officer, employee or elected official of a state or local government is an employee for income tax withholding purposes. Thus, by federal statute, public officers are specifically included within the term “employee” for income tax withholding purposes (and conversely are not “independent contractors” for income tax withholding purposes). The Solid Waste Commission Chairman receives payments for his services, including yearly bonuses paid to all employees. These payments have been recorded as an other expense and have not had state and federal payroll taxes taken out.

Recommendation – The Commissioner should be paid through the County's payroll to ensure the proper state and federal taxes are withheld.

Response – The topic of Commission Chairman being placed on the County’s payroll to ensure the proper state and federal taxes are withheld will be placed on the January 2021 agenda for discussion and approval.

Conclusion – Response accepted.

Jones County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy  
Gwen D. Fangman, CPA, Manager  
Jesse J. Harthan, Senior Auditor II  
William J. Sallen, CPA, Staff Auditor  
Matthew R. Baumhover, Assistant Auditor