



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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Des Moines, Iowa 50319-0006

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NEWS RELEASE

FOR RELEASE

June 23, 2021

Contact: Marlys Gaston
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$21,399,644 for the year ended June 30, 2020, a 23.1% increase over the prior year. Expenses for County operations for the year ended June 30, 2020 totaled \$16,079,883, a 17.3% increase over the prior year. The increase in revenues is primarily due to an increase in secondary road infrastructure contributed by the Iowa Department of Transportation. The increase in expenses is due, in part, to the issuance of two new revolving loans during the year.

AUDIT FINDINGS:

Sand reported two findings related to the receipt and expenditure of taxpayer funds. They are found on pages 84 through 88 of this report. The findings address the lack of segregation of duties. Sand provided the County with recommendations to address each of these findings.

The two findings discussed above are repeated from the prior year. The County Board of Supervisors and other County 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/>.

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

Jackson County



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Rob Sand
Auditor of State

June 9, 2021

Officials of Jackson County
Maquoketa, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Jackson County for the year ended June 30, 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 Jackson County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

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Jackson County

Officials

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



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Independent Auditor's Report

To the Officials of Jackson County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jackson County, Iowa, as of and for the year ended June 30, 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 Jackson County as of June 30, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 56 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

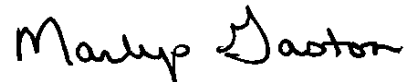
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 9, 2021 on our consideration of Jackson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jackson County's internal control over financial reporting and compliance.



Marlys K. Gaston CPA
Deputy Auditor of State

June 9, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2020 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 23.1%, or approximately \$4,015,000, from fiscal year 2019 to fiscal year 2020. Capital grants, contributions and restricted interest increased approximately \$2,441,000, operating grants, contributions and restricted interest increased approximately \$1,065,000 and property and other county tax increased approximately \$326,000. The increase in revenues was due, in part, to the increase in capital assets contributed by the Iowa Department of Transportation.
- Program expenses of the County's governmental activities were 17.3%, or approximately \$2,369,000, more in fiscal year 2020 than in fiscal year 2019. County environment and education expenses increased approximately \$1,900,000, nonprogram expenses increased approximately \$296,000 and mental health expenses increased approximately \$134,000. The increase in expenses for fiscal year 2020 is due, in part, to the county issuing two new revolving loans totaling \$540,000.
- The County's net position at June 30, 2020 increased 9.6% or approximately \$5,320,000, over the June 30, 2019 balance.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2020	2019
Current and other assets	\$ 19,692	18,726
Capital assets	53,623	49,017
Total assets	73,315	67,743
Deferred outflows of resources	1,754	1,259
Long-term liabilities	5,373	5,057
Other liabilities	457	904
Total liabilities	5,830	5,961
Deferred inflows of resources	8,202	7,324
Net position:		
Net investment in capital assets	53,623	49,017
Restricted	9,080	8,480
Unrestricted	(1,667)	(1,781)
Total net position	\$ 61,036	55,716

Net position of Jackson County's governmental activities increased 9.6% (approximately \$61 million compared to approximately \$56 million).

The largest portion of the County's net position is net investment in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment). This net position category increased approximately \$4,606,000, or 9.4%, over the prior year, primarily due to infrastructure assets contributed by the Iowa Department of Transportation.

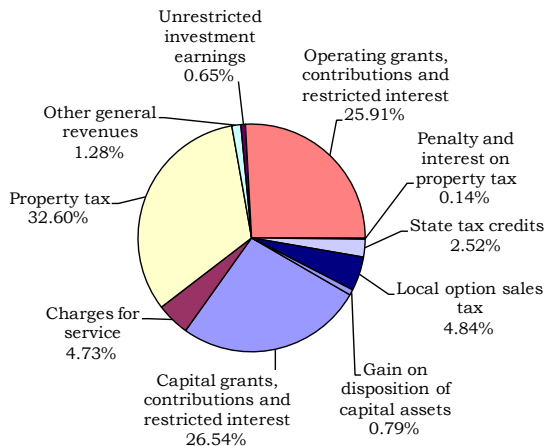
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$600,000, or 7.1%, over the prior year, primarily due to an increase in the amount available in the Secondary Roads Fund at year end.

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 \$1,781,000 at June 30, 2019 to a deficit of approximately \$1,667,000 at the end of this year. The deficit is due to recording the net pension and total OPEB liabilities, as required.

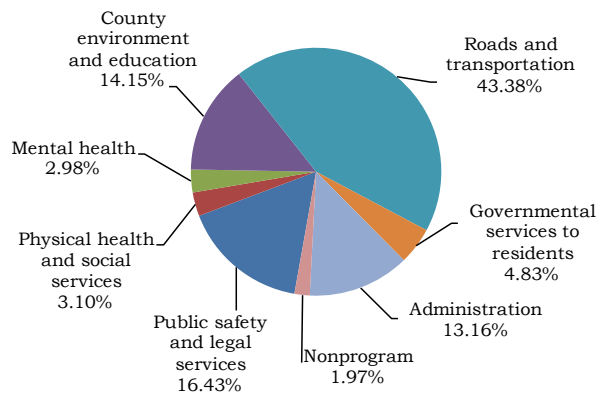
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2020	2019
Revenues:		
Program revenues:		
Charges for service	\$ 1,013	903
Operating grants, contributions and restricted interest	5,544	4,479
Capital grants, contributions and restricted interest	5,680	3,239
General revenues:		
Property tax	6,976	6,650
Penalty and interest on property tax	31	51
State tax credits	539	529
Local option sales tax	1,036	902
Unrestricted investment earnings	140	243
Gain on disposition of capital assets	170	128
Other general revenues	271	261
Total revenues	21,400	17,385
Program expenses:		
Public safety and legal services	2,642	2,523
Physical health and social services	499	415
Mental health	479	345
County environment and education	2,276	376
Roads and transportation	6,975	7,254
Governmental services to residents	777	694
Administration	2,116	2,084
Nonprogram	316	20
Total expenses	16,080	13,711
Change in net position	5,320	3,674
Net position beginning of year	55,716	52,042
Net position end of year	\$ 61,036	55,716

Revenues by Source



Expenses by Program



Jackson County's governmental activities net position increased approximately \$5,320,000 during the year. Revenues for governmental activities increased approximately \$4,015,000 over the prior year. Capital grants, contributions and restricted interest increased approximately \$2,441,000, or 75.4%, due to the County receiving bridge replacement funding and more assets contributed by the Iowa Department of Transportation and operating grants, contributions and restricted interest revenue increased approximately \$1,065,000 due, in part, to amounts due the revolving loan fund for new loans made during the year.

The County's property tax rates for fiscal year 2020 increased over the prior year from \$7.388 per \$1,000 of taxable valuation for fiscal year 2019 to \$7.5077 per \$1,000 of taxable valuation in fiscal year 2020. The property tax revenue increased approximately \$326,000.

The cost of all governmental activities this year was approximately \$16.1 million compared to approximately \$13.7 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$3,843,000, because some of the cost was paid by those directly benefited from the programs (approximately \$1,013,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$11,224,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2020 from approximately \$8,621,000 to approximately \$12,237,000, principally due to an increase in capital grants, contributions and restricted interest for infrastructure assets contributed by the Iowa Department of Transportation during fiscal year 2020.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jackson County completed the year, its governmental funds reported a combined fund balance of approximately \$10,463,000, an increase of approximately \$400,000 above last year's total of approximately \$10,063,000. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$41,000, or less than 1%, from the prior year. Expenditures decreased approximately \$518,000, primarily due to capital improvements at the County fairgrounds during fiscal year 2019. The General Fund also included the Drug Free Communities Grant which received and expended approximately \$155,000 during the year. The ending fund balance increased \$440,823 to \$3,679,622.
- For fiscal year 2020, the County assessed a property tax levy of \$0.26206 per \$1,000 of taxable valuation for the Special Revenue, Mental Health fund which resulted in property tax revenue of \$280,417. The County did not assess a property tax levy for the Special Revenue, Mental health fund in fiscal year 2019. Expenditures increased approximately \$133,000, or 38.9%, over fiscal year 2019, primarily due to the distribution to the region which did not occur in fiscal year 2019. The Special Revenue, Mental Health Fund balance at year end decreased \$168,136 from the prior year to \$314,020.
- The Special Revenue, Rural Services Fund ended fiscal year 2020 with a \$1,199,503 balance compared to the prior year ending balance of \$1,080,438. Revenues increased approximately \$43,000 over the prior year, primarily due to an increase in local option sales tax collections. Expenditures decreased approximately \$51,000, primarily due to the purchase of a vehicle in fiscal year 2019 and no similar purchases in fiscal year 2020.

- Special Revenue, Secondary Roads Fund revenues increased approximately \$614,000, due primarily to the receipt of approximately \$337,000 from the Iowa Department of Transportation for a bridge preplacement project and an increase of approximately \$101,000 in local option sales tax collections. Expenditures decreased approximately \$123,000, or 1.9%, from the prior year due to a decrease in snow removal and equipment repairs, which were offset by the bridge replacement project. The Secondary Roads Fund ended fiscal year 2020 with a \$3,832,630 balance compared to the prior year ending balance of \$3,205,294.
- The Special Revenue, Jackson County Revolving Loan Fund ended fiscal year 2020 with a \$842,831 balance compared to the prior year ending balance of \$1,239,746. The decrease is due to the County issuing two new loans totaling \$540,000 during fiscal year 2020.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jackson County amended its budget three times. The first amendment was made September 10, 2019 and resulted in increases in budgeted disbursements related primarily to the return of a jail donation due to the stipulations of the donation were not met. The second amendment was January 7, 2020 and resulted in increases in budgeted disbursements related primarily to county environment and education for FEMA projects, roads and transportation for bridge and culvert repairs and capital projects for secondary road capital projects. The final budget amendment was made on May 12, 2020 and resulted in an increase in budgeted disbursements related primarily to the roads and transportation, for equipment, bridge inspections and a shed project and capital projects for ongoing secondary roads project and bank restoration.

The County's receipts were \$266,332 more than budgeted, a 1.8% variance. Property and other county tax, interest and penalty on property tax, intergovernmental and use of money and property were higher than budgeted while miscellaneous receipts were lower than budgeted.

Total disbursements were \$1,792,641 less than the amended budget. Actual disbursements for the county environment and education, administration and capital projects functions were \$418,057, \$336,418 and \$301,733, respectively, less than budgeted. Disbursements for county environment and education were less than anticipated due to the FEMA projects not completed at June 30, 2020. Administration disbursements were less than budgeted, due in part to information tech services and expenses for the GIS system less than anticipated. Capital projects disbursements were under budget due to capital projects progressing slower than expected.

The County did not exceed the budgeted amounts for the year ended June 30, 2020. However, one department exceeded its appropriation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, Jackson County had approximately \$53.6 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$4,606,000, or 9.4%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2020	2019
Land	\$ 3,292	3,292
Intangibles	1,836	1,836
Construction in progress	2,306	1,509
Buildings and improvements	3,719	3,738
Equipment and vehicles	4,047	3,901
Infrastructure	38,423	34,741
Total	\$ 53,623	49,017

The County had depreciation expense of \$1,910,168 in fiscal year 2020 and total accumulated depreciation of \$30,726,337 at June 30, 2020.

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

Long-Term Debt

At June 30, 2020, Jackson County had no outstanding long-term debt.

The County does not carry a general obligation bond rating assigned by national rating agencies since it has not issued any general obligation bonds for a number of years. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Jackson County's general obligation constitutional debt limit is approximately \$94 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Jackson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County at June 30, 2020 stands at 8.3% versus 2.7% a year ago. This compares with the State's unemployment rate of 7.1% and the national rate of 11.1%.

These indicators were taken into account when adopting the budget for fiscal year 2021. Revenues available in the operating budget are approximately \$15.7 million, which is approximately \$649,000 more than the final fiscal year 2020 budget. Property tax and intergovernmental receipts are expected to increase approximately \$487,000 or 7.1%, due, in part, to an increase in the County MHDS debt service levy. The approximate \$16.4 million of budgeted disbursements is approximately \$983,000 less than the final fiscal year 2020 budget. Decreased capital project costs accounts for the largest change. The County has added no major new programs or initiatives to the fiscal year 2021 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$804,000 by the close of fiscal year 2021.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Jackson County

Basic Financial Statements

Exhibit A

Jackson County
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 9,697,671
Receivables:	
Property tax:	
Delinquent	91,520
Succeeding year	7,272,000
Interest and penalty on property tax	11,552
Accounts	28,479
Accrued interest	150
Revolving loans	1,200,490
Due from other governments	734,680
Inventories	527,716
Prepaid insurance	127,989
Capital assets not being depreciated	7,433,317
Capital assets, net of accumulated depreciation	<u>46,189,250</u>
Total assets	<u>73,314,814</u>
Deferred Outflows of Resources	
Pension related deferred outflows	936,561
OPEB related deferred outflows	<u>817,278</u>
Total deferred outflows of resources	<u>1,753,839</u>
Liabilities	
Accounts payable	156,173
Salaries and benefits payable	272,297
Due to other governments	28,760
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	220,553
Total OPEB Liability	26,047
Portion due or payable after one year:	
Compensated absences	129,289
Net pension liability	2,827,500
Total OPEB Liability	<u>2,169,415</u>
Total liabilities	<u>5,830,034</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	7,272,000
Pension related deferred inflows	780,271
OPEB related deferred inflows	<u>150,148</u>
Total deferred inflows of resources	<u>8,202,419</u>
Net Position	
Net investment in capital assets	53,622,567
Restricted for:	
Supplemental levy purposes	958,379
Mental health purposes	301,989
Rural services purposes	1,178,525
Secondary roads purposes	3,688,001
Revolving loans	2,043,321
Other purposes	909,990
Unrestricted	<u>(1,666,572)</u>
Total net position	<u>\$ 61,036,200</u>

See notes to financial statements.

Jackson County
Statement of Activities
Year ended June 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,642,375	89,735	25,205	-	(2,527,435)
Physical health and social services	499,383	40,725	111,244	-	(347,414)
Mental health	479,025	932	131	-	(477,962)
County environment and education	2,275,706	263,070	978,082	12,338	(1,022,216)
Roads and transportation	6,974,821	91,505	4,429,711	5,667,438	3,213,833
Governmental services to residents	777,292	455,497	-	-	(321,795)
Administration	2,115,586	71,615	-	-	(2,043,971)
Nonprogram	315,695	-	-	-	(315,695)
Total	\$ 16,079,883	1,013,079	5,544,373	5,679,776	- (3,842,655)
General Revenues:					
Property and other county tax levied for general purposes					6,976,400
Penalty and interest on property tax					30,647
State tax credits					539,354
Local option sales tax					1,036,374
Unrestricted investment earnings					140,226
Gain on disposition of capital assets					170,389
Rent					223,572
Miscellaneous					45,454
Total general revenues					9,162,416
Change in net position					5,319,761
Net position beginning of year					55,716,439
Net position end of year					\$ 61,036,200

See notes to financial statements.

Jackson County
Balance Sheet
Governmental Funds

June 30, 2020

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 3,733,337	331,137	1,170,920
Receivables:			
Property tax:			
Delinquent	59,699	6,983	24,838
Succeeding year	4,688,000	548,000	2,036,000
Interest and penalty on property tax	11,552	-	-
Accounts	22,627	932	1,070
Accrued interest	145	-	-
Revolving loans	-	-	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
Due from other governments	9,858	-	42,495
Inventories	-	-	-
Prepaid insurance	101,481	-	-
Total assets	\$ 8,626,699	887,052	3,275,323
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 41,040	17,185	1,005
Salaries and benefits payable	141,746	4,076	31,877
Due to other funds	2,255	-	304
Due to other governments	26,817	1,665	-
Advances from other funds	24,313	-	-
Total liabilities	236,171	22,926	33,186
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,688,000	548,000	2,036,000
Other	22,906	2,106	6,634
Total deferred inflows of resources	4,710,906	550,106	2,042,634
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	101,481	-	-
Restricted for:			
Supplemental levy purposes	884,471	-	-
Mental health purposes	-	314,020	-
Rural services purposes	-	-	1,199,503
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	263,006	-	-
Capital projects	-	-	-
Jackson County revolving loans	-	-	-
Other purposes	91,626	-	-
Assigned for:			
Jackson County Farm	167,318	-	-
Attorney collection incentive	46,584	-	-
Community drill	11,225	-	-
Other purposes	70,551	-	-
Unassigned	2,043,360	-	-
Total fund balances	3,679,622	314,020	1,199,503
Total liabilities, deferred inflows of resources and fund balances	\$ 8,626,699	887,052	3,275,323

See notes to financial statements.

Revenue			
Secondary Roads	Jackson County Revolving Loan	Nonmajor	Total
2,792,847	818,518	582,801	9,429,560
-	-	-	91,520
-	-	-	7,272,000
-	-	-	11,552
3,850	-	-	28,479
-	-	3	148
-	1,200,490	-	1,200,490
2,586	-	-	2,586
-	24,313	-	24,313
656,957	-	25,370	734,680
527,716	-	-	527,716
26,508	-	-	127,989
4,010,464	2,043,321	608,174	19,451,033
86,283	-	10,660	156,173
91,273	-	3,325	272,297
-	-	27	2,586
278	-	-	28,760
-	-	-	24,313
177,834	-	14,012	484,129
-	-	-	7,272,000
-	1,200,490	-	1,232,136
-	1,200,490	-	8,504,136
527,716	-	-	527,716
26,508	-	-	127,989
-	-	-	884,471
-	-	-	314,020
-	-	-	1,199,503
3,278,406	-	-	3,278,406
-	-	135,327	135,327
-	-	-	263,006
-	-	151,975	151,975
-	842,831	-	842,831
-	-	306,860	398,486
-	-	-	167,318
-	-	-	46,584
-	-	-	11,225
-	-	-	70,551
-	-	-	2,043,360
3,832,630	842,831	594,162	10,462,768
4,010,464	2,043,321	608,174	19,451,033

Jackson County

Jackson County

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

June 30, 2020

Total governmental fund balances (page 21) \$ 10,462,768

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$84,348,904 and the accumulated depreciation is \$30,726,337. 53,622,567

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. 1,232,136

The Internal Service Funds are used by management to charge the costs of partial self-funding of the County's health and dental plans to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. 268,113

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	\$ 1,753,839	
Deferred inflows of resources	<u>(930,419)</u>	823,420

Compensated absences payable, net pension liability and total OPEB liability payable are not due and payable in the current year and, therefore, are not reported in the governmental funds. (5,372,804)

Net position of governmental activities (page 18) \$ 61,036,200

See notes to financial statements.

Jackson 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	\$ 4,631,442	280,417	2,040,672
Local option sales tax	-	-	259,093
Interest and penalty on property tax	34,236	-	-
Intergovernmental	855,165	23,902	120,530
Licenses and permits	4,981	-	7,950
Charges for service	639,705	-	417
Use of money and property	332,903	-	-
Miscellaneous	124,931	932	7,328
Total revenues	6,623,363	305,251	2,435,990
Expenditures:			
Operating:			
Public safety and legal services	1,760,150	-	836,759
Physical health and social services	289,943	-	-
Mental health	-	473,387	-
County environment and education	1,123,632	-	321,096
Roads and transportation	-	-	-
Governmental services to residents	764,131	-	4,070
Administration	1,894,189	-	-
Capital projects	222,995	-	-
Total expenditures	6,055,040	473,387	1,161,925
Excess (deficiency) of revenues over (under) expenditures	568,323	(168,136)	1,274,065
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(127,500)	-	(1,155,000)
Total other financing sources (uses)	(127,500)	-	(1,155,000)
Change in fund balances	440,823	(168,136)	119,065
Fund balances beginning of year	3,238,799	482,156	1,080,438
Fund balances end of year	\$ 3,679,622	314,020	1,199,503

See notes to financial statements.

Revenue				
Secondary Roads	Jackson County Revolving Loan	Nonmajor		Total
-	-	-		6,952,531
777,281	-	-		1,036,374
-	-	-		34,236
4,895,727	-	83,012		5,978,336
27,685	-	14,600		55,216
61	-	30,294		670,477
-	96,857	29,150		458,910
63,761	46,228	105,477		348,657
5,764,515	143,085	262,533		15,534,737
-	-	13,145		2,610,054
-	-	199,621		489,564
-	-	-		473,387
-	540,000	74,672		2,059,400
5,926,494	-	-		5,926,494
-	-	273		768,474
-	-	-		1,894,189
390,685	-	300,000		913,680
6,317,179	540,000	587,711		15,135,242
(552,664)	(396,915)	(325,178)		399,495
1,180,000	-	102,500		1,282,500
-	-	-		(1,282,500)
1,180,000	-	102,500		-
627,336	(396,915)	(222,678)		399,495
3,205,294	1,239,746	816,840		10,063,273
3,832,630	842,831	594,162		10,462,768

Jackson County

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

Year ended June 30, 2020

Change in fund balances - Total governmental funds (page 25) \$ 399,495

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,144,188	
Capital assets contributed by the Iowa Department of Transportation	5,201,422	
Depreciation expense	<u>(1,910,168)</u>	4,435,442

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 170,389

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	23,869	
Other	<u>439,553</u>	463,422

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. 499,049

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	22,688	
OPEB expense	(168,032)	
Pension expense	<u>(607,894)</u>	(753,238)

Internal Service Funds are used by management to charge the costs of the partial self-funding of the County's health and dental plans to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities. 105,202

Change in net position of governmental activities (page 19) \$ 5,319,761

See notes to financial statements.

Jackson County
Statement of Net Position
Proprietary Funds

June 30, 2020

	<u>Internal Service-Employee Group Health</u>
Current Assets	
Cash and cash equivalents	\$ 268,111
Accrued interest receivable	<u>2</u>
Total assets	268,113
Current Liabilities	
None	<u>-</u>
Net Position	
Unrestricted	<u>\$ 268,113</u>

See notes to financial statements.

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

Year ended June 30, 2020

		<u>Internal Service-Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 235,883
Reimbursements from employees		<u>307</u>
Total operating revenues		236,190
Operating expenses:		
Medical claims	\$ 124,310	
Administrative fees	<u>8,423</u>	<u>132,733</u>
Operating income		103,457
Non-operating revenues:		
Interest income		<u>1,745</u>
Net income		105,202
Net position beginning of year		<u>162,911</u>
Net position end of year		<u><u>\$ 268,113</u></u>

See notes to financial statements.

Jackson County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2020

	Internal Service-Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds and employees	\$ 236,190
Cash paid to suppliers for medical claims, and administrative fees	<u>(132,733)</u>
Net cash provided by operating activities	103,457
Cash flows from investing activities:	
Interest on investments	<u>2,014</u>
Net increase in cash and cash equivalents	105,471
Cash and cash equivalents beginning of year	<u>162,640</u>
Cash and cash equivalents end of year	<u>\$ 268,111</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income and net cash provided by operating activities	<u>\$ 103,457</u>

See notes to financial statements.

Jackson County

Jackson County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2020

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 2,551,569
Other County officials	4,612
Receivables:	
Property tax:	
Delinquent	277,047
Succeeding year	22,134,000
Accounts	12,546
Accrued interest	1
Special assessments	1,615
Due from other governments	23,379
Total assets	<u>25,004,769</u>

Liabilities

Accounts payable	7,923
Salaries and benefits payable	16,611
Due to other governments	24,953,835
Trusts payable	4,612
Compensated absences	21,788
Total liabilities	<u>25,004,769</u>
Net position	<u>\$ -</u>

See notes to financial statements.

Jackson County

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year, disbursements in one department exceeded the amount appropriated.

(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; and warrants or improvement certificates of a drainage district.

In addition, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$8,982,430. There were no limitations or restrictions on withdrawals for the IPAIT investments. The investment in IPAIT is unrated.

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

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

Due From and Due To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 2,255
	Special Revenue:	
	Rural Services	304
	Local Health	<u>27</u>
		<u>\$ 2,586</u>

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

Advances To and From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Jackson County Revolving Loan	General	<u>\$ 24,313</u>

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

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 25,000
	Special Revenue:	
	Rural Basic	<u>1,155,000</u>
		<u>1,180,000</u>
Public Health	General	<u>102,500</u>
Total		<u>\$ 1,282,500</u>

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

(5) Jackson County Revolving Loan Fund

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

Upon receipt of loan payments from the businesses, the funds remain in the Jackson County Revolving Loan Fund for subsequent loans to other businesses. If the program is dissolved, all monies and interest earned will revert to the County. During the year ended June 30, 2020, the County made two new loans totaling \$540,000.

Outstanding loans receivable of the Jackson County Revolving Loan Fund at June 30, 2020 are as follows:

Loaned to	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Balance June 30, 2020
T M Woodworks	April 6, 2004	\$ 255,000	4.0%	15 years	\$ 22,429
Sprague Small Engine Service	September 11, 2015	171,195	2.0	5 years	122,425
Martin Enterprises	November 18, 2015	160,000	2.0	15 years	121,907
Seven Hills Paving	November 21, 2016	222,300	2.0	5 years	181,321
DOT1 LLC (Blue 9)	August 31, 2017	275,000	2.0	10 years	245,641
Precision Metal Works	July 12, 2019	400,000	3.0	10 years	376,899
DOT1 LLC (Blue 9) #2	July 12, 2019	140,000	3.0	10 years	129,868
Total					<u>\$ 1,200,490</u>

The County advanced \$300,000 to the General Fund to assist in the financing of wastewater treatment facility improvements at the Jackson County Care Facility. The advance is being repaid by the General Fund. The balance outstanding at June 30, 2020 was \$24,313.

(6) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,291,517	-	-	3,291,517
Intangibles, road network	1,835,701	-	-	1,835,701
Construction in progress, road network	1,342,105	5,561,822	4,730,793	2,173,134
Construction in progress	166,975	92,220	126,230	132,965
Total capital assets not being depreciated	<u>6,636,298</u>	<u>5,654,042</u>	<u>4,857,023</u>	<u>7,433,317</u>
Capital assets being depreciated:				
Buildings	4,879,005	44,937	-	4,923,942
Improvements other than buildings	1,278,533	-	-	1,278,533
Equipment and vehicles	9,823,963	945,304	585,746	10,183,521
Infrastructure, road network	54,545,465	4,730,795	-	59,276,260
Infrastructure, other	1,253,331	-	-	1,253,331
Total capital assets being depreciated	<u>71,780,297</u>	<u>5,721,036</u>	<u>585,746</u>	<u>76,915,587</u>
Less accumulated depreciation for:				
Buildings	2,289,447	14,489	-	2,303,936
Improvements other than buildings	130,360	49,458	-	179,818
Equipment and vehicles	5,922,591	797,007	583,690	6,135,908
Infrastructure, road network	20,649,789	990,256	-	21,640,045
Infrastructure, other	407,672	58,958	-	466,630
Total accumulated depreciation	<u>29,399,859</u>	<u>1,910,168</u>	<u>583,690</u>	<u>30,726,337</u>
Total capital assets being depreciated, net	<u>42,380,438</u>	<u>3,810,868</u>	<u>2,056</u>	<u>46,189,250</u>
Governmental activities capital assets, net	<u>\$ 49,016,736</u>	<u>9,464,910</u>	<u>4,859,079</u>	<u>53,622,567</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 67,148
Physical health and social services	14,130
County environment and education	163,783
Roads and transportation	1,624,295
Governmental services to residents	450
Administration	<u>40,362</u>
Total depreciation expense - governmental activities	<u>\$ 1,910,168</u>

(7) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 26,817
Special Revenue:		
Mental Health	Services	1,665
Secondary Roads	Services	<u>278</u>
Total for governmental funds		<u>\$ 28,760</u>
Agency:		
County Assessor	Collections	\$ 1,217,773
Schools		13,839,919
Community Colleges		923,686
Corporations		5,361,483
Townships		384,340
County Hospital		1,036,701
911 Services		1,008,980
All other		<u>1,180,953</u>
Total for agency funds		<u>\$ 24,953,835</u>

(8) Long-Term Liabilities

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

	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 372,530	3,221,942	1,462,416	5,056,888
Increases	317,367	-	992,896	1,310,263
Decreases	<u>340,055</u>	<u>394,442</u>	<u>259,850</u>	<u>994,347</u>
Balance end of year	<u>\$ 349,842</u>	<u>2,827,500</u>	<u>2,195,462</u>	<u>5,372,804</u>
Due within one year	<u>\$ 220,553</u>	<u>-</u>	<u>26,047</u>	<u>246,600</u>

(9) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.51% 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% for a total rate of 16.52%.

The County’s contributions to IPERS for the year ended June 30, 2020 were \$499,049.

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 \$2,827,500 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 0.048829%, which was a decrease of 0.002085% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$607,894. 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	\$ 19,850	124,037
Changes of assumptions	414,833	103,854
Net difference between projected and actual earnings on IPERS' investments	-	465,175
Changes in proportion and differences between County contributions and the County's share of contributions proportionate	2,829	87,205
County contributions subsequent to the measurement date	499,049	-
Total	<u>\$ 936,561</u>	<u>780,271</u>

\$499,049 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
2020	\$ 24,569
2021	(154,126)
2022	(117,558)
2023	(86,935)
2024	(8,709)
Total	<u>\$ (342,759)</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 an economic assumption study date 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	100.0%	

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	\$ 5,921,328	2,827,500	233,178

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

Payables to IPERS – 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) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Active employees	<u>126</u>
Total	<u><u>130</u></u>

Total OPEB Liability – The County’s total OPEB liability of \$2,195,462 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	2.60% per annum.
Rates of salary increase (effective June 30, 2020)	3.25% per year, including inflation plus merit/productivity increases.
Discount rate (effective June 30, 2020)	2.66% compounded annually
Healthcare cost trend rate (effective June 30, 2020)	8.50% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.66% 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 Pub-2010 general headcount, public safety headcount and continuing survivor headcount, weighted mortality tables fully generational using Scale MP-2019.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 1,462,416</u>
Changes for the year:	
Service cost	133,190
Interest	53,854
Differences between expected and actual experiences	805,852
Changes in assumptions	(136,195)
Benefit payments	<u>(123,655)</u>
Net changes	<u>733,046</u>
Total OPEB liability end of year	<u>\$ 2,195,462</u>

Changes of assumptions reflect a change in the discount rate from 3.51% in fiscal year 2019 to 2.66% 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 (1.66%) or 1% higher (3.66%) than the current discount rate.

	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	\$ 2,300,214	2,195,462	2,092,223

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

	1% Decrease (7.50%)	Healthcare Cost Trend Rate (8.50%)	1% Increase (9.50%)
Total OPEB liability	\$ 2,018,298	2,195,462	2,403,320

OPEB Expense, 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 \$168,032. 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	\$ 797,206	27,743
Changes in assumptions	20,072	122,405
Total	<u>\$ 817,278</u>	<u>150,148</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	\$ 104,643
2022	104,643
2023	104,643
2024	104,643
2025	82,430
Thereafter	<u>166,128</u>
	<u>\$ 667,130</u>

(11) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2020 were \$191,065.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2020, no liability has been recorded in the County's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

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

The County entered into an administrative services agreement with SISCO to administer the employee partial self-funded health plan which provides comprehensive hospital and medical coverage for eligible employees and, if elected, their spouses and dependents. The agreement was effective July 1, 2019 and is subject to automatic renewal provisions. Monthly payments of service fees and plan contributions are recorded as expenditures in the operating funds at the time of payment to the Internal Service, Employee Partial Self-Funded Health Plan Fund maintained by the County Treasurer. Under the agreement, reimbursement of eligible deductible and coinsurance expenses to employees are processed by SISCO with payments from the Internal Service, Employee Partial Self-Funded Health Plan Fund.

(13) Jackson County Employee Self-Funded Dental Plan

The County entered into an administrative services agreement with SISCO to administer the employee self-funded dental plan which provides comprehensive dental coverage for eligible employees and, if elected, their spouses and dependents. The agreement was effective July 1, 2019 and is subject to automatic renewal provisions. Monthly payments of service fees and plan contributions are recorded as expenditures in the operating funds at the time of payment to the Internal Service, Employee Self-Funded Dental Plan Fund maintained by the County Treasurer. Under the agreement, deductible and coinsurance expenses are processed by SISCO with payments from the Internal Service, Employee Self-Funded Dental Plan Fund.

(14) Lease Agreements

On September 19, 2019, the County entered into a lease with Imagine the Possibilities, Inc., to lease the Jackson County Care Facility. The lease is for the period October 1, 2019 through September 30, 2022 and requires monthly rental payments of \$6,500.

The County entered into a five-year lease agreement with Peyton River on March 1, 2018 with an addendum dated April 19, 2019, to lease two fields. The lease for Field #1 (37 acres) commenced on March 1, 2018 and will expire on February 28, 2023. The lease for Field #2 (20.5 acres) commenced on March 1, 2020 and will expire on February 28, 2023. The agreements require annual rental payments of \$5,325 for Field #1 and \$2,901 for Field #2. The leases automatically renew upon expiration from year-to-year, upon the same terms and conditions.

On January 24, 2020, the County entered into a three-year lease agreement for 316.7 acres of farmland. The agreement commences March 1, 2020 and expires on February 28, 2023. The agreement requires an annual rental payment of \$96,000 payable on March 1, of each year. The lease automatically renews upon expiration from year-to-year, upon the same terms and conditions.

(15) Tax Abatements

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

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Bellevue	Urban renewal and economic development projects	\$ 31,306
City of Maquoketa	Urban renewal and economic development projects	3,920
City of Preston	Urban renewal and economic development projects	10,131

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

The Eastern Iowa Mental Health Disability Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Cedar County, Clinton County, Jackson County, Muscatine County and Scott County. The financial activity of Jackson County’s Special Revenue, Mental Health Fund is included in the Eastern Iowa Mental Health Disability Services Region for the year ended June 30, 2020, as follows:

Revenues:		
Property and other county tax		\$ 280,417
Intergovernmental revenue:		
State tax credits		23,902
Miscellaneous		932
Total revenues		<u>305,251</u>
Expenditures:		
Services to persons with:		
Mental illness	\$ 192,298	
Intellectual disabilities	48,383	
Other developmental disabilities	<u>11,811</u>	252,492
General administration:		
Direct administration	80,298	
Distribution to regional fiscal agent	<u>140,597</u>	<u>220,895</u>
Total expenditures		<u>473,387</u>
Excess of expenditures over revenues		(168,136)
Fund balance beginning of year		<u>482,156</u>
Fund balance end of year		<u>\$ 314,020</u>

(17) 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 Jackson County, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Jackson 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 Jackson County.

(18) 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.

(19) Subsequent Event

On January 4, 2021 the county approved the issuance of general obligation debt not to exceed \$5,900,000 for a new County Sheriff's office and jail.

Jackson County

Required Supplementary Information

Jackson County

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

Required Supplementary Information

Year ended June 30, 2020

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,903,576	-	7,903,576
Interest and penalty on property tax	27,607	-	27,607
Intergovernmental	5,765,466	-	5,765,466
Licenses and permits	49,235	-	49,235
Charges for service	656,896	-	656,896
Use of money and property	567,257	2,465	564,792
Miscellaneous	395,471	88,089	307,382
Total receipts	15,365,508	90,554	15,274,954
Disbursements:			
Public safety and legal services	2,611,531	-	2,611,531
Physical health and social services	490,480	-	490,480
Mental health	478,754	-	478,754
County environment and education	2,084,736	74,672	2,010,064
Roads and transportation	5,989,785	-	5,989,785
Governmental services to residents	759,748	-	759,748
Administration	1,890,875	-	1,890,875
Capital projects	1,420,357	-	1,420,357
Total disbursements	15,726,266	74,672	15,651,594
Excess (deficiency) of receipts over (under) disbursements	(360,758)	15,882	(376,640)
Other financing sources, net	536	-	536
Change in balances	(360,222)	15,882	(376,104)
Balance beginning of year	9,789,782	206,652	9,583,130
Balance end of year	\$ 9,429,560	222,534	9,207,026

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,769,503	7,769,503	134,073
3,900	3,900	23,707
5,399,374	5,676,404	89,062
41,960	41,960	7,275
636,373	636,373	20,523
496,254	496,254	68,538
384,228	384,228	(76,846)
<u>14,731,592</u>	<u>15,008,622</u>	<u>266,332</u>
2,808,663	2,824,663	213,132
478,739	552,319	61,839
596,085	596,085	117,331
2,087,668	2,428,121	418,057
5,994,249	6,280,549	290,764
811,240	813,115	53,367
2,223,693	2,227,293	336,418
1,591,979	1,722,090	301,733
<u>16,592,316</u>	<u>17,444,235</u>	<u>1,792,641</u>
(1,860,724)	(2,435,613)	2,058,973
25	25	511
<u>(1,860,699)</u>	<u>(2,435,588)</u>	<u>2,059,484</u>
<u>7,814,657</u>	<u>7,814,657</u>	<u>3,644,545</u>
<u>5,953,958</u>	<u>5,379,069</u>	<u>5,704,029</u>

Jackson County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2020

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 15,365,508	169,229	15,534,737
Expenditures	15,726,266	(591,024)	15,135,242
Net	(360,758)	760,253	399,495
Other financing sources, net	536	-	-
Beginning fund balances	9,789,782	273,491	10,063,273
Ending fund balances	\$ 9,429,560	1,033,208	10,462,768

See accompanying independent auditor's report.

Jackson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2020

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$851,919. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County 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. However, disbursements in one department exceeded the amount appropriated.

Jackson 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	0.048829%	0.050914%	0.055493%	0.055381%
County's proportionate share of the net pension liability	\$ 2,828	3,222	3,696	3,485
County's covered payroll	\$ 5,011	4,942	4,929	4,681
County's proportionate share of the net pension liability as a percentage of its covered payroll	56.44%	65.20%	74.98%	74.45%
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.

2016	2015
0.053408%	0.052120%
2,639	2,067
4,589	4,524
57.51%	45.69%
85.19%	87.61%

Jackson County

Schedule of County Contributions

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

Required Supplementary Information

	2020	2019	2018	2017
Statutorily required contribution	\$ 499	478	449	449
Contributions in relation to the statutorily required contribution	(499)	(478)	(449)	(449)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 5,252	5,011	4,942	4,929
Contributions as a percentage of covered payroll	9.50%	9.54%	9.09%	9.11%

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
427	418	412	384	351	300
(427)	(418)	(412)	(384)	(351)	(300)
-	-	-	-	-	-
4,681	4,589	4,524	4,338	4,220	4,099
9.12%	9.11%	9.11%	8.85%	8.32%	7.32%

Jackson 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.

Jackson County

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

For the Last Three Years
Required Supplementary Information

	2020	2019	2018
Service cost	\$ 133,190	123,993	92,946
Interest cost	53,854	56,330	45,487
Change of benefit terms	-	-	(65,102)
Difference between expected and actual experiences	805,852	(36,991)	161,149
Changes in assumptions	(136,195)	26,764	(5,658)
Benefit payments	(123,655)	(77,744)	(72,169)
Net change in total OPEB liability	733,046	92,352	156,653
Total OPEB liability beginning of year	1,462,416	1,370,064	1,213,411
Total OPEB liability end of year	\$ 2,195,462	1,462,416	1,370,064
Covered-employee payroll	\$ 5,187,377	5,084,054	4,789,264
Total OPEB liability as a percentage of covered-employee payroll	42.3%	28.8%	28.6%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

Jackson County

Supplementary Information

Jackson County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

				Special
	County Recorder's Records Management	Green Island Drainage Districts	Local Health	
Assets				
Cash, cash equivalents and pooled investments	\$ 24,788	135,327	25,087	
Accrued interest	1	-	-	
Due from other governments	-	-	25,370	
Total assets	\$ 24,789	135,327	50,457	
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	-	-	10,660	
Salaries and benefits payable	-	-	3,325	
Due to other funds	-	-	27	
Total liabilities	-	-	14,012	
Fund balances:				
Restricted for:				
Drainage purposes	-	135,327	-	
Capital projects	-	-	-	
Other purposes	24,789	-	36,445	
Total fund balances	24,789	135,327	36,445	
Total liabilities and fund balances	\$ 24,789	135,327	50,457	

See accompanying independent auditor's report.

Revenue				
Resource Enhancement and Protection	Friends of Jackson County Conservation	Pioneer Cemetery Trust	Capital Projects	Total
152,762	87,207	5,655	151,975	582,801
2	-	-	-	3
-	-	-	-	25,370
152,764	87,207	5,655	151,975	608,174
-	-	-	-	10,660
-	-	-	-	3,325
-	-	-	-	27
-	-	-	-	14,012
-	-	-	-	135,327
-	-	-	151,975	151,975
152,764	87,207	5,655	-	306,860
152,764	87,207	5,655	151,975	594,162
152,764	87,207	5,655	151,975	608,174

Jackson County

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

Year ended June 30, 2020

	County Recorder's Records Management	Green Island Drainage Districts	Special Local Health
Revenues:			
Intergovernmental	\$ -	-	64,972
Licenses and permits	-	-	14,600
Charges for service	4,169	-	26,125
Use of money and property	87	2,465	-
Miscellaneous	-	4,261	10,167
Total revenues	4,256	6,726	115,864
Expenditures:			
Operating:			
Public Safety and legal services	-	-	-
Physical health and social services	-	-	199,621
County environment and education	-	4,880	-
Governmental services to residents	273	-	-
Capital projects	-	-	-
Total expenditures	273	4,880	199,621
Excess (deficiency) of revenues over (under) expenditures	3,983	1,846	(83,757)
Other financing sources:			
Transfers in	-	-	102,500
Change in fund balances	3,983	1,846	18,743
Fund balances beginning of year	20,806	133,481	17,702
Fund balances end of year	\$ 24,789	135,327	36,445

See accompanying independent auditor's report.

Revenue						
Resource Enhancement and Protection	Friends of Jackson County Conservation	Emergency Training Grant	Pioneer Cemetery Trust	Capital Projects	Total	
12,116	-	5,924	-	-	83,012	
-	-	-	-	-	14,600	
-	-	-	-	-	30,294	
1,598	-	-	-	25,000	29,150	
-	83,828	7,221	-	-	105,477	
13,714	83,828	13,145	-	25,000	262,533	
-	-	13,145	-	-	13,145	
-	-	-	-	-	199,621	
-	69,792	-	-	-	74,672	
-	-	-	-	-	273	
-	-	-	-	300,000	300,000	
-	69,792	13,145	-	300,000	587,711	
13,714	14,036	-	-	(275,000)	(325,178)	
-	-	-	-	-	102,500	
13,714	14,036	-	-	(275,000)	(222,678)	
139,050	73,171	-	5,655	426,975	816,840	
152,764	87,207	-	5,655	151,975	594,162	

Jackson County

Jackson County
 Combining Schedule of Net Position
 Internal Service Funds

June 30, 2020

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Assets			
Cash and cash equivalents	\$ 210,852	57,259	268,111
Accrued interest receivable	2	-	2
Total assets	210,854	57,259	268,113
Liabilities			
None	-	-	-
Net Position			
Unrestricted	\$ 210,854	57,259	268,113

See accompanying independent auditor's report.

Schedule 4

Jackson County

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

Year ended June 30, 2020

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Operating revenues:			
Reimbursements from operating funds	\$ 169,444	66,439	235,883
Reimbursements from employees	-	307	307
Total operating revenues	169,444	66,746	236,190
Operating expenses:			
Medical claims	81,733	42,577	124,310
Administrative fees	5,997	2,426	8,423
Total operating expenses	87,730	45,003	132,733
Operating income	81,714	21,743	103,457
Non-operating revenues:			
Interest income	1,434	311	1,745
Net income	83,148	22,054	105,202
Net position beginning of year	127,706	35,205	162,911
Net position end of year	\$ 210,854	57,259	268,113

See accompanying independent auditor's report.

Jackson County
 Combining Schedule of Cash Flows
 Internal Service Funds

Year ended June 30, 2020

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Cash flows from operating activities:			
Cash received from operating funds and employees	\$ 169,444	66,746	236,190
Cash paid to suppliers for medical claims, and administrative fees	(87,730)	(45,003)	(132,733)
Net cash provided by operating activities	81,714	21,743	103,457
Cash flows from investing activities:			
Interest on investments	1,655	359	2,014
Net change in cash and cash equivalents	83,369	22,102	105,471
Cash and cash equivalents beginning of year	127,483	35,157	162,640
Cash and cash equivalents end of year	\$ 210,852	57,259	268,111
Reconciliation of operating income to net cash provided by operating activities:			
Operating income and net cash provided by operating activities	\$ 81,714	21,743	103,457

See accompanying independent auditor's report.

Jackson County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,006	533,857	119,586
Other County officials	4,612	-	-	-
Receivables:				
Property tax:				
Delinquent	-	2,977	9,065	172,333
Succeeding year	-	234,000	712,000	13,548,000
Accounts	-	-	14	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 4,612	238,983	1,254,936	13,839,919
Liabilities				
Accounts payable	\$ -	-	772	-
Salaries and benefits payable	-	-	14,603	-
Due to other governments	-	238,983	1,217,773	13,839,919
Trusts payable	4,612	-	-	-
Compensated absences	-	-	21,788	-
Total liabilities	\$ 4,612	238,983	1,254,936	13,839,919

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Auto License and Use Tax	911 Service Commission	Other	Total
9,177	46,084	3,002	8,784	659,966	979,542	189,565	2,551,569
-	-	-	-	-	-	-	4,612
11,509	62,399	4,338	12,917	-	-	1,509	277,047
903,000	5,253,000	377,000	1,015,000	-	-	92,000	22,134,000
-	-	-	-	-	12,532	-	12,546
-	-	-	-	-	1	-	1
-	-	-	-	-	-	1,615	1,615
-	-	-	-	-	23,379	-	23,379
923,686	5,361,483	384,340	1,036,701	659,966	1,015,454	284,689	25,004,769
-	-	-	-	-	6,474	677	7,923
-	-	-	-	-	-	2,008	16,611
923,686	5,361,483	384,340	1,036,701	659,966	1,008,980	282,004	24,953,835
-	-	-	-	-	-	-	4,612
-	-	-	-	-	-	-	21,788
923,686	5,361,483	384,340	1,036,701	659,966	1,015,454	284,689	25,004,769

Jackson County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2020

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Balances beginning of year	\$ 10,373	231,663	1,010,108	13,665,686
Additions:				
Property and other county tax	-	233,783	715,098	13,558,609
911 surcharge	-	-	-	-
State tax credits	-	24,256	49,955	1,442,654
Drivers license fees	-	-	-	-
Office fees and collections	500,448	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	72,570	-	-	-
Miscellaneous	-	-	1,339	6,913
Total additions	573,018	258,039	766,392	15,008,176
Deductions:				
Agency remittances:				
To other funds	183,599	-	-	-
To other governments	311,822	250,719	521,564	14,833,943
Trusts paid out	83,358	-	-	-
Total deductions	578,779	250,719	521,564	14,833,943
Balances end of year	\$ 4,612	238,983	1,254,936	13,839,919

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Auto License and Use Tax	911 Service Commission	Other	Total
1,066,758	5,333,625	370,333	1,012,765	545,866	946,526	298,673	24,492,376
901,897	5,266,932	376,826	1,015,457	-	-	171,648	22,240,250
-	-	-	-	-	59,197	-	59,197
111,048	716,347	32,077	105,712	-	-	7,749	2,489,798
-	-	-	-	96,515	-	-	96,515
-	-	-	-	-	-	-	500,448
-	-	-	-	7,162,757	-	-	7,162,757
-	-	-	-	-	-	26,413	26,413
-	-	-	-	-	-	169,831	242,401
496	1,871	91	480	-	155,599	213,143	379,932
1,013,441	5,985,150	408,994	1,121,649	7,259,272	214,796	588,784	33,197,711
-	-	-	-	211,856	-	421,256	816,711
1,156,513	5,957,292	394,987	1,097,713	6,933,316	145,868	181,512	31,785,249
-	-	-	-	-	-	-	83,358
1,156,513	5,957,292	394,987	1,097,713	7,145,172	145,868	602,768	32,685,318
923,686	5,361,483	384,340	1,036,701	659,966	1,015,454	284,689	25,004,769

Jackson County

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

For the Last Ten Years

	2020	2019	2018	2017
Revenues:				
Property and other county tax	\$ 6,952,531	6,649,135	6,527,216	6,598,146
Local option sales tax	1,036,374	901,739	935,079	906,342
Interest and penalty on property tax	34,236	49,523	51,778	55,133
Intergovernmental	5,978,336	5,245,376	5,507,255	5,291,726
Licenses and permits	55,216	47,781	53,793	54,037
Charges for service	670,477	601,151	670,688	605,913
Use of money and property	458,910	479,849	398,833	575,099
Miscellaneous	348,657	860,556	663,902	594,292
Total	\$ 15,534,737	14,835,110	14,808,544	14,680,688
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,610,054	2,480,338	2,337,069	2,261,167
Physical health and social services	489,564	395,689	255,349	258,939
Mental health	473,387	344,501	487,514	1,271,864
County environment and education	2,059,400	1,465,453	1,844,887	1,631,103
Roads and transportation	5,926,494	6,339,574	5,883,732	5,419,299
Governmental services to residents	768,474	694,088	661,637	811,987
Administration	1,894,189	1,900,375	1,870,824	1,731,417
Capital projects	913,680	1,186,961	668,705	779,153
Total	\$ 15,135,242	14,806,979	14,009,717	14,164,929

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
6,372,478	6,205,455	5,878,246	5,434,887	5,220,986	4,891,514
852,357	909,054	923,319	827,026	803,675	778,066
52,020	58,827	53,738	54,424	55,920	68,360
5,163,842	4,927,799	4,225,436	11,956,672	5,597,998	5,713,471
53,569	40,364	52,789	36,524	32,271	41,803
649,357	584,653	534,619	619,580	609,388	592,693
470,979	375,310	508,603	312,505	434,050	331,760
270,515	270,664	371,338	251,269	176,911	249,269
13,885,117	13,372,126	12,548,088	19,492,887	12,931,199	12,666,936
2,198,701	2,102,403	2,047,821	1,881,167	1,675,130	1,677,192
252,144	273,848	274,584	324,855	285,337	363,810
1,124,506	854,768	893,099	1,200,377	2,814,781	2,365,214
1,769,766	1,239,879	1,488,382	1,507,918	1,167,820	1,377,842
4,782,276	4,984,889	4,902,887	4,748,492	4,408,597	4,181,338
637,091	611,617	607,636	584,294	496,356	511,650
1,805,299	1,528,426	1,443,608	1,562,340	1,332,373	1,383,627
550,548	474,805	497,137	394,120	434,459	420,028
13,120,331	12,070,635	12,155,154	12,203,563	12,614,853	12,280,701



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

To the Officials of Jackson County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jackson County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 9, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

Compliance and Other Matters

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

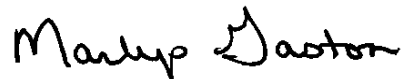
Jackson County's Responses to the Findings

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

Purpose of this Report

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

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



Marlys K. Gaston, CPA
Deputy Auditor of State

June 9, 2021

Jackson 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 to prevent losses from employee error or dishonesty and, maximizes the accuracy of the County's financial statements.

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

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

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

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

Jackson County

Schedule of Findings

Year ended June 30, 2020

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. These independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

Auditor – We have segregated the opening of mail, deposits and reconciling of those deposits using the new employee we hired in February 2020.

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

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

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

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

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

(B) Friends of Conservation

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

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

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

Jackson County

Schedule of Findings

Year ended June 30, 2020

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

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

Recommendation – Management of the Friends of Conservation should review control activities to obtain the maximum internal control possible under the circumstances. Management should utilize current personnel, to provide additional control through review of financial transactions, reconciliations and reports. These independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response – The Jackson County Treasurer's Office reconciles the Friends bank account.

Conclusion – Response acknowledged. Management of the Friends of Conservation should continue to review control activities to obtain the maximum internal control possible under the circumstances.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Jackson 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.

However, disbursements in one department exceeded the amount appropriated.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the amount appropriated.

Chapter 331.343(6) of the Code of Iowa authorized the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – The reason the appropriation was exceeded is due to the CDC sending out a late notice requiring the allotment to be spent by June 30, 2020, instead of the regular deadline of September 30, 2020. The County will continue to monitor the appropriations in the future.

Conclusion – Response accepted.

- (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) Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (5) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Mary Stickley, Auditor’s Office Deputy, owns Old Capital Cup Co. Inc.	Custodial and cleaning supplies	\$ 3,804
Mary Stickley, Auditor’s Office Deputy, husband owns Stickley Electric Service	Electrical parts and repair	4,416
Debbie Schroeder, Veteran Affairs Office, father-in-law owns Jim Schroeder Construction, Inc.	Bridge construction, per bid	115,150

Jackson County

Schedule of Findings

Year ended June 30, 2020

The transactions with Old Capital Cup Co. Inc., and Stickley Electric Service do not appear to represent a conflict of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since the total transactions were less than \$6,000 during the fiscal year.

In accordance with Chapter 331.342(2)(b) of the Code of Iowa, the transactions with Jim Schroeder Construction, Inc. do not appear to represent a conflict of interest since they were entered into through competitive bid.

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

Jackson County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy
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Kelly L. Hilton, Senior Auditor
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Brett A. Logsdon, Auditor Intern