



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Des Moines, Iowa 50319-0006
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Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE

March 28, 2022

Contact: Ernest Ruben
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$18,621,313 for the year ended June 30, 2021, a 13.0% decrease from the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$16,735,010, a 4.1% increase over the prior year. The significant decrease in revenues is primarily due to a decrease in secondary road infrastructure contributed by the Iowa Department of Transportation.

AUDIT FINDINGS:

Sand reported four findings related to the receipt and expenditure of taxpayer funds. They are found on pages 86 through 93 of this report. The findings address issues such as a lack of segregation of duties, business transactions and additional compensation not approved in accordance with Chapter 331.902(2) of the Code of Iowa. Sand provided the County with recommendations to address each of these findings.

One of the findings discussed above is 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, 2021

Jackson County



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Rob Sand
Auditor of State

March 17, 2022

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, 2021. 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
(Before January 2021)**

<u>Name</u>	<u>Title</u>	<u>Term 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

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mike Steines	Board of Supervisors	Jan 2025
Larry McDevitt	Board of Supervisors	Jan 2023
John J. Willey	Board of Supervisors	Jan 2023
Alisa Smith	County Auditor	Jan 2025
Beth Gerlach	County Treasurer	Jan 2023
Arlene Schauf	County Recorder	Jan 2023
Brent Kilburg	County Sheriff	Jan 2025
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, 2021, 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, 2021, 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.

Emphasis of a Matter

As discussed in Note 18 to the financial statements, Jackson County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 54 through 63 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, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2022 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
Chief Deputy Auditor of State

March 17, 2022

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, 2021. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities, during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated \$2,603,254 to retroactively report in accordance with the GASBS.
- Revenues of the County's governmental activities decreased 13.0%, or approximately \$2,780,000, from fiscal year 2020 to fiscal year 2021. Capital grants, contributions and restricted interest decreased approximately \$4,031,000, operating grants, contributions and restricted interest increased approximately \$386,000 and property and other county tax increased approximately \$451,000. The decrease in revenues was due, in part, to the decrease in capital assets contributed by the Iowa Department of Transportation.
- Program expenses of the County's governmental activities were 4.1%, or approximately \$654,000, more in fiscal year 2021 than in fiscal year 2020. Roads and transportation expenses increased approximately \$920,000, public safety and legal services expenses increased approximately \$301,000, while county environment and education expenses decreased approximately \$301,000.
- The County's net position at June 30, 2021 increased 3.1% or approximately \$1,886,000, over the June 30, 2020 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 (Custodial 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 Custodial Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefitting the County.

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, 3) the Debt Service Fund and 4) 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 custodial capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Custodial Funds that account for emergency management services and the County Assessor, to name a few.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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,	
	2021	2020
Current and other assets	\$ 22,018	19,692
Capital assets	53,918	53,623
Total assets	75,936	73,315
Deferred outflows of resources	1,807	1,754
Long-term liabilities	6,531	5,373
Other liabilities	656	457
Total liabilities	7,187	5,830
Deferred inflows of resources	7,634	8,202
Net position:		
Net investment in capital assets	53,918	53,623
Restricted	10,688	9,080
Unrestricted	(1,684)	(1,667)
Total net position	\$ 62,922	61,036

Net position of Jackson County's governmental activities increased 3.1% (approximately \$63 million compared to approximately \$61 million).

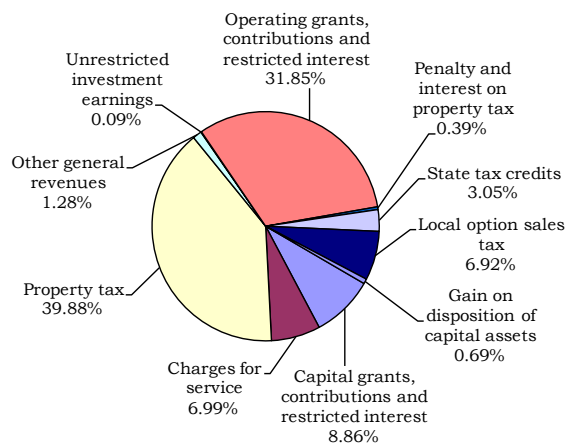
The largest portion of the County's net position is net investment in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment). This net position category increased approximately \$295,000, or 0.6%, over the prior year.

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 \$1,608,000, or 17.7%, over the prior year, primarily due to an increase in the amount available in the Secondary Roads, Rural Services and Capital Projects Funds at year end.

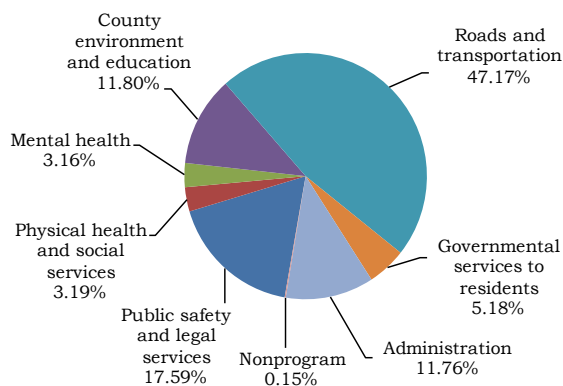
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from a deficit of approximately \$1,667,000 at June 30, 2020 to a deficit of approximately \$1,684,000 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,	
	2021	2020
Revenues:		
Program revenues:		
Charges for service	\$ 1,302	1,013
Operating grants, contributions and restricted interest	5,930	5,544
Capital grants, contributions and restricted interest	1,649	5,680
General revenues:		
Property tax	7,427	6,976
Penalty and interest on property tax	73	31
State tax credits	567	539
Local option sales tax	1,289	1,036
Unrestricted investment earnings	16	140
Gain on disposition of capital assets	128	170
Other general revenues	239	271
Total revenues	18,620	21,400
Program expenses:		
Public safety and legal services	2,943	2,642
Physical health and social services	533	499
Mental health	528	479
County environment and education	1,975	2,276
Roads and transportation	7,895	6,975
Governmental services to residents	867	777
Administration	1,968	2,116
Nonprogram	25	316
Total expenses	16,734	16,080
Change in net position	1,886	5,320
Net position beginning of year	61,036	55,716
Net position end of year	\$ 62,922	61,036

Revenues by Source



Expenses by Program



Jackson County's governmental activities net position increased approximately \$1,886,000 during the year. Revenues for governmental activities decreased approximately \$2,780,000 from the prior year. Capital grants, contributions and restricted interest decreased approximately \$4,031,000, or 71.0%, due to the County receiving fewer assets contributed by the Iowa Department of Transportation and operating grants, contributions and restricted interest revenue increased approximately \$386,000 due to the Coronavirus Relief Funds received.

The County's property tax rates for fiscal year 2021 increased over the prior year from \$7.5077 per \$1,000 of taxable valuation for fiscal year 2020 to \$7.7991 per \$1,000 of taxable valuation in fiscal year 2021, resulting in an increase in property and other county tax revenue approximately \$451,000. The total Jackson County taxable property valuation for property tax payable in fiscal year 2022 increased approximately \$36,494,000. The tax levy rate is set to decrease \$0.1163 per \$1,000 of taxable valuation. Property tax revenue is budgeted to increase approximately \$138,000 next year.

The cost of all governmental activities this year was approximately \$16.7 million compared to approximately \$16.1 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$7,853,000, because some of the cost was paid by those directly benefited from the programs (approximately \$1,302,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$7,579,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2021 from approximately \$12,237,000 to approximately \$8,881,000, principally due to a decrease in capital grants, contributions and restricted interest for infrastructure assets contributed by the Iowa Department of Transportation.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jackson County completed the year, its governmental funds reported a combined fund balance of approximately \$12,516,000, an increase of approximately \$2,053,000 above last year's total of approximately \$10,463,000. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$437,000, or about 6.6%, over the prior year, primarily due to federal aid through the Coronavirus Relief Program. Expenditures increased approximately \$24,000, or less than 1% over the prior year. The ending fund balance increased approximately \$483,000 to \$4,163,000.
- The Special Revenue, Mental Health Fund revenues increased 101.9%, or approximately \$311,000, over the prior year, primarily due to an increase in the assessed property tax levy from \$0.2621 per \$1,000 of taxable valuation for fiscal year 2020 to \$0.5161 per \$1,000 of taxable valuation for fiscal year 2021. Expenditures increased approximately \$42,000, or 8.9%, over fiscal year 2020. The Special Revenue, Mental Health Fund balance at year end decreased approximately \$101,000 from the prior year to approximately \$415,000.
- The Special Revenue, Rural Services Fund ended fiscal year 2021 with an ending balance of approximately \$1,475,00 compared to the prior year ending balance of approximately \$1,200,000. Revenues increased approximately \$230,000 over the prior year, primarily due to the receipt of Coronavirus Relief Funds. Expenditures increased approximately \$13,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$387,000, due primarily to the receipt of approximately \$32,000 for a FEMA reimbursement and an increase of approximately \$189,000 in local option sales tax collections. Expenditures increased approximately \$217,000, or 3.4%, over the prior year due to an increase in project costs. The Secondary Roads Fund ended fiscal year 2021 with a balance of approximately \$4,690,000 compared to the prior year ending balance of approximately \$3,833,000.
- The Special Revenue, Jackson County Revolving Loan Fund ended fiscal year 2021 with a balance of approximately \$802,000 compared to the prior year ending balance of approximately \$843,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jackson County amended its budget two times. The first amendment was made April 6, 2021 and resulted in increases in budgeted disbursements related primarily to additional patching and bridge expenses in roads and transportation. The second amendment was May 25, 2021 and resulted in increases in budgeted operating transfers in and operating transfers out related to the capital projects funds, primarily for work on the new jail bond project.

The County's receipts were \$757,286 more than budgeted, a 4.7% variance. Property and other county tax, interest and penalty on property tax, miscellaneous and use of money and property were higher than budgeted while intergovernmental receipts were lower than budgeted.

Total disbursements were \$2,349,041 less than the amended budget. Actual disbursements for the county environment and education, administration and capital projects functions were \$519,107, \$311,985 and \$502,910, respectively, less than budgeted. Disbursements for county environment and education were less than anticipated due to the FEMA projects not completed at June 30, 2021. Roads and transportation disbursements were less than budgeted, due in part to fewer road operations costs. 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, 2021.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, Jackson County had approximately \$53.9 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 \$295,000, or less than 1%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2021	2020
Land	\$ 3,292	3,292
Intangibles	1,836	1,836
Construction in progress	488	2,306
Buildings and improvements	3,601	3,719
Equipment and vehicles	4,139	4,047
Infrastructure	40,562	38,423
Total	\$ 53,918	53,623

The County had depreciation expense of \$2,218,570 in fiscal year 2021 and total accumulated depreciation of \$32,413,325 at June 30, 2021.

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

Long-Term Debt

At June 30, 2021, Jackson County had no outstanding long-term debt.

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 2022 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, 2021 stands at 5.0% versus 8.3% a year ago. This compares with the State's unemployment rate of 4.0% and the national rate of 5.9%.

These indicators were taken into account when adopting the budget for fiscal year 2022. Amounts available for appropriation (i.e., beginning balance plus revenues) are approximately \$23,826,000 million, a 1.5% increase over the final fiscal year 2021 budget. The approximate \$17,851,000 of budgeted disbursements is approximately \$660,000 more than the final fiscal year 2021 budget. Increased capital project costs accounts for the largest change. The County has added no major new programs or initiatives to the fiscal year 2022 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$1,602,000 by the close of fiscal year 2022.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Exhibit A

Jackson County
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 11,742,546
Receivables:	
Property tax:	
Delinquent	4,008
Succeeding year	7,279,000
Interest and penalty on property tax	10,092
Accounts	246,969
Accrued interest	87
Revolving loans	1,252,792
Due from other governments	797,976
Inventories	535,807
Prepaid insurance	149,616
Capital assets not being depreciated	5,615,695
Capital assets, net of accumulated depreciation	<u>48,302,086</u>
Total assets	<u>75,936,674</u>
Deferred Outflows of Resources	
Pension related deferred outflows	1,058,870
OPEB related deferred outflows	<u>748,573</u>
Total deferred outflows of resources	<u>1,807,443</u>
Liabilities	
Accounts payable	302,285
Salaries and benefits payable	292,087
Due to other governments	61,707
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	298,047
Total OPEB Liability	135,033
Portion due or payable after one year:	
Compensated absences	138,226
Net pension liability	3,641,108
Total OPEB Liability	<u>2,318,913</u>
Total liabilities	<u>7,187,406</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	7,279,000
Pension related deferred inflows	227,516
OPEB related deferred inflows	<u>127,692</u>
Total deferred inflows of resources	<u>7,634,208</u>
Net Position	
Net investment in capital assets	53,917,781
Restricted for:	
Supplemental levy purposes	1,139,516
Mental health purposes	405,605
Rural services purposes	1,419,662
Secondary roads purposes	4,525,306
Revolving loans	2,054,369
Other purposes	1,143,913
Unrestricted	<u>(1,683,649)</u>
Total net position	<u>\$ 62,922,503</u>

See notes to financial statements.

Jackson County
Statement of Activities
Year ended June 30, 2021

		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	
Expenses					
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,943,175	111,900	356,366	-	(2,474,909)
Physical health and social services	533,350	46,801	160,705	-	(325,844)
Mental health	528,468	351	8,142	-	(519,975)
County environment and education	1,974,879	278,534	599,035	116,442	(980,868)
Roads and transportation	7,895,296	300,008	4,778,259	1,532,324	(1,284,705)
Governmental services to residents	867,339	487,317	27,765	-	(352,257)
Administration	1,967,573	77,516	-	-	(1,890,057)
Nonprogram	24,930	-	-	-	(24,930)
Total	\$ 16,735,010	1,302,427	5,930,272	1,648,766	(7,853,545)
General Revenues:					
Property and other county tax levied for general purposes					7,427,279
Penalty and interest on property tax					73,395
State tax credits					566,732
Local option sales tax					1,288,540
Unrestricted investment earnings					16,167
Gain on disposition of capital assets					127,653
Rent					197,665
Miscellaneous					42,417
Total general revenues					9,739,848
Change in net position					1,886,303
Net position beginning of year					61,036,200
Net position end of year					\$ 62,922,503

See notes to financial statements.

Jackson County
Balance Sheet
Governmental Funds

June 30, 2021

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 4,191,476	433,569	1,463,355
Receivables:			
Property tax:			
Delinquent	2,711	224	878
Succeeding year	4,509,000	372,000	2,066,000
Interest and penalty on property tax	10,092	-	-
Accounts	21,620	-	2,685
Accrued interest	84	-	-
Revolving loans	-	-	-
Due from other funds	-	-	-
Due from other governments	87,198	-	47,836
Inventories	-	-	-
Prepaid insurance	122,896	-	-
Total assets	\$ 8,945,077	805,793	3,580,754
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 48,137	13,566	5,818
Salaries and benefits payable	152,892	4,394	29,866
Due to other funds	4,211	-	-
Due to other governments	55,547	965	3,089
Total liabilities	260,787	18,925	38,773
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,509,000	372,000	2,066,000
Other	12,309	206	833
Total deferred inflows of resources	4,521,309	372,206	2,066,833
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	122,896	-	-
Restricted for:			
Supplemental levy purposes	1,053,697	-	-
Mental health purposes	-	414,662	-
Rural services purposes	-	-	1,475,148
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	344,189	-	-
Debt service	-	-	-
Capital projects	-	-	-
Jackson County revolving loans	-	-	-
Other purposes	104,813	-	-
Assigned for:			
Capital projects	-	-	-
Jackson County Farm	210,207	-	-
Attorney collection incentive	54,404	-	-
Community drill	14,306	-	-
Other purposes	132,973	-	-
Unassigned	2,125,496	-	-
Total fund balances	4,162,981	414,662	1,475,148
Total liabilities, deferred inflows of resources and fund balances	\$ 8,945,077	805,793	3,580,754

See notes to financial statements.

Revenue			
Secondary Roads	Jackson County Revolving Loan	Nonmajor	Total
3,487,968	801,577	1,065,430	11,443,375
-	-	195	4,008
-	-	332,000	7,279,000
-	-	-	10,092
191,630	-	31,034	246,969
-	-	1	85
-	1,252,792	-	1,252,792
4,211	-	-	4,211
646,453	-	16,489	797,976
535,807	-	-	535,807
26,720	-	-	149,616
4,892,789	2,054,369	1,445,149	21,723,931
99,333	-	135,431	302,285
101,211	-	3,724	292,087
-	-	-	4,211
624	-	1,482	61,707
201,168	-	140,637	660,290
-	-	332,000	7,279,000
1,874	1,252,792	180	1,268,194
1,874	1,252,792	332,180	8,547,194
535,807	-	-	535,807
26,720	-	-	149,616
-	-	-	1,053,697
-	-	-	414,662
-	-	-	1,475,148
4,127,220	-	-	4,127,220
-	-	137,345	137,345
-	-	-	344,189
-	-	15	15
-	-	176,975	176,975
-	801,577	-	801,577
-	-	387,200	492,013
-	-	270,797	270,797
-	-	-	210,207
-	-	-	54,404
-	-	-	14,306
-	-	-	132,973
-	-	-	2,125,496
4,689,747	801,577	972,332	12,516,447
4,892,789	2,054,369	1,445,149	21,723,931

Jackson County

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

June 30, 2021

Total governmental fund balances (page 19) \$ 12,516,447

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 \$86,301,106 and the accumulated depreciation is \$32,383,325.

53,917,781

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.

1,268,194

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.

299,173

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	\$ 1,807,443	
Deferred inflows of resources	<u>(355,208)</u>	1,452,235

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.

(6,531,327)

Net position of governmental activities (page 16) **\$ 62,922,503**

See notes to financial statements.

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

Year ended June 30, 2021

		Special	
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 4,796,867	561,034	2,092,396
Local option sales tax	-	-	322,135
Interest and penalty on property tax	68,480	-	-
Intergovernmental	998,264	54,902	235,327
Licenses and permits	4,420	-	12,425
Charges for service	782,583	-	600
Use of money and property	213,144	-	-
Miscellaneous	196,490	351	2,879
Total revenues	7,060,248	616,287	2,665,762
Expenditures:			
Operating:			
Public safety and legal services	1,951,046	-	826,165
Physical health and social services	251,910	-	-
Mental health	-	515,645	-
County environment and education	1,130,916	-	340,517
Roads and transportation	-	-	-
Governmental services to residents	778,736	-	2,930
Administration	1,820,481	-	5,305
Capital projects	145,800	-	-
Total expenditures	6,078,889	515,645	1,174,917
Excess (deficiency) of revenues over (under) expenditures	981,359	100,642	1,490,845
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(498,000)	-	(1,215,200)
Total other financing sources (uses)	(498,000)	-	(1,215,200)
Change in fund balances	483,359	100,642	275,645
Fund balances beginning of year	3,679,622	314,020	1,199,503
Fund balances end of year	\$ 4,162,981	414,662	1,475,148

See notes to financial statements.

Revenue			
Secondary Roads	Jackson County Revolving Loan	Nonmajor	Total
-	-	15	7,450,312
966,405	-	-	1,288,540
-	-	-	68,480
4,884,686	-	139,039	6,312,218
32,470	-	18,551	67,866
55	-	33,249	816,487
-	21,501	662	235,307
267,483	225,546	72,794	765,543
6,151,099	247,047	264,310	17,004,753
-	-	13,384	2,790,595
-	-	243,760	495,670
-	-	-	515,645
-	288,301	22,519	1,782,253
6,515,301	-	-	6,515,301
-	-	274	781,940
-	-	-	1,825,786
18,881	-	79,203	243,884
6,534,182	288,301	359,140	14,951,074
(383,083)	(41,254)	(94,830)	2,053,679
1,240,200	-	473,000	1,713,200
-	-	-	(1,713,200)
1,240,200	-	473,000	-
857,117	(41,254)	378,170	2,053,679
3,832,630	842,831	594,162	10,462,768
4,689,747	801,577	972,332	12,516,447

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, 2021

Change in fund balances - Total governmental funds (page 23) \$ 2,053,679***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	\$ 932,108	
Capital assets contributed by the Iowa Department of Transportation	1,424,023	
Depreciation expense	<u>(2,188,570)</u>	167,561

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.

127,653

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	(23,033)	
Other	<u>59,091</u>	36,058

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.

506,594

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	(86,431)	
Pension expense	(645,138)	
OPEB expense	<u>(304,733)</u>	(1,036,302)

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.

Change in net position of governmental activities (page 17)	<u>31,060</u>
	<u><u>\$ 1,886,303</u></u>

See notes to financial statements.

Jackson County
Statement of Net Position
Proprietary Funds

June 30, 2021

		<u>Internal</u>
		Service-Employee
		<u>Group Health</u>
Current Assets		
Cash and cash equivalents	\$	299,171
Accrued interest receivable		<u>2</u>
Total assets		299,173
Current Liabilities		
None		<u>-</u>
Net Position		
Unrestricted	\$	<u>299,173</u>

See notes to financial statements.

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

Year ended June 30, 2021

		<u>Internal Service-Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 230,982
Operating expenses:		
Medical claims	\$ 192,913	
Administrative fees	<u>7,035</u>	<u>199,948</u>
Operating income		31,034
Non-operating revenues:		
Interest income		<u>26</u>
Net income		31,060
Net position beginning of year		<u>268,113</u>
Net position end of year		<u><u>\$ 299,173</u></u>

See notes to financial statements.

Jackson County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2021

	Internal Service-Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds and employees	\$ 230,982
Cash paid to suppliers for medical claims, and administrative fees	<u>(199,948)</u>
Net cash provided by operating activities	31,034
Cash flows from investing activities:	
Interest on investments	<u>26</u>
Net increase in cash and cash equivalents	31,060
Cash and cash equivalents beginning of year	<u>268,111</u>
Cash and cash equivalents end of year	<u>\$ 299,171</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income and net cash provided by operating activities	<u>\$ 31,034</u>

See notes to financial statements.

Jackson County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2021

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 3,034,764
Other County officials	14,282

Receivables:

Property tax:

Delinquent	14,767
Succeeding year	22,521,000

Accounts	11,883
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Special assessments	415
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Due from other governments	<u>14,674</u>
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Total assets	<u>25,611,785</u>
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Liabilities

Accounts payable	5,408
------------------	-------

Salaries and benefits payable	18,606
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Due to other governments	985,315
--------------------------	---------

Trusts payable	14,282
----------------	--------

Compensated absences	<u>23,302</u>
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Total liabilities	<u>1,046,913</u>
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Deferred Inflows of Resources

Unavailable property tax revenue	<u>22,521,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 2,043,872</u>
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See notes to financial statements.

Jackson County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 22,348,538
911 surcharge	58,265
State tax credits	2,457,158
Drivers license fees	104,242
Office fees and collections	679,682
Auto licenses, use tax and postage	8,070,179
Assessments	57,341
Trusts	630,524
Miscellaneous	<u>408,077</u>
Total additions	<u>34,814,006</u>
Deductions:	
Agency remittances:	
To other funds	480,643
To other governments	33,546,506
Trusts paid out	<u>625,387</u>
Total deductions	<u>34,652,536</u>
Change in net position	161,470
Net position beginning of year, as restated	<u>1,882,402</u>
Net position end of year	<u><u>\$ 2,043,872</u></u>
See notes to financial statements.	

Jackson County

Notes to Financial Statements

June 30, 2021

(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 Custodial 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 funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues 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 – Custodial 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 lease agreements are reported as other financing sources.

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

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

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, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2020.

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, 2021, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, furniture, 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 (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) 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. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. 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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment and infrastructure are depreciated/amortized 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, the unamortized portion of the net difference between projected and actual earnings on pension plan assets and deferred amounts related to resources 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, 2021. 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 and unrecognized items not yet charged to pension and OPEB expense.

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 ended June 30, 2021, disbursements did not exceed the amounts budgeted.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2021 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 \$10,831,354. 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

The detail of interfund receivables and payables at June 30, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	<u>\$ 4,211</u>

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 25,000
	Special Revenue:	
	Rural Basic	<u>1,215,200</u>
		<u>1,240,200</u>
Public Health	General	98,000
Capital Projects	General	<u>375,000</u>
Total		<u>\$ 1,713,200</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, 2021, the County made two new loans totaling \$278,000.

Outstanding loans receivable of the Jackson County Revolving Loan Fund at June 30, 2021 are as follows:

Loaned to	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Balance June 30, 2021
T M Woodworks	April 6, 2004	\$ 255,000	4.0%	15 years	\$ 10,429
Sprague Small Engine Service	September 11, 2015	171,195	2.0	5 years	111,554
Martin Enterprises	November 18, 2015	160,000	2.0	15 years	111,898
Seven Hills Paving	November 21, 2016	222,300	2.0	5 years	160,209
DOT1 LLC (Blue 9)	August 31, 2017	275,000	2.0	10 years	229,167
Precision Metal Works	July 12, 2019	400,000	3.0	10 years	240,263
DOT1 LLC (Blue 9) #2	July 12, 2019	140,000	3.0	10 years	116,313
Marlee & Me's Bar & Grill	June 23, 2020	5,000	1.0	3 years	4,341
Lock 12 Trading Co	June 23, 2020	5,000	1.0	3 years	4,341
Encore Investments	March 30, 2021	178,000	2.0	20 years	164,277
Moore Family Farms	March 30, 2021	100,000	2.0-4.0	3/4 years	100,000
Total					<u>\$ 1,252,792</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 was fully repaid in Fiscal Year 2021.

(6) Capital Assets

Capital assets activity for the year ended June 30, 2021 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	2,173,134	1,440,523	3,337,348	276,309
Construction in progress	132,965	79,203	-	212,168
Total capital assets not being depreciated	7,433,317	1,519,726	3,337,348	5,615,695
Capital assets being depreciated:				
Buildings	4,923,942	-	-	4,923,942
Improvements other than buildings	1,278,533	-	-	1,278,533
Equipment and vehicles	10,183,521	978,604	546,128	10,615,997
Infrastructure, road network	59,276,260	3,337,348	-	62,613,608
Infrastructure, other	1,253,331	-	-	1,253,331
Total capital assets being depreciated	76,915,587	4,315,952	546,128	80,685,411
Less accumulated depreciation for:				
Buildings	2,303,936	68,694	-	2,372,630
Improvements other than buildings	179,818	49,458	-	229,276
Equipment and vehicles	6,135,908	872,724	531,582	6,477,050
Infrastructure, road network	21,640,045	1,138,736	-	22,778,781
Infrastructure, other	466,630	58,958	-	525,588
Total accumulated depreciation	30,726,337	2,188,570	531,582	32,383,325
Total capital assets being depreciated, net	46,189,250	2,127,382	14,546	48,302,086
Governmental activities capital assets, net	\$ 53,622,567	3,647,108	3,351,894	53,917,781

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 73,484
Physical health and social services	14,130
County environment and education	167,876
Roads and transportation	1,836,964
Governmental services to residents	450
Administration	95,666
Total depreciation expense - governmental activities	\$ 2,188,570

(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, 2021 is as follows:

Fund	Description	Amount
General	Services	\$ 55,547
Special Revenue:		
Mental Health	Services	965
Rural Services	Services	3,089
Secondary Roads	Services	624
Local Health	Services	500
Capital Projects	Construction	982
Total for governmental funds		<u>\$ 61,707</u>
Agency:		
County Assessor	Collections	\$ 271
Schools		145,669
Community Colleges		9,479
Corporations		44,492
Townships		4,162
County Hospital		10,744
911 Services		9
All other		761,637
Total for agency funds		<u>\$ 976,463</u>

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 349,842	2,827,500	2,195,462	5,372,804
Increases	415,342	813,608	393,517	1,622,467
Decreases	328,911	-	135,033	463,944
Balance end of year	<u>\$ 436,273</u>	<u>3,641,108</u>	<u>2,453,946</u>	<u>6,531,327</u>
Due within one year	<u>\$ 298,047</u>	<u>-</u>	<u>135,033</u>	<u>433,080</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 2021, 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 9.26% of covered payroll for a total rate of 18.52%. Protection occupation members contributed 6.41% of covered payroll and the County contributed 9.61% for a total rate of 16.02%.

The County’s contributions to IPERS for the year ended June 30, 2021 were \$506,594.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the County reported a liability of \$3,641,108 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the County’s proportion was 0.051833%, which was an increase of 0.003004% over its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$645,138. At June 30, 2021, 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	\$ 15,680	94,396
Changes of assumptions	240,428	71,286
Net difference between projected and actual earnings on IPERS' investments	290,268	-
Changes in proportion and differences between County contributions and the County's share of contributions proportionate	5,900	61,834
County contributions subsequent to the measurement date	506,594	-
Total	<u>\$ 1,058,870</u>	<u>227,516</u>

\$506,094 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, 2022. 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
2022	\$ 18,249
2023	55,832
2024	86,220
2025	165,303
2026	(844)
Total	<u>\$ 324,760</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 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, 2020 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 2020 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 geometric 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%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 6,896,647	3,641,108	912,029

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, 2021.

(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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	<u>126</u>
Total	<u>131</u>

Total OPEB Liability – The County's total OPEB liability of \$2,453,946 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2021 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, 2021)	3.00% per annum.
Rates of salary increase	3.00% per annum, including
(effective June 30, 2021)	inflation.
Discount rate	2.19% compounded annually,
(effective June 30, 2021)	including inflation.
Healthcare cost trend rate	8.00% initial rate decreasing by .5%
(effective June 30, 2021)	annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.19% 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 Public Plan 2010 tables. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 2,195,462</u>
Changes for the year:	
Service cost	263,166
Interest	63,615
Differences between expected and actual experiences	13,744
Changes in assumptions	52,992
Benefit payments	<u>(135,033)</u>
Net changes	<u>258,484</u>
Total OPEB liability end of year	<u><u>\$ 2,453,946</u></u>

Changes of assumptions reflect a change in the discount rate from 2.66% in fiscal year 2020 to 2.19% in fiscal year 2021.

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 (1.19%) or 1% higher (3.19%) than the current discount rate.

	1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
Total OPEB liability	\$ 2,567,739	2,453,946	2,341,766

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 (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates.

	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB liability	\$ 2,241,069	2,453,946	2,704,731

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized OPEB expense of \$439,766. At June 30, 2021, 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	\$ 685,479	23,119
Changes in assumptions	63,094	104,573
Total	<u>\$ 748,573</u>	<u>127,692</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
2022	\$ 112,985
2023	112,985
2024	112,985
2025	90,772
2026	90,769
Thereafter	<u>100,385</u>
	<u>\$ 620,881</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 785 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, 2021 were \$224,732.

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, 2021, no liability has been recorded in the County's financial statements. As of June 30, 2021, 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 \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

The County entered into an administrative services agreement with 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.

The County entered into a three-year lease agreement with Hawkeye Area Community Action Program (HACAP) on December 3, 2020, to lease a building and parking lot on the Jackson County Fairgrounds. The agreement commences on October 1, 2020 and expires September 30, 2023. The agreement requires annual rent of \$22,291, \$22,960 and \$23,649 in the first, second and third years, respectively. \$16,200 will be credited toward the rent as the amount appropriated, in kind, to HACAP for the 2020-2021, 2021-2022 and 2022-2023 Jackson County Budgets each year of the agreement. The remaining \$6,091, \$6,760 and \$7,449 shall be paid in monthly installments of \$508, \$563 and \$621, respectively.

On April 20, 2021, the County entered into a two-year lease agreement for office space located in the Penrose Building with Genesis VNA. The lease is for the period April 26, 2021 through June 30, 2023 and requires a monthly rental payment of \$150.

(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, 2021 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	\$ 33,658
City of Maquoketa	Urban renewal and economic development projects	4,255
City of Preston	Urban renewal and economic development projects	11,051

(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, 2021, as follows:

Revenues:		
Property and other county tax		\$ 561,034
Intergovernmental revenue:		
State tax credits		54,902
Miscellaneous		<u>351</u>
Total revenues		<u>616,287</u>
Expenditures:		
Services to persons with:		
Mental illness	\$ 158,420	
Intellectual disabilities	11,972	
Other developmental disabilities	<u>6,696</u>	177,088
General administration:		
Direct administration	98,233	
Distribution to regional fiscal agent	240,324	<u>338,557</u>
Total expenditures		<u>515,645</u>
Excess of revenues over expenditures		100,642
Fund balance beginning of year		<u>314,020</u>
Fund balance end of year		<u>\$ 414,662</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) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity.

	<u>Fiduciary Activities</u>
Net position balance June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>2,603,254</u>
Net position July 1, 2020, as restated	<u>\$ 2,603,254</u>

(19) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported.

(20) Subsequent Event

In March 2022, the County issued \$5,890,000 in general obligation capital loan notes, Series 2022A, to pay the costs for designing, constructing, equipping, furnishing and making land site improvements for a new County Sheriff's office and jail. The notes are payable from the continuing annual levy of taxes against all taxable property of the County.

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, 2021

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 8,781,968	-	8,781,968
Interest and penalty on property tax	74,855	-	74,855
Intergovernmental	6,260,691	-	6,260,691
Licenses and permits	60,695	-	60,695
Charges for service	814,520	-	814,520
Use of money and property	485,155	640	484,515
Miscellaneous	374,739	62,721	312,018
Total receipts	16,852,623	63,361	16,789,262
Disbursements:			
Public safety and legal services	2,777,702	-	2,777,702
Physical health and social services	453,550	-	453,550
Mental health	519,649	-	519,649
County environment and education	1,814,316	22,519	1,791,797
Roads and transportation	6,500,228	-	6,500,228
Governmental services to residents	781,242	-	781,242
Administration	1,797,623	-	1,797,623
Capital projects	194,503	-	194,503
Total disbursements	14,838,813	22,519	14,816,294
Excess (deficiency) of receipts over (under) disbursements	2,013,810	40,842	1,972,968
Other financing sources, net	-	-	-
Change in balances	2,013,810	40,842	1,972,968
Balance beginning of year	9,429,565	222,534	9,207,031
Balance end of year	\$ 11,443,375	263,376	11,179,999

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
8,288,015	8,288,015	493,953
3,100	3,100	71,755
5,969,386	6,563,526	(302,835)
44,360	44,360	16,335
607,900	603,900	210,620
530,009	378,036	106,479
214,472	209,333	102,685
15,657,242	16,090,270	698,992
2,924,084	2,914,831	137,129
528,006	563,368	109,818
562,431	562,431	42,782
2,287,074	2,330,374	538,577
6,490,386	7,186,386	686,158
819,794	820,394	39,152
2,156,390	2,109,608	311,985
693,100	697,413	502,910
16,461,265	17,184,805	2,368,511
(804,023)	(1,094,535)	3,067,503
25	25	(25)
(803,998)	(1,094,510)	3,067,478
7,374,521	7,374,521	1,832,510
6,570,523	6,280,011	4,899,988

Jackson County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2021

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 16,852,623	152,130	17,004,753
Expenditures	14,838,813	112,261	14,951,074
Net	2,013,810	39,869	2,053,679
Beginning fund balances	9,429,565	1,033,203	10,462,768
Ending fund balances	\$ 11,443,375	1,073,072	12,516,447

See accompanying independent auditor's report.

Jackson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$723,540. 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, 2021, disbursements did not exceed the amounts budgeted for any function.

Jackson County

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

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

Required Supplementary Information

	2021	2020	2019	2018
County's proportion of the net pension liability	0.051833%	0.048829%	0.050914%	0.055493%
County's proportionate share of the net pension liability	\$ 3,641	2,828	3,222	3,696
County's covered payroll	\$ 5,252	5,011	4,942	4,929
County's proportionate share of the net pension liability as a percentage of its covered payroll	69.33%	56.44%	65.20%	74.98%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%

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

See accompanying independent auditor's report.

Jackson County
Schedule of County Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Required Supplementary Information

	2021	2020	2019	2018
Statutorily required contribution	\$ 507	499	478	449
Contributions in relation to the statutorily required contribution	<u>(507)</u>	<u>(499)</u>	<u>(478)</u>	<u>(449)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 5,731	5,252	5,011	4,942
Contributions as a percentage of covered payroll	8.85%	9.50%	9.54%	9.09%

See accompanying independent auditor's report.

Jackson County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2021

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 Four Years
Required Supplementary Information

	2021	2020	2019	2018
Service cost	\$ 263,166	133,190	123,993	92,946
Interest cost	63,615	53,854	56,330	45,487
Change of benefit terms	-	-	-	(65,102)
Difference between expected and actual experiences	13,744	805,852	(36,991)	161,149
Changes in assumptions	52,992	(136,195)	26,764	(5,658)
Benefit payments	(135,033)	(123,655)	(77,744)	(72,169)
Net change in total OPEB liability	258,484	733,046	92,352	156,653
Total OPEB liability beginning of year	2,195,462	1,462,416	1,370,064	1,213,411
Total OPEB liability end of year	<u>\$ 2,453,946</u>	<u>2,195,462</u>	<u>1,462,416</u>	<u>1,370,064</u>
Covered-employee payroll	\$ 4,923,264	5,187,377	5,084,054	4,789,264
Total OPEB liability as a percentage of covered-employee payroll	49.8%	42.3%	28.8%	28.6%

See accompanying independent auditor's report.

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2021	2.19%
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, 2021

			Special
	County Recorder's Records Management	Green Island Drainage Districts	Local Health
Assets			
Cash, cash equivalents and pooled investments	\$ 29,514	137,345	70,562
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	-	-	22,234
Accrued interest	-	-	-
Due from other governments	-	-	16,489
Total assets	\$ 29,514	137,345	109,285
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	-	-	43,826
Salaries and benefits payable	-	-	3,724
Due to other governments	-	-	500
Total liabilities	-	-	48,050
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	-	-
Other	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances:			
Restricted for:			
Drainage purposes	-	137,345	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	29,514	-	61,235
Assigned for:			
Capital projects	-	-	-
Total fund balances	29,514	137,345	61,235
Total liabilities, deferred inflows of resources and fund balances	\$ 29,514	137,345	109,285

See accompanying independent auditor's report.

Revenue						
Resource Enhancement and Protection	Friends of Jackson County Conservation	Emergency Training Grant	Pioneer Cemetery Trust	Debt Service	Capital Projects	Total
164,764	126,031	4,584	5,655	-	526,975	1,065,430
-	-	-	-	195	-	195
-	-	-	-	332,000	-	332,000
-	-	8,800	-	-	-	31,034
1	-	-	-	-	-	1
-	-	-	-	-	-	16,489
164,765	126,031	13,384	5,655	332,195	526,975	1,445,149
-	-	13,384	-	-	78,221	135,431
-	-	-	-	-	-	3,724
-	-	-	-	-	982	1,482
-	-	13,384	-	-	79,203	140,637
-	-	-	-	332,000	-	332,000
-	-	-	-	180	-	180
-	-	-	-	332,180	-	332,180
-	-	-	-	-	-	137,345
-	-	-	-	15	-	15
-	-	-	-	-	176,975	176,975
164,765	126,031	-	5,655	-	-	387,200
-	-	-	-	-	270,797	270,797
164,765	126,031	-	5,655	15	447,772	972,332
164,765	126,031	13,384	5,655	332,195	526,975	1,445,149

Jackson County

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

Year ended June 30, 2021

	Special		
	County Recorder's Records Management	Green Island Drainage Districts	Local Health
Revenues:			
Property and other county tax	\$ -	-	-
Intergovernmental	-	-	122,476
Licenses and permits	-	-	18,551
Charges for service	4,999	-	28,250
Use of money and property	-	640	-
Miscellaneous	-	4,427	1,273
Total revenues	4,999	5,067	170,550
Expenditures:			
Operating:			
Public Safety and legal services	-	-	-
Physical health and social services	-	-	243,760
County environment and education	-	3,049	-
Governmental services to residents	274	-	-
Capital projects	-	-	-
Total expenditures	274	3,049	243,760
Excess (deficiency) of revenues over (under) expenditures	4,725	2,018	(73,210)
Other financing sources:			
Transfers in	-	-	98,000
Change in fund balances	4,725	2,018	24,790
Fund balances beginning of year	24,789	135,327	36,445
Fund balances end of year	\$ 29,514	137,345	61,235

See accompanying independent auditor's report.

Revenue						
Resource Enhancement and Protection	Friends of Jackson County Conservation	Emergency Training Grant	Pioneer Cemetery Trust	Debt Service	Capital Projects	Total
-	-	-	-	15	-	15
11,979	-	4,584	-	-	-	139,039
-	-	-	-	-	-	18,551
-	-	-	-	-	-	33,249
22	-	-	-	-	-	662
-	58,294	8,800	-	-	-	72,794
12,001	58,294	13,384	-	15	-	264,310
-	-	13,384	-	-	-	13,384
-	-	-	-	-	-	243,760
-	19,470	-	-	-	-	22,519
-	-	-	-	-	-	274
-	-	-	-	-	79,203	79,203
-	19,470	13,384	-	-	79,203	359,140
12,001	38,824	-	-	15	(79,203)	(94,830)
-	-	-	-	-	375,000	473,000
12,001	38,824	-	-	15	295,797	378,170
152,764	87,207	-	5,655	-	151,975	594,162
164,765	126,031	-	5,655	15	447,772	972,332

Schedule 3

Jackson County

Combining Schedule of Net Position
Internal Service Funds

June 30, 2021

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Assets			
Cash and cash equivalents	\$ 242,178	56,993	299,171
Accrued interest receivable	2	-	2
Total assets	242,180	56,993	299,173
Liabilities			
None	-	-	-
Net Position			
Unrestricted	\$ 242,180	56,993	299,173

See accompanying independent auditor's report.

Jackson County

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

Year ended June 30, 2021

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Operating revenues:			
Reimbursements from operating funds	\$ 165,269	65,713	230,982
Operating expenses:			
Medical claims	129,025	63,888	192,913
Administrative fees	4,939	2,096	7,035
Total operating expenses	133,964	65,984	199,948
Operating income (loss)	31,305	(271)	31,034
Non-operating revenues:			
Interest income	21	5	26
Net income (loss)	31,326	(266)	31,060
Net position beginning of year	210,854	57,259	268,113
Net position end of year	\$ 242,180	56,993	299,173

See accompanying independent auditor's report.

Jackson County

Jackson County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2021

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Cash flows from operating activities:			
Cash received from operating funds and employees	\$ 165,269	65,713	230,982
Cash paid to suppliers for medical claims, and administrative fees	(133,964)	(65,984)	(199,948)
Net cash provided (used) by operating activities	31,305	(271)	31,034
Cash flows from investing activities:			
Interest on investments	21	5	26
Net change in cash and cash equivalents	31,326	(266)	31,060
Cash and cash equivalents beginning of year	210,852	57,259	268,111
Cash and cash equivalents end of year	\$ 242,178	56,993	299,171
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss) and net cash provided (used) by operating activities	\$ 31,305	(271)	31,034

See accompanying independent auditor's report.

Jackson County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,476	819,240	145,669
Other County officials	14,282	-	-	-
Receivables:				
Property tax:				
Delinquent	-	142	435	8,184
Succeeding year	-	236,000	724,000	13,695,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	14,282	238,618	1,543,675	13,848,853
Liabilities				
Accounts payable	\$ -	-	297	-
Salaries and benefits payable	-	-	16,357	-
Due to other governments	-	2,476	9,123	145,669
Trusts payable	14,282	-	-	-
Compensated absences	-	-	23,302	-
Total liabilities	14,282	2,476	49,079	145,669
Deferered Inflows of Resources				
Unavailable revenues	-	236,000	724,000	13,695,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	142	770,596	8,184

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Auto License and Use Tax	911 Service Commission	Other	Total
9,479	44,492	4,162	10,744	645,334	1,114,945	238,223	3,034,764
-	-	-	-	-	-	-	14,282
598	4,626	146	611	-	-	25	14,767
1,009,000	5,367,000	382,000	1,016,000	-	-	92,000	22,521,000
-	-	-	-	-	11,665	218	11,883
-	-	-	-	-	-	415	415
-	-	-	-	-	-	14,674	14,674
1,019,077	5,416,118	386,308	1,027,355	645,334	1,126,610	345,555	25,611,785
-	-	-	-	-	662	4,449	5,408
-	-	-	-	-	-	2,249	18,606
9,479	44,492	4,162	10,744	645,334	9	113,827	985,315
-	-	-	-	-	-	-	14,282
-	-	-	-	-	-	-	23,302
9,479	44,492	4,162	10,744	645,334	671	120,525	1,046,913
1,009,000	5,367,000	382,000	1,016,000	-	-	92,000	22,521,000
598	4,626	146	611	-	1,125,939	133,030	2,043,872

Jackson County
Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2021

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	234,073	712,766	13,562,784
911 surcharge	-	-	-	-
State tax credits	-	24,396	74,287	1,423,399
Drivers license fees	-	-	-	-
Office fees and collections	679,682	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	506,286	-	-	-
Miscellaneous	-	-	283	6,725
Total additions	1,185,968	258,469	787,336	14,992,908
Deductions:				
Agency remittances:				
To other funds	250,714	-	-	-
To other governments	416,485	261,304	513,448	15,157,057
Trusts paid out	518,769	-	-	-
Total deductions	1,185,968	261,304	513,448	15,157,057
Changes in net position	-	(2,835)	273,888	(164,149)
Net position beginning of year, as restated	-	2,977	496,708	172,333
Net position end of year	\$ -	142	770,596	8,184

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Auto License and Use Tax	911 Service Commission	Other	Total
904,359	5,267,660	376,916	1,015,639	-	-	274,341	22,348,538
-	-	-	-	-	58,265	-	58,265
93,219	696,151	32,656	105,377	-	-	7,673	2,457,158
-	-	-	-	104,242	-	-	104,242
-	-	-	-	-	-	-	679,682
-	-	-	-	8,070,179	-	-	8,070,179
-	-	-	-	-	-	57,341	57,341
-	-	-	-	-	-	124,238	630,524
411	2,062	97	477	-	175,577	222,445	408,077
997,989	5,965,873	409,669	1,121,493	8,174,421	233,842	686,038	34,814,006
-	-	-	-	229,929	-	-	480,643
1,008,900	6,023,646	413,861	1,133,799	7,944,492	116,508	557,006	33,546,506
-	-	-	-	-	-	106,618	625,387
1,008,900	6,023,646	413,861	1,133,799	8,174,421	116,508	663,624	34,652,536
(10,911)	(57,773)	(4,192)	(12,306)	-	117,334	22,414	161,470
11,509	62,399	4,338	12,917	-	1,008,605	110,616	1,882,402
598	4,626	146	611	-	1,125,939	133,030	2,043,872

Jackson County

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

For the Last Ten Years

	2021	2020	2019	2018
Revenues:				
Property and other county tax	\$ 7,450,312	6,952,531	6,649,135	6,527,216
Local option sales tax	1,288,540	1,036,374	901,739	935,079
Interest and penalty on property tax	68,480	34,236	49,523	51,778
Intergovernmental	6,312,218	5,978,336	5,245,376	5,507,255
Licenses and permits	67,866	55,216	47,781	53,793
Charges for service	816,487	670,477	601,151	670,688
Use of money and property	235,307	458,910	479,849	398,833
Miscellaneous	765,543	348,657	860,556	663,902
Total	<u>\$ 17,004,753</u>	<u>15,534,737</u>	<u>14,835,110</u>	<u>14,808,544</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,790,595	2,610,054	2,480,338	2,337,069
Physical health and social services	495,670	489,564	395,689	255,349
Mental health	515,645	473,387	344,501	487,514
County environment and education	1,782,253	2,059,400	1,465,453	1,844,887
Roads and transportation	6,515,301	5,926,494	6,339,574	5,883,732
Governmental services to residents	781,940	768,474	694,088	661,637
Administration	1,825,786	1,894,189	1,900,375	1,870,824
Capital projects	243,884	913,680	1,186,961	668,705
Total	<u>\$ 14,951,074</u>	<u>15,135,242</u>	<u>14,806,979</u>	<u>14,009,717</u>

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
6,598,146	6,372,478	6,205,455	5,878,246	5,434,887	5,220,986
906,342	852,357	909,054	923,319	827,026	803,675
55,133	52,020	58,827	53,738	54,424	55,920
5,291,726	5,163,842	4,927,799	4,225,436	12,290,554	5,597,998
54,037	53,569	40,364	52,789	36,524	32,271
605,913	649,357	584,653	534,619	619,580	609,388
575,099	470,979	375,310	508,603	312,505	434,050
594,292	270,515	270,664	371,338	251,269	176,911
14,680,688	13,885,117	13,372,126	12,548,088	19,826,769	12,931,199
2,261,167	2,198,701	2,102,403	2,047,821	1,881,167	1,675,130
258,939	252,144	273,848	274,584	324,855	285,337
1,271,864	1,124,506	854,768	893,099	1,200,377	2,814,781
1,631,103	1,769,766	1,239,879	1,488,382	1,507,918	1,167,820
5,419,299	4,782,276	4,984,889	4,902,887	4,748,492	4,408,597
811,987	637,091	611,617	607,636	584,294	496,356
1,731,417	1,805,299	1,528,426	1,443,608	1,562,340	1,332,373
779,153	550,548	474,805	497,137	394,120	434,459
14,164,929	13,120,331	12,070,635	12,155,154	12,203,563	12,614,853

Schedule 9

Jackson County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

Grantor/Program	Assistance Listing Number	Agency or Pass-through Number	Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226	FY21	\$ 24,360
U.S. Department of Health and Human Services:			
Drug-Free Communities Support Program Grants	93.276		92,687
Total Direct			117,047
Indirect:			
US Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561	FY21	9,630
US Department of Defense:			
Payments to States in Lieu of Real Estate Taxes	12.112	FY21	94,696
U.S. Department of the Interior:			
Iowa Department of Cultural Affairs:			
Historic Preservation Fund Grants-In-Aid	15.904	2019-06	5,700
US Department of the Treasury			
COVID-19, Coronavirus Relief Fund	21.019		390,914
U.S. Election Assistance Commission			
Iowa Secretary of State:			
COVID-19, HAVA Election Security Grants	90.404	Cares Act	20,200
U.S. Department of Health and Human Services:			
Immunization Cooperative Agreements	93.268	5885BT449	25,610
			25,610
Iowa Department of Human Services:			
Title IV-E Prevention Program	93.472	FY21	494
Foster Care Title IV-E	93.658	FY21	2,524
Adoption Assistance	93.659	FY21	1,237
Social Services Block Grant	93.667	FY21	2,301
State Children's Insurance Program	93.767	FY21	204
CCDF Cluster:			
Child Care Mandatory and Matching Funds of			
the Child Care and Development Fund	93.596	FY21	2,107
Medicaid Cluster:			
Medical Assistance Program	93.778	FY21	8,361

Jackson County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

Grantor/Program	Assistance Listing Number	Agency or Pass-through Number	Expenditures
Indirect: (Continued)			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense - Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4557 DRIA	29,982
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - conservation	97.036	FEMA 4421 DRIA	48,720
			<u>78,702</u>
Total Indirect			<u>642,680</u>
Total			<u>\$ 759,727</u>

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Jackson County under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Jackson County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Jackson County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Jackson County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



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Rob Sand
Auditor of State

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, 2021, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 17, 2022.

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 as a basis for designing 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. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-21 and II-B-21 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 financial statements. 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, 2021 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 and Questioned Costs. 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
Chief Deputy Auditor of State

March 17, 2022



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Rob Sand
Auditor of State

Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Officials of Jackson County:

Report on Compliance for Each Major Federal Program

We have audited Jackson County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2021. Jackson County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Jackson County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jackson County's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Jackson County's compliance.

Opinion on the Major Federal Program

In our opinion, Jackson County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

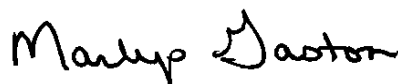
Report on Internal Control Over Compliance

The management of Jackson County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jackson County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jackson County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Marlys K. Gaston., CPA
Chief Deputy Auditor of State

March 17, 2022

Jackson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listing Number 21.019 –COVID-19, Coronavirus Relief Fund.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Jackson County did not qualify as a low-risk auditee.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-21 Segregation of Duties
(2021-001)

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.	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
(6) Cash – control of petty cash fund or change fund is not limited to one individual.	Auditor

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

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

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

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

Responses –

Auditor – We will take steps to ensure that access is segregated and limited and will be reviewed periodically.

Treasurer – We will look to start preparing an initial listing on a limited receipt basis.

Recorder – We are a small office thus we all have to do all the work. We double and triple check all functions of this office for better security.

Sheriff – We will start having the Chief Deputy review bank reconciliations due to the fact that the Sheriff signs checks. We are a small office with not enough staff to segregate all 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.

II-B-21 Friends of Conservation
(2021-002)

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 and Questioned Costs

Year ended June 30, 2021

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 and Questioned Costs
Year ended June 30, 2021

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Jackson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-21 Certified Budget – Disbursements during the year ended June 30, 2021 did not exceed the amounts budgeted.
- IV-B-21 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.
- IV-C-21 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-21 Restricted Donor Activity – No transactions were noted between the County, County officials or County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- IV-E-21 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	\$ 3,669
Mary Stickley, Auditor's Office Deputy, husband owns Stickley Electric Service	Electrical parts and repair	7,499
Becki Chapin, Auditor's Office, sister is vice president at Maquoketa State Bank	Deposit slips	125
Becki Chapin, Auditor's Office, husband owns Eastern Iowa Overhead Door	Door opener and remotes	595
Jessie Geerts, Attorney's Office, husband owns Westside Auto Service	Oil filter and tire repair	122

The transactions with Maquoketa State Bank do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(a) of the Code of Iowa since the bank was designated a depository of the County.

The transaction with Stickley Electric Service may represent a conflict of interest as defined in Chapter 331.342(2)(j) of the Code of Iowa since the total cumulative transactions were greater than \$6,000 during the year ended June 30, 2021 and the transactions were not competitively bid.

The transactions with Old Capital Cup Co, Eastern Iowa Overhead Door, and Westside Auto Service do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since the total transactions with each were less than \$6,000 during the fiscal year.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

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

Response – The Engineer’s Office usually uses either Stickley Electric or Trenkamp Electric for emergency repairs that need a truck bucket that goes up high enough to reach the places for those repairs. They go with whoever can get the repair done quickly for safety’s sake. If there’s a construction job of some sort, whether a building or lighting for roads/intersections, they bid those out.

Conclusion – Response acknowledged. The County should consult legal counsel to determine the disposition of the potential Chapter 362.5 of the Code of Iowa conflict of interest with Stickley Electric Service.

IV-F-21 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-G-21 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-H-21 Deposits and 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.

IV-I-21 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).

IV-J-21 County Provided Moving Expenses – During the year ended June 30, 2021, the County paid \$8,750 of moving expenses for a new employee. These expenses were not included in the employee’s wages and, accordingly, the proper federal and state taxes were not withheld. Internal Revenue Service (IRS) Publication 15-b “Employer’s Tax Guide to Fringe Benefits” states the Tax Cuts and Jobs Act suspends the exclusion for qualified moving expense reimbursements from your employee’s income for tax years beginning after 2017 and before 2026.

Recommendation – The County should comply with IRS regulations.

Response – Jackson County was unaware of the tax law that suspended the exclusion for qualified moving expense reimbursements. Going forward, we will be more diligent in keeping abreast of changes in IRS regulations.

Conclusion – Response acknowledged. The County should consult with the IRS to determine the disposition of the unremitted employer and employee federal and state taxes.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

IV-K-21 Additional Compensation – Two secondary roads employees received a one-time compensation payment for additional duties performed while the County was in the process of hiring a new Engineer. While the employees' regular payroll had been approved by the Board of Supervisors as required by Chapter 331.907(2) of the Code of Iowa, this additional compensation was not approved.

Recommendation – All payroll changes should be approved by the Board of Supervisors prior to payment.

Response – We will review payroll processes and policies to ensure there is proper oversight of payroll entries.

Conclusion – Response accepted.

Jackson County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Chief Deputy
Cole L. Hocker, CPA, Manager
Adjoa S Adanledji, Senior Auditor II
Sidot K. Shipley, Senior Auditor
David A. Slocum, CPA, Staff Auditor
William J. Sallen, CPA, Staff Auditor
William R. Bamber, Staff Auditor
Joseph G. Timmons, Staff Auditor
Jesse K. Villalobos, Staff Auditor
Zachary Shaw, Assistant Auditor