



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

March 30, 2023

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$21,562,868 for the year ended June 30, 2022, a 15.8% increase over the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$16,981,618, a 1.5% increase over the prior year. The significant increase in revenues is primarily due to an increase in secondary road infrastructure contributed by the Iowa Department of Transportation.

AUDIT FINDINGS:

Sand reported three findings related to the receipt and expenditure of taxpayer funds. They are found on pages 86 through 91 of this report. The findings address issues such as a lack of segregation of duties, and material amounts of capital assets, receivables and payables not properly recorded in the County's financial statements.

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

A copy of the audit report is available for review on the Auditor of State's web site at [Audit Reports – Auditor of State](#).

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JACKSON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2022

Jackson County



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Rob Sand
Auditor of State

March 28, 2023

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, 2022. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Sincerely,

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

Rob Sand
Auditor of State

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**Jackson County
Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Larry McDevitt	Board of Supervisors	Jan 2023
John J. Willey	Board of Supervisors	Jan 2023
Mike Steines	Board of Supervisors	Jan 2025
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 2029



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Independent Auditor's Report

To the Officials of Jackson County:

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Jackson County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 19 to the financial statements, Jackson County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jackson County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Jackson County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jackson County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 58 through 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 auditing standards generally accepted in the United States of America, 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.

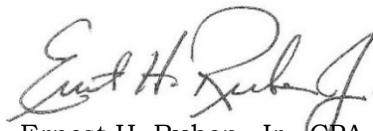
Supplementary Information

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, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such 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. The 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 8 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 28, 2023 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.


Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

March 28, 2023

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, 2022. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, however had no effect on the beginning net position for governmental activities.
- Revenues of the County's governmental activities increased 15.8%, or approximately \$2,943,000, from fiscal year 2021 to fiscal year 2022. Capital grants, contributions and restricted interest increased approximately \$2,206,000 due, in part, to the increase in capital assets contributed by the Iowa Department of Transportation. In addition, revenue increased due to the recognition of \$766,000 of American Rescue Plan Act (ARPA) funds.
- Program expenses of the County's governmental activities were 1.5%, or approximately \$248,000, more in fiscal year 2022 than in fiscal year 2021. Administration expenses increased approximately \$536,000, public safety and legal services expenses increased approximately \$175,000, while roads and transportation expenses decreased approximately \$335,000.
- The County's net position at June 30, 2022 increased 7.3% or approximately \$4,581,000, over the June 30, 2021 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 (asset) 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.

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,	
	2022	2021 (Not Restated)
Current and other assets	\$ 30,674	22,018
Capital assets	57,562	53,918
Total assets	88,236	75,936
Deferred outflows of resources	1,367	1,807
Long-term liabilities	8,290	6,531
Other liabilities	2,128	656
Total liabilities	10,418	7,187
Deferred inflows of resources	11,682	7,634
Net position:		
Net investment in capital assets	57,160	53,918
Restricted	11,099	10,688
Unrestricted	(756)	(1,684)
Total net position	\$ 67,503	62,922

Net position of Jackson County’s governmental activities increased 7.3% (approximately \$68 million compared to approximately \$63 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 \$3,242,000, or 6.0%, over the prior year due primarily to infrastructure assets contributed by the Iowa Department of Transportation.

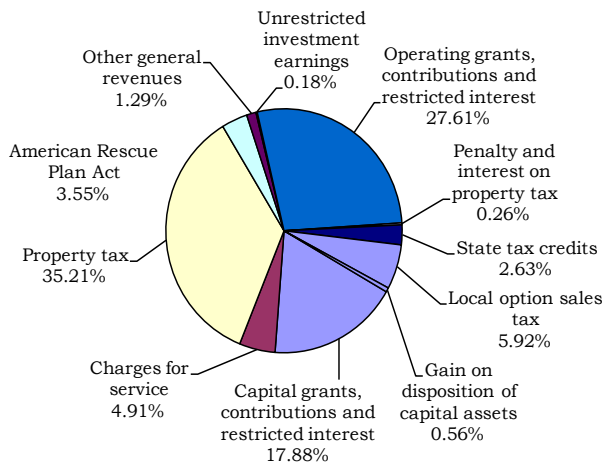
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$411,000, or 3.8%, over the prior year, primarily due to an increase in the amount available in 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 – increased from a deficit of approximately \$1,684,000 at June 30, 2021 to a deficit of approximately \$756,000 at the end of this year. The increase is due to a decrease in the net pension liability (asset).

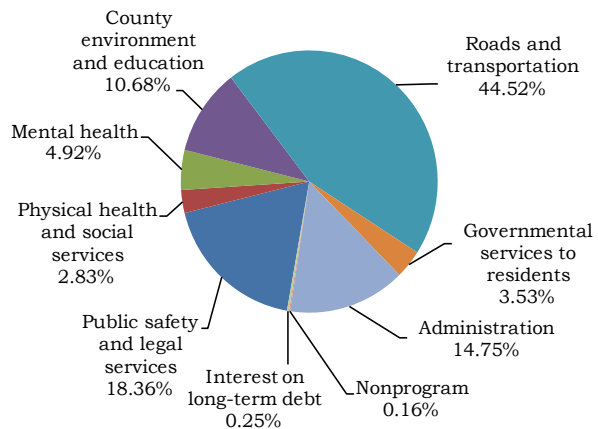
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2022	2021
Revenues:		
Program revenues:		
Charges for service	\$ 1,059	1,302
Operating grants, contributions and restricted interest	5,953	5,930
Capital grants, contributions and restricted interest	3,855	1,649
General revenues:		
Property tax	7,594	7,427
Penalty and interest on property tax	55	73
State tax credits	567	567
Local option sales tax	1,277	1,289
American Rescue Plan Act	766	-
Unrestricted investment earnings	39	16
Gain on disposition of capital assets	120	128
Other general revenues	278	239
Total revenues	21,563	18,620
Program expenses:		
Public safety and legal services	3,118	2,943
Physical health and social services	481	533
Mental health	835	528
County environment and education	1,813	1,975
Roads and transportation	7,560	7,895
Governmental services to residents	600	867
Administration	2,504	1,968
Nonprogram	28	25
Interest on long-term debt	43	-
Total expenses	16,982	16,734
Change in net position	4,581	1,886
Net position beginning of year	62,922	61,036
Net position end of year	\$ 67,503	62,922

Revenues by Source



Expenses by Program



Jackson County's governmental activities net position increased approximately \$4,581,000 during the year. Revenues for governmental activities increased approximately \$2,943,000 over the prior year. Capital grants, contributions and restricted interest increased approximately \$2,206,000, or 133.8%, due to the County receiving more assets contributed by the Iowa Department of Transportation and other revenues increased due to the receipt of American Rescue Plan Act (ARPA) funds.

The County's property tax rates for fiscal year 2022 decreased from the prior year from \$7.7991 per \$1,000 of taxable valuation for fiscal year 2021 to \$7.6828 per \$1,000 of taxable valuation in fiscal year 2022, while an increase of approximately 3.2% in the total assessed valuation resulted in a budgeted increase in property tax revenue of approximately \$481,000. The total Jackson County taxable property valuation for property tax payable in fiscal year 2023 decreased approximately \$426,000. The tax levy rate is set to increase \$0.1000 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 \$16.98 million compared to approximately \$16.7 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$6,114,000, because some of the cost was paid by those directly benefited from the programs (approximately \$1,059,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$9,809,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2022 from approximately \$8,881,000 to approximately \$10,867,000, principally due to an increase 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 \$17,620,000, an increase of approximately \$5,104,000 above last year's total of approximately \$12,516,000. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$284,000, or about 4.0%, from the prior year, primarily due to Coronavirus Relief Program funds received during the prior year which were not received during fiscal year 2022. Expenditures increased approximately \$665,000, or 10.9% over the prior year due to costs associated with conservation projects during fiscal year 2022. The ending fund balance decreased approximately \$457,000 to approximately \$3,706,000.
- The Special Revenue, Mental Health Fund balance at year end decreased approximately \$415,000 from the prior year end. For the year, expenditures totaled approximately \$858,000, an increase of 66.5% over the prior year, due primarily to the elimination of this fund at June 30, 2022. The County was required by Senate File 619 to transfer the remaining fund balance to Eastern Iowa Mental Health Disability Services Region prior to June 30, 2022.
- The Special Revenue, Rural Services Fund ended fiscal year 2022 with an ending balance of approximately \$1,658,000 compared to the prior year ending balance of approximately \$1,475,000. Revenues decreased approximately \$41,000 from the prior year. Expenditures increased approximately \$109,000, or 9.3% primarily due to payroll costs associated with hiring additional Sheriff deputies.
- The Special Revenue, Secondary Roads Fund revenues increased approximately \$89,000. Expenditures increased approximately \$395,000, or 6.0%, over the prior year due to an increase in project costs. The Secondary Roads Fund ended fiscal year 2022 with a balance of approximately \$5,241,000 compared to the prior year ending balance of approximately \$4,690,000.

- The Special Revenue, Jackson County Revolving Loan Fund ended fiscal year 2022 with a balance of approximately \$631,000 compared to the prior year ending balance of approximately \$802,000. The decrease is due to the County issuing one new loan totaling \$350,000 during fiscal year 2022.
- The Capital Projects fund balance at year end increased approximately \$5,383,000 over the prior year to approximately \$5,831,000, due primarily to the receipt of general obligation note proceeds for the construction of a County Sheriff's office and jail. For the year, expenditures total approximately \$883,000, an increase of approximately \$804,000 over the prior year, primarily due to expenses associated with the construction of a County Sheriff's office and jail.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jackson County amended its budget three times. The first amendment was made October 26, 2021 and resulted in increases in budgeted disbursements related primarily to jail site construction costs in capital projects. The second amendment was April 12, 2022 and resulted in increases primarily for work on the new jail construction project and to disburse the fund balance of the Special Revenue, Mental Health fund at year end. The final amendment was made June 4, 2022 and resulted in increases to disburse the fund balance of the Special Revenue, Mental Health fund at year end and to re-pave a parking lot in administration.

The County's receipts were \$1,190,656 less than budgeted, a 5.8% variance. Intergovernmental receipts were lower than budgeted, due to American Rescue Plan Act funding not being received as anticipated in fiscal year 2022.

Total disbursements were \$3,670,507 less than the amended budget. Actual disbursements for the capital projects, roads and transportation and county environment and education functions were \$1,664,260, \$646,522 and \$556,862, respectively, less than budgeted. Capital projects disbursements were under budget due to capital projects progressing slower than expected. Roads and transportation disbursements were less than budgeted, due in part to fewer road operations costs. Disbursements for county environment and education were less than anticipated due to fewer loans made than anticipated in the Special Revenue, Jackson County Revolving Loan Fund.

The County did not exceed the budgeted amounts for the year ended June 30, 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, Jackson County had approximately \$57.7 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$3,644,000, or 6.8%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2022	2021
Land	\$ 3,334	3,292
Intangibles	1,836	1,836
Construction in progress	3,805	488
Buildings and improvements	3,768	3,601
Equipment and vehicles	4,129	4,139
Right-to-use leased equipment	25	-
Infrastructure	40,665	40,562
Total	<u>\$ 57,562</u>	<u>53,918</u>
This year's major additions included (in thousands):		
Construction in progress	\$ 4,515	
Equipment and vehicles	870	
Total	<u>\$ 5,385</u>	

The County had depreciation expense of \$2,238,108 in fiscal year 2022 and total accumulated depreciation of \$34,196,238 at June 30, 2022.

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

Long-Term Debt

At June 30, 2022 Jackson County had approximately \$5,580,000 of general obligation capital loan notes and lease agreements outstanding at the end of the year. The County had no long-term debt at June 30, 2021. Debt increased as a result of issuing general obligation capital loan notes for the County Sheriff's office and jail.

Outstanding Debt of Governmental Activities at Year-end (Expressed in Thousands)		
	June 30,	
	2022	2021
General obligation bonds	\$ 5,555	-
Lease agreements	25	-
Total	<u>\$ 5,580</u>	<u>-</u>

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Jackson County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$93.7 million. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

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 2023 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, 2022 stands at 2.8% versus 5.0% a year ago. This compares with the State's unemployment rate of 2.6% and the national rate of 3.6%.

These indicators were taken into account when adopting the budget for fiscal year 2023. Amounts available for appropriation (i.e., beginning balance plus revenues) are approximately \$33,093,000 a 2.3% decrease from the final fiscal year 2022 budget. The approximate \$26,566,000 of budgeted disbursements is approximately \$2,430,000 more than the final fiscal year 2022 budget. Increased capital project costs accounts for the largest change. The County has added no major new programs or initiatives to the fiscal year 2023 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$7,181,000 by the close of fiscal year 2023. The expected decrease is due primarily to the use of General Obligation Capital Loan Notes for the construction of the new County Sheriff's office and jail.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Jackson County

Basic Financial Statements

Jackson County
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 18,670,977
Receivables:	
Property tax:	
Delinquent	7,947
Succeeding year	7,501,000
Interest and penalty on property tax	10,939
Accounts	13,028
Opioid settlement	423,198
Accrued interest	6,061
Revolving loans	1,462,536
Due from other governments	495,603
Leases receivable	8,971
Inventories	667,679
Prepaid insurance	169,129
Net pension asset	1,236,764
Capital assets not being depreciated	8,974,727
Capital assets, net of accumulated depreciation	48,587,227
Total assets	88,235,786
Deferred Outflows of Resources	
Pension related deferred outflows	754,009
OPEB related deferred outflows	613,132
Total deferred outflows of resources	1,367,141
Liabilities	
Accounts payable	548,577
Accrued interest payable	11,615
Salaries and benefits payable	343,422
Due to other governments	101,471
Unearned revenues	1,122,315
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreements	5,693
General obligation capital loan	230,000
Compensated absences	255,687
Total OPEB Liability	31,772
Portion due or payable after one year:	
Lease agreements	19,618
General obligation capital loan	5,325,000
Compensated absences	151,984
Total OPEB Liability	2,270,364
Total liabilities	10,417,518
Deferred Inflows of Resources	
Lease related	8,971
Unavailable property tax revenue	7,501,000
Pension related deferred inflows	3,806,374
OPEB related deferred inflows	365,311
Total deferred inflows of resources	11,681,656
Net Position	
Net investment in capital assets	57,160,102
Restricted for:	
Supplemental levy purposes	813,394
Rural services purposes	1,608,235
Secondary roads purposes	5,091,818
Debt service	5,624
Revolving loans	2,093,693
Opioid abatement	423,198
Other purposes	1,063,384
Unrestricted	(755,695)
Total net position	\$ 67,503,753

See notes to financial statements.

Jackson County
Statement of Activities
Year ended June 30, 2022

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Governmental activities:					
Public safety and legal services	\$ 3,117,615	87,331	45,423	-	(2,984,861)
Physical health and social services	480,742	14,474	570,493	-	104,225
Mental health	834,665	6,085	18,493	-	(810,087)
County environment and education	1,813,146	310,106	619,745	255,713	(627,582)
Roads and transportation	7,560,501	130,343	4,699,586	3,599,460	868,888
Governmental services to residents	599,685	454,401	-	-	(145,284)
Administration	2,504,472	56,354	-	-	(2,448,118)
Non-program	28,047	-	-	-	(28,047)
Interest on long-term debt	42,745	-	-	-	(42,745)
Total	\$ 16,981,618	1,059,094	5,953,740	3,855,173	(6,113,611)
General Revenues:					
Property and other county tax levied for:					
General purposes					7,251,015
Debt service					342,969
Penalty and interest on property tax					55,065
State tax credits					566,515
Local option sales tax					1,276,591
American Rescue Plan Act					765,584
Unrestricted investment earnings					39,216
Gain on disposition of capital assets					120,000
Rent					201,346
Miscellaneous					76,560
Total general revenues					10,694,861
Change in net position					4,581,250
Net position beginning of year					62,922,503
Net position end of year					\$ 67,503,753

See notes to financial statements.

Jackson County
Balance Sheet
Governmental Funds

June 30, 2022

	Special		
	General	Rural Services	Secondary Roads
Assets			
Cash, cash equivalents and pooled investments	\$ 3,878,396	1,686,348	4,621,746
Receivables:			
Property tax:			
Delinquent	6,904	595	-
Succeeding year	5,069,000	2,092,000	-
Interest and penalty on property tax	10,939	-	-
Accounts	3,488	3,230	-
Opioid settlement	-	-	-
Accrued interest	6,061	-	-
Revolving loans	-	-	-
Due from other funds	-	-	8,110
Due from other governments	14,324	22,588	431,755
Lease receivable	8,971	-	-
Inventories	-	-	667,679
Prepaid insurance	141,060	-	28,069
Total assets	\$ 9,139,143	3,804,761	5,757,359
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 65,129	9,241	392,009
Salaries and benefits payable	189,687	44,574	105,204
Due to other funds	7,765	-	-
Due to other governments	74,887	-	18,778
Unearned revenues	-	-	-
Total liabilities	<u>337,468</u>	<u>53,815</u>	<u>515,991</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	5,069,000	2,092,000	-
Other	17,587	538	-
Lease related	8,971	-	-
Total deferred inflows of resources	<u>5,095,558</u>	<u>2,092,538</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Inventories	-	-	667,679
Prepaid insurance	141,060	-	28,069
Restricted for:			
Supplemental levy purposes	709,617	-	-
Rural services purposes	-	1,658,408	-
Secondary roads purposes	-	-	4,545,620
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	425,472	-	-
Debt service	-	-	-
Capital projects	-	-	-
Jackson County revolving loans	-	-	-
Opioid settlement	-	-	-
Other purposes	106,802	-	-
Assigned for:			
Capital projects	-	-	-
Jackson County Farm	294,388	-	-
Attorney collection incentive	56,787	-	-
Community drill	15,814	-	-
Other purposes	185,999	-	-
Unassigned	1,770,178	-	-
Total fund balances	<u>3,706,117</u>	<u>1,658,408</u>	<u>5,241,368</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 9,139,143	3,804,761	5,757,359

See notes to financial statements.

Revenue			
Jackson County Revolving Loan	Capital Projects	Nonmajor	Total
631,157	5,912,803	1,638,772	18,369,222
-	-	448	7,947
-	-	340,000	7,501,000
-	-	-	10,939
-	-	6,310	13,028
-	-	423,198	423,198
-	-	-	6,061
1,462,536	-	-	1,462,536
-	-	-	8,110
-	-	26,936	495,603
-	-	-	8,971
-	-	-	667,679
-	-	-	169,129
2,093,693	5,912,803	2,435,664	29,143,423
-	73,593	8,605	548,577
-	-	3,957	343,422
-	-	345	8,110
-	7,806	-	101,471
-	-	1,122,315	1,122,315
-	81,399	1,135,222	2,123,895
-	-	340,000	7,501,000
1,462,536	-	408,949	1,889,610
-	-	-	8,971
1,462,536	-	748,949	9,399,581
-	-	-	667,679
-	-	-	169,129
-	-	-	709,617
-	-	-	1,658,408
-	-	-	4,545,620
-	-	139,100	139,100
-	-	-	425,472
-	-	5,624	5,624
-	5,178,459	-	5,178,459
631,157	-	-	631,157
-	-	14,688	14,688
-	-	392,081	498,883
-	652,945	-	652,945
-	-	-	294,388
-	-	-	56,787
-	-	-	15,814
-	-	-	185,999
-	-	-	1,770,178
631,157	5,831,404	551,493	17,619,947
2,093,693	5,912,803	2,435,664	29,143,423

Jackson County

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

June 30, 2022

Total governmental fund balances (page 21) \$ 17,619,947

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 \$91,758,192 and the accumulated depreciation is \$34,196,238. 57,561,954

Other long-term assets are not available to pay current year expenditures, as follows:

Deferred inflows of resources	\$ 1,889,610	
Net pension asset	<u>1,236,764</u>	3,126,374

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. 301,755

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	1,367,141	
Deferred inflows of resources	<u>(4,171,685)</u>	(2,804,544)

Long-term liabilities including lease agreements payable, notes payable, compensated absences payable, total OPEB liability payable and accrued interest payable are not due and payable in the current year and, therefore, are not reported in the governmental funds. (8,301,733)

Net position of governmental activities (page 18) \$ 67,503,753

See notes to financial statements.

Jackson County

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

Year ended June 30, 2022

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 4,699,152	387,385	2,159,974
Local option sales tax	-	-	319,148
Interest and penalty on property tax	54,056	-	-
Intergovernmental	709,164	50,235	122,441
Licenses and permits	7,430	-	11,425
Charges for service	730,957	-	-
Use of money and property	238,990	-	-
Miscellaneous	336,153	6,085	11,753
Total revenues	<u>6,775,902</u>	<u>443,705</u>	<u>2,624,741</u>
Expenditures:			
Operating:			
Public safety and legal services	1,853,735	-	933,123
Physical health and social services	267,979	-	-
Mental health	-	858,367	-
County environment and education	1,063,188	-	347,505
Roads and transportation	-	-	-
Governmental services to residents	661,695	-	3,605
Administration	2,392,581	-	-
Debt service	-	-	-
Capital projects	504,609	-	-
Total expenditures	<u>6,743,787</u>	<u>858,367</u>	<u>1,284,233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,115</u>	<u>(414,662)</u>	<u>1,340,508</u>
Other financing sources (uses):			
Note proceeds	-	-	-
Premium on notes	-	-	-
Transfers in	3,753	-	57,952
Transfers out	(522,212)	-	(1,215,200)
Lease agreements	29,480	-	-
Total other financing sources (uses)	<u>(488,979)</u>	<u>-</u>	<u>(1,157,248)</u>
Change in fund balances	(456,864)	(414,662)	183,260
Fund balances beginning of year	4,162,981	414,662	1,475,148
Fund balances end of year	<u>\$ 3,706,117</u>	<u>-</u>	<u>1,658,408</u>

See notes to financial statements.

Revenue					
Secondary Roads	Jackson County Revolving Loan	Capital Projects	Nonmajor		Total
-	-	-	343,455		7,589,966
957,443	-	-	-		1,276,591
-	-	-	-		54,056
5,152,180	-	-	922,623		6,956,643
30,315	-	-	14,310		63,480
76	-	-	4,200		735,233
-	29,485	1,235	337		270,047
99,952	150,095	-	54,604		658,642
6,239,966	179,580	1,235	1,339,529		17,604,658
-	-	-	586,372		3,373,230
-	-	-	213,677		481,656
-	-	-	-		858,367
-	350,000	-	66,193		1,826,886
6,090,528	-	-	-		6,090,528
-	-	-	272		665,572
-	-	-	110,286		2,502,867
-	-	-	366,130		366,130
838,017	-	883,445	68,926		2,294,997
6,928,545	350,000	883,445	1,411,856		18,460,233
(688,579)	(170,420)	(882,210)	(72,327)		(855,575)
-	-	5,890,000	-		5,890,000
-	-	39,595	-		39,595
1,240,200	-	340,000	99,260		1,741,165
-	-	(3,753)	-		(1,741,165)
-	-	-	-		29,480
1,240,200	-	6,265,842	99,260		5,959,075
551,621	(170,420)	5,383,632	26,933		5,103,500
4,689,747	801,577	447,772	524,560		12,516,447
5,241,368	631,157	5,831,404	551,493		17,619,947

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, 2022

Change in fund balances - Total governmental funds (page 25) \$ 5,103,500

**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	\$ 2,584,061	
Capital assets contributed by the Iowa Department of Transportation	3,148,740	
Right-to-use leased equipment	29,480	
Depreciation expense	<u>(2,238,108)</u>	3,524,173

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. 120,000

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	4,018	
Other	<u>617,398</u>	621,416

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments, as follows:

Issued	(5,919,480)	
Repaid	<u>339,169</u>	(5,580,311)

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. 539,967

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	28,602	
Pension expense	454,186	
OPEB expense	(221,250)	
Interest on long-term debt	<u>(11,615)</u>	249,923

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. 2,582

Change in net position of governmental activities (page 19) \$ 4,581,250

See notes to financial statements.

Jackson County
Statement of Net Position
Proprietary Funds

June 30, 2022

	<u>Internal Service-Employee Group Health</u>
Current Assets	
Cash and cash equivalents	\$ 301,755
Current Liabilities	
None	<u>-</u>
Net Position	
Unrestricted	<u>\$ 301,755</u>

See notes to financial statements.

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

Year ended June 30, 2022

	<u>Internal Service-Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 177,355
Operating expenses:	
Medical claims	<u>174,773</u>
Operating income	2,582
Net position beginning of year	<u>299,173</u>
Net position end of year	<u>\$ 301,755</u>

See notes to financial statements.

Jackson County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2022

	Internal Service-Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds and employees	\$ 177,355
Cash paid to suppliers for medical claims	(174,773)
Net cash provided by operating activities	2,582
Cash flows from investing activities:	
Interest on investments	2
Net increase in cash and cash equivalents	2,584
Cash and cash equivalents beginning of year	299,171
Cash and cash equivalents end of year	\$ 301,755
Reconciliation of operating income to net cash provided by operating activities:	
Operating income and net cash provided by operating activities	\$ 2,582

See notes to financial statements.

Jackson County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2022

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 3,579,206
Other County officials	9,980
Receivables:	
Property tax:	
Delinquent	41,138
Succeeding year	22,928,000
Accounts	10,151
Due from other governments	<u>56,519</u>
Total assets	<u>26,624,994</u>

Liabilities

Accounts payable	2,204
Salaries and benefits payable	20,625
Due to other governments	949,286
Trusts payable	9,980
Compensated absences	<u>27,871</u>
Total liabilities	<u>1,009,966</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>22,928,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 2,687,028</u>
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See notes to financial statements.

Jackson County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2022

Additions:	
Property and other county tax	\$ 22,979,827
911 surcharge	97,444
State tax credits	2,453,520
Drivers license fees	105,295
Office fees and collections	746,001
Auto licenses, use tax and postage	7,822,767
Assessments	19,473
Trusts	216,475
Miscellaneous	<u>589,670</u>
Total additions	<u>35,030,472</u>
Deductions:	
Agency remittances:	
To other funds	443,847
To other governments	33,725,604
Trusts paid out	<u>217,865</u>
Total deductions	<u>34,387,316</u>
Change in net position	643,156
Net position beginning of year, as restated	<u>2,043,872</u>
Net position end of year	<u>\$ 2,687,028</u>

See notes to financial statements.

Jackson County

Notes to Financial Statements

June 30, 2022

(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 and reduced by outstanding balances for bonds and notes and other debt attributable to the acquisition, construction or improvement of those assets.

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.

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

Additionally, the County reports the following funds:

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, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2021.

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.

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, 2022, 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
Right-to-use leased assets	5,000
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
Right-to-use leased assets	2 - 20
Equipment	3 - 20
Vehicles	5 - 15

Leases – County as Lessee: Jackson County is the lessee for a noncancellable lease of equipment. The County has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payment expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Jackson County determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Jackson County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

County as Lessor: Jackson County is a lessor for a noncancellable lease of building space. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how Jackson County determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Jackson County uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

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

Unearned Revenue – 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. Unearned revenue in the government-wide and governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the County has not made the qualifying expenditure. Unearned revenue consists of unspent American Rescue Plan Act proceeds.

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, 2022. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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 (asset), 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 (asset) attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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, Rural Services and Secondary Roads Funds.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension expense, the unamortized portion of the net difference between projected and actual earnings on pension plan assets and the deferred amounts related to leases 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, 2022, disbursements did not exceed the amounts budgeted.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2022 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 \$10,306,141. 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, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 7,765
	Special Revenue:	
	Local Health	345
		<u>\$ 8,110</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, 2022 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Capital Projects	\$ 3,753
Special Revenue:		
Secondary Roads	General	25,000
	Special Revenue:	
	Rural Basic	1,215,200
		<u>1,240,200</u>
Rural Basic	General	57,952
Local Health	General	99,260
Capital Projects	General	340,000
Total		<u>\$ 1,741,165</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, 2022, the County made one new loan totaling \$350,000.

Outstanding loans receivable of the Jackson County Revolving Loan Fund at June 30, 2022 are as follows:

Loaned to	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Balance June 30, 2022
Sprague Small Engine Service	September 11, 2015	\$ 171,195	2.0%	5 years	\$ 100,464
Martin Enterprises	November 18, 2015	160,000	2.0	15 years	103,907
Seven Hills Paving	November 21, 2016	222,300	2.0	5 years	138,670
DOT1 LLC (Blue 9)	August 31, 2017	275,000	2.0	10 years	212,361
Precision Metal Works	July 12, 2019	400,000	3.0	10 years	200,579
DOT1 LLC (Blue 9) #2	July 12, 2019	140,000	3.0	10 years	103,403
Marlee & Me's Bar & Grill	June 23, 2020	5,000	1.0	3 years	2,348
Lock 12 Trading Co	June 23, 2020	5,000	1.0	3 years	2,348
Encore Investments	March 30, 2021	178,000	2.0	20 years	168,646
Moore Family Farms	March 30, 2021	100,000	2.0-4.0	3/4 years	91,772
DOT1 LLC (Blue 9) #3	July 13, 2021	350,000	2.0	20 years	338,038
Total					<u>\$ 1,462,536</u>

(6) Capital Assets

Capital assets activity for the year ended June 30, 2022 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,291,517	42,500	-	3,334,017
Intangibles, road network	1,835,701	-	-	1,835,701
Construction in progress, road network	276,309	3,682,335	1,198,707	2,759,937
Construction in progress	212,168	832,904	-	1,045,072
Total capital assets not being depreciated	5,615,695	4,557,739	1,198,707	8,974,727
Capital assets being depreciated:				
Buildings	4,923,942	144,707	-	5,068,649
Improvements other than buildings	1,278,533	159,644	-	1,438,177
Equipment and vehicles	10,615,997	870,007	425,195	11,060,809
Right-to-use leased equipment	-	29,480	-	29,480
Infrastructure, road network	62,613,608	1,198,707	-	63,812,315
Infrastructure, other	1,253,331	120,704	-	1,374,035
Total capital assets being depreciated	80,685,411	2,523,249	425,195	82,783,465
Less accumulated depreciation for:				
Buildings	2,372,630	71,588	-	2,444,218
Improvements other than buildings	229,276	65,175	-	294,451
Equipment and vehicles	6,477,050	880,076	425,195	6,931,931
Right-to-use leased equipment	-	4,455	-	4,455
Infrastructure, road network	22,778,781	1,145,786	-	23,924,567
Infrastructure, other	525,588	71,028	-	596,616
Total accumulated depreciation	32,383,325	2,238,108	425,195	34,196,238
Total capital assets being depreciated, net	48,302,086	285,141	-	48,587,227
Governmental activities capital assets, net	\$ 53,917,781	4,842,880	1,198,707	57,561,954

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 80,554
Physical health and social services		14,130
County environment and education		191,014
Roads and transportation		1,840,945
Governmental services to residents		450
Administration		<u>111,015</u>
Total depreciation expense - governmental activities		<u>\$ 2,238,108</u>

(7) County Fairgrounds Lease Receivable

The County owns the Jackson County Fairgrounds. Effective October 1, 2020, the County entered into a three-year lease agreement with Hawkeye Area Community Action Program, Inc. (HACAP) whereby HACAP maintains an outreach center on a portion of the fairgrounds. The County is to receive a graduated amount of building rent annually with an implicit rate of 2.75%.

Year				
Ending	Interest			
June 30,	Rate	Principal	Interest	Total
2023	2.75%	\$ 7,118	159	7,277
2024	2.75	<u>1,853</u>	8	<u>1,861</u>
Total		<u>8,971</u>	<u>167</u>	<u>9,138</u>

(8) 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, 2022 is as follows:

Fund	Description	Amount
General	Services	\$ 74,887
Special Revenue:		
Secondary Roads	Services	18,778
Capital Projects	Construction	<u>7,806</u>
Total for governmental funds		<u>\$ 101,471</u>
Agency:		
County Assessor	Collections	\$ 9,440
Schools		130,747
Community Colleges		9,361
Corporations		31,912
Townships		3,743
County Hospital		9,494
911 Services		627,170
All other		<u>127,419</u>
Total for agency funds		<u>\$ 949,286</u>

(9) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	General Obligation Capital			Net Pension Liability		Total
	Loan Notes	Lease Agreements	Compensated Absences	(asset)	OPEB Liability	Total
Balance beginning of year	\$ -	-	436,273	3,641,108	2,453,946	6,531,327
Increases	5,890,000	29,480	394,370	-	345,806	6,659,656
Decreases	335,000	4,169	422,972	4,877,872	497,616	6,137,629
Balance end of year	5,555,000	25,311	407,671	(1,236,764)	2,302,136	7,053,354
Due within one year	\$ 230,000	5,693	255,687	-	31,772	523,152

(10) Lease Agreements

On September 29, 2021, the County entered into a lease agreement for a postage machine system with an initial lease liability of \$29,480. The agreement requires quarterly payments of \$1,583 over five years with an implicit interest rate of 2.75%. and final payment due July 1, 2026.

Future principal and interest lease payments as of June 30, 2022 are as follows:

Year Ending June 30,	Postage Machine		
	Principal	Interest	Total
2023	\$ 5,693	638	6,331
2024	5,851	480	6,331
2025	6,014	317	6,331
2026	6,181	150	6,331
2027	1,572	10	1,582
Total	\$ 25,311	1,595	26,906

General Obligation Capital Loan

On March 16, 2022, the County issued \$5,890,000 of general obligation capital loan notes, Series 2022A, with interest rates ranging from 2.00-3.00% per annum. The bonds were issued to pay the costs for designing, constructing, equipping, furnishing and making land site improvements for a County Sheriff's office and jail. During the year ended June 30, 2022, the County paid principal of \$335,000 and interest of \$31,130 on the capital loan notes. A summary of the County's June 30, 2022 general obligation capital loan notes is as follows:

Year Ending June 30,	G.O. Capital Loan Notes Series 2022A - Jail Issued Mar 16, 2022			
	Interest Rates	Principal	Interest	Total
2023	3.00%	\$ 230,000	139,375	369,375
2024	3.00	235,000	132,475	367,475
2025	3.00	245,000	125,425	370,425
2026	3.00	250,000	118,075	368,075
2027	3.00	255,000	110,575	365,575
2028-2032	2.00-3.00	1,395,000	441,175	1,836,175
2033-2037	2.10-2.35	1,560,000	281,510	1,841,510
2038-2041	2.45-2.55	1,385,000	88,363	1,473,363
Total		\$ 5,555,000	1,067,100	3,677,100

(11) 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 2022, 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 9.01% of covered payroll for a total rate of 18.02%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% for a total rate of 15.52%.

The County’s contributions to IPERS for the year ended June 30, 2022 were \$539,967.

Net Pension Asset, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County had an asset of \$1,236,764 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021. The total pension liability used in its calculation of the overall plan net pension asset was determined by an actuarial valuation as of that date. The County’s proportion of the overall plan net pension asset was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the County’s proportion was 0.358247%, which was an increase of 0.306414% over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of \$(454,186). At June 30, 2022, 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	\$ 145,773	59,683
Changes of assumptions	59,591	39,564
Net difference between projected and actual earnings on IPERS' investments	-	3,669,459
Changes in proportion and differences between County contributions and the County's share of contributions proportionate	8,678	37,668
County contributions subsequent to the measurement date	539,967	-
Total	<u>\$ 754,009</u>	<u>3,806,374</u>

\$539,967 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 overall plan net pension asset in the year ending June 30, 2023. 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
2023	\$ (921,910)
2024	(891,839)
2025	(813,422)
2026	(977,584)
2027	12,423
Total	<u>\$ (3,592,332)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension asset in the June 30, 2021 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, 2021 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 2021 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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension asset 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 (asset).

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$ 2,126,491	(1,236,764)	(4,054,200)

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

Payables to IPERS – At June 30, 2022, the County reported payables to IPERS of \$24,136 for legally required County contributions and \$16,744 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(12) 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	<u>129</u>
Total	<u>134</u>

Total OPEB Liability – The County’s total OPEB liability of \$2,302,136 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 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, 2022)	2.60% per annum.
Rates of salary increase (effective June 30, 2022)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2022)	4.09% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	7.50% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 4.09% 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>\$ 2,453,946</u>
Changes for the year:	
Service cost	287,941
Interest	57,865
Differences between expected and actual experiences	(67,129)
Changes in assumptions	(230,099)
Benefit payments	<u>(200,388)</u>
Net changes	<u>(151,810)</u>
Total OPEB liability end of year	<u>\$ 2,302,136</u>

Changes of assumptions reflect a change in the discount rate from 2.19% in fiscal year 2021 to 4.09% in fiscal year 2022.

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 (3.09%) or 1% higher (5.09%) than the current discount rate.

	<u>1% Decrease (3.09%)</u>	<u>Discount Rate (4.09%)</u>	<u>1% Increase (5.09%)</u>
Total OPEB liability	\$ 2,424,292	2,302,136	2,181,453

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 (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rates.

	<u>1% Decrease (6.50%)</u>	<u>Healthcare Cost Trend Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Total OPEB liability	\$ 2,106,878	2,302,136	2,526,366

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized OPEB expense of \$421,638. At June 30, 2022, 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	\$ 560,008	77,233
Changes in assumptions	53,124	288,078
Total	<u>\$ 613,132</u>	<u>365,311</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
2023	\$ 75,832
2024	75,832
2025	53,619
2026	53,616
2027	54,890
Thereafter	<u>(65,968)</u>
	<u>\$ 247,821</u>

(13) 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 794 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, employment practices liability, public officials liability and police professional liability. 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, 2022 were \$254,313.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, 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, 2022, no liability has been recorded in the County's financial statements. As of June 30, 2022, 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.

(14) 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.

(15) 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.

(16) 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, 2022 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	\$ 55,428
City of Maquoketa	Urban renewal and economic development projects	2,164
City of Preston	Urban renewal and economic development projects	9,708

(17) 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, 2022, as follows:

Revenues:		
Property and other county tax		\$ 387,385
Intergovernmental revenue:		
State tax credits		50,235
Miscellaneous		<u>6,085</u>
Total revenues		<u>443,705</u>
Expenditures:		
Services to persons with:		
Mental illness	\$ 69,272	
Other developmental disabilities	<u>390</u>	69,662
General administration:		
Direct administration	96,570	
Distribution to regional fiscal agent	<u>692,135</u>	<u>788,705</u>
Total expenditures		<u>858,367</u>
Excess of revenues over expenditures		(414,662)
Fund balance beginning of year		<u>414,662</u>
Fund balance end of year		<u>\$ -</u>

(18) Construction Commitments

The County has entered into contracts totaling \$7,369,864 for architecture, design and construction of a County Sheriff's office and jail. As of June 30, 2022, costs of \$2,516,685 on the project have been incurred. The \$4,853,179 balance remaining on the project at June 30, 2022 will be paid as the work on the project progresses.

(19) Accounting Change

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The restated balance of lease receivables and deferred inflows of resources at July 1, 2021 is \$15,257. The result of these changes had no effect on the beginning net position.

(20) Opioid Litigation Settlement

The State of Iowa along with other states settled claims that certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failed to monitor for, detect and prevent diversion of the drugs. The County also settled the same claims and related claims. Due to its settlement of these claims, the County will receive payment from the Defendant companies over the next seventeen years. The County is required to use the funds for activities to remediate the opioid crisis and treat or mitigate opioid use disorder and related disorders through prevention, harm reduction, treatment and recovery services.

(21) Prospective Accounting Change

Governmental Accounting Standards Board Statement has issued No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. The revised requirements of this statement will required reporting certain assets and liabilities for the right-to-use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

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, 2022

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 8,967,629	-	8,967,629
Interest and penalty on property tax	54,218	-	54,218
Intergovernmental	8,292,019	-	8,292,019
Licenses and permits	58,975	-	58,975
Charges for service	758,742	-	758,742
Use of money and property	412,637	337	412,300
Miscellaneous	708,888	39,336	669,552
Total receipts	19,253,108	39,673	19,213,435
Disbursements:			
Public safety and legal services	3,326,083	-	3,326,083
Physical health and social services	508,013	-	508,013
Mental health	877,292	-	877,292
County environment and education	1,832,569	66,193	1,766,376
Roads and transportation	5,908,925	-	5,908,925
Governmental services to residents	663,029	-	663,029
Administration	2,465,988	-	2,465,988
Debt service	366,130	-	366,130
Capital projects	2,308,827	-	2,308,827
Total disbursements	18,256,856	66,193	18,190,663
Excess (deficiency) of receipts over (under) disbursements	996,252	(26,520)	1,022,772
Other financing sources, net	5,929,595	-	5,929,595
Change in balances	6,925,847	(26,520)	6,952,367
Balance beginning of year	11,443,375	263,376	11,179,999
Balance end of year	\$ 18,369,222	236,856	18,132,366

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		Final to Net Variance
Original	Final	
8,597,431	8,660,039	307,590
3,100	3,100	51,118
6,187,013	10,003,311	(1,711,292)
45,710	45,710	13,265
618,580	618,580	140,162
464,889	505,948	(93,648)
519,822	567,403	102,149
<u>16,436,545</u>	<u>20,404,091</u>	<u>(1,190,656)</u>
2,794,040	3,387,040	60,957
454,918	526,288	18,275
532,635	1,002,635	125,343
2,010,649	2,323,238	556,862
6,303,447	6,555,447	646,522
719,017	720,817	57,788
2,626,291	3,005,887	539,899
367,042	366,731	601
2,043,318	3,973,087	1,664,260
<u>17,851,357</u>	<u>21,861,170</u>	<u>3,670,507</u>
(1,414,812)	(1,457,079)	2,479,851
25	-	5,929,595
<u>(1,414,787)</u>	<u>(1,457,079)</u>	<u>8,409,446</u>
<u>7,576,549</u>	<u>7,576,549</u>	<u>3,603,450</u>
<u>6,161,762</u>	<u>6,119,470</u>	<u>12,012,896</u>

Jackson County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2022

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 19,253,108	(1,648,450)	17,604,658
Expenditures	18,256,856	203,377	18,460,233
Net	996,252	(1,851,827)	(855,575)
Other financing sources, net	5,929,595	29,480	5,959,075
Beginning fund balances	11,443,375	1,073,072	12,516,447
Ending fund balances	<u>\$ 18,369,222</u>	<u>(749,275)</u>	<u>17,619,947</u>

See accompanying independent auditor's report.

Jackson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2022

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, three budget amendments increased budgeted disbursements by \$4,009,813. 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, 2022, disbursements did not exceed the amounts budgeted for any function.

Jackson County

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

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

Required Supplementary Information

	2022	2021	2020	2019
County's proportion of the net pension liability /asset	0.358247% **	0.051833%	0.048829%	0.050914%
County's proportionate share of the net pension liability (asset)	\$ (1,236)	3,641	2,828	3,222
County's covered payroll	\$ 5,731	5,252	5,011	4,942
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(21.57)%	69.33%	56.44%	65.20%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

* 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.

** Overall plan net pension asset.

See accompanying independent auditor's report.

2018	2017	2016	2015
0.055493%	0.055381%	0.053408%	0.052120%
3,696	3,485	2,639	2,067
4,929	4,681	4,589	4,524
74.98%	74.45%	57.51%	45.69%
82.21%	81.82%	85.19%	87.61%

Jackson County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 540	507	499	478
Contributions in relation to the statutorily required contribution	<u>(540)</u>	<u>(507)</u>	<u>(499)</u>	<u>(478)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 5,767	5,731	5,252	5,011
Contributions as a percentage of covered payroll	9.36%	8.85%	9.50%	9.54%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
449	449	427	418	412	384
(449)	(449)	(427)	(418)	(412)	(384)
-	-	-	-	-	-
4,942	4,929	4,681	4,589	4,524	4,338
9.09%	9.11%	9.12%	9.11%	9.11%	8.85%

Jackson County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2022

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 Five Years
Required Supplementary Information

	2022	2021	2020	2019	2018
Service cost	\$ 287,941	263,166	133,190	123,993	92,946
Interest cost	57,865	63,615	53,854	56,330	45,487
Change of benefit terms	-	-	-	-	(65,102)
Difference between expected and actual experiences	(67,129)	13,744	805,852	(36,991)	161,149
Changes in assumptions	(230,099)	52,992	(136,195)	26,764	(5,658)
Benefit payments	(200,388)	(135,033)	(123,655)	(77,744)	(72,169)
Net change in total OPEB liability	(151,810)	258,484	733,046	92,352	156,653
Total OPEB liability beginning of year	2,453,946	2,195,462	1,462,416	1,370,064	1,213,411
Total OPEB liability end of year	\$ 2,302,136	2,453,946	2,195,462	1,462,416	1,370,064
Covered-employee payroll	\$ 5,349,401	4,923,264	5,187,377	5,084,054	4,789,264
Total OPEB liability as a percentage of covered-employee payroll	43.0%	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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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, 2022	4.09%
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, 2022

	County Recorder's Records Management	Green Island Drainage Districts	Local Health	Special Resource Enhancement and Protection
Assets				
Cash, cash equivalents and pooled investments	\$ 33,278	139,100	58,765	176,188
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	150	-
Opioid settlement	-	-	-	-
Due from other governments	-	-	26,936	-
Total assets	\$ 33,278	139,100	85,851	176,188
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	-	-	8,605	-
Salaries and benefits payable	-	-	3,957	-
Due to other funds	-	-	345	-
Unearned revenues	-	-	-	-
Total liabilities	-	-	12,907	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for:				
Drainage purposes	-	139,100	-	-
Debt service	-	-	-	-
Opioid abatement	-	-	-	-
Other purposes	33,278	-	72,944	176,188
Total fund balances	33,278	139,100	72,944	176,188
Total liabilities, deferred inflows of resources and fund balances	\$ 33,278	139,100	85,851	176,188

See accompanying independent auditor's report.

Revenues							
Friends of Jackson County Conservation	Emergency Training Grant	Pioneer Cemetery Trust	American Rescue Plan Act	Local Government Opioid Abatement	Debt Service		Total
97,756	-	5,755	1,122,315	-	5,615		1,638,772
-	-	-	-	-	448		448
-	-	-	-	-	340,000		340,000
-	6,160	-	-	-	-		6,310
-	-	-	-	423,198	-		423,198
-	-	-	-	-	-		26,936
97,756	6,160	5,755	1,122,315	423,198	346,063		2,435,664
-	-	-	-	-	-		8,605
-	-	-	-	-	-		3,957
-	-	-	-	-	-		345
-	-	-	1,122,315	-	-		1,122,315
-	-	-	1,122,315	-	-		1,135,222
-	-	-	-	-	340,000		340,000
-	-	-	-	408,510	439		408,949
-	-	-	-	408,510	340,439		748,949
-	-	-	-	-	-		139,100
-	-	-	-	-	5,624		5,624
-	-	-	-	14,688	-		14,688
97,756	6,160	5,755	-	-	-		392,081
97,756	6,160	5,755	-	14,688	5,624		551,493
97,756	6,160	5,755	1,122,315	423,198	346,063		2,435,664

Jackson County

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

Year ended June 30, 2022

	County Recorder's Records Management	Green Island Drainage Districts	Local Health	Special Resource Enhancement and Protection
Revenues:				
Property and other county tax	\$ -	-	-	-
Intergovernmental	-	-	111,172	11,423
Licenses and permits	-	-	14,310	-
Charges for service	4,036	-	164	-
Use of money and property	-	337	-	-
Miscellaneous	-	4,437	480	-
Total revenues	4,036	4,774	126,126	11,423
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	-	213,677	-
County environment and education	-	3,019	-	-
Governmental services to residents	272	-	-	-
Administration	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	272	3,019	213,677	-
Excess (deficiency) of revenues over (under) expenditures	3,764	1,755	(87,551)	11,423
Other financing sources:				
Transfers in	-	-	99,260	-
Change in fund balances	3,764	1,755	11,709	11,423
Fund balances beginning of year	29,514	137,345	61,235	164,765
Fund balances end of year	\$ 33,278	139,100	72,944	176,188

See accompanying independent auditor's report.

Revenue							
Friends of Jackson County Conservation	Emergency Training Grant	Pioneer Cemetery Trust	American Rescue Plan Act	Local Government Opioid Abatement	Debt Service		Total
-	-	-	-	-	343,455		343,455
-	6,160	-	765,584	-	28,284		922,623
-	-	-	-	-	-		14,310
-	-	-	-	-	-		4,200
-	-	-	-	-	-		337
34,899	-	100	-	14,688	-		54,604
34,899	6,160	100	765,584	14,688	371,739		1,339,529
-	-	-	586,372	-	-		586,372
-	-	-	-	-	-		213,677
63,174	-	-	-	-	-		66,193
-	-	-	-	-	-		272
-	-	-	110,286	-	-		110,286
-	-	-	-	-	366,130		366,130
-	-	-	68,926	-	-		68,926
63,174	-	-	765,584	-	366,130		1,411,856
(28,275)	6,160	100	-	14,688	5,609		(72,327)
-	-	-	-	-	-		99,260
(28,275)	6,160	100	-	14,688	5,609		26,933
126,031	-	5,655	-	-	15		524,560
97,756	6,160	5,755	-	14,688	5,624		551,493

Schedule 3

Jackson County

Combining Schedule of Net Position
Internal Service Funds

June 30, 2022

	<hr/>		
	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Assets			
Cash and cash equivalents	\$ 241,669	60,086	301,755
Liabilities			
None	-	-	-
Net Position			
Unrestricted	<u>\$ 241,669</u>	<u>60,086</u>	<u>301,755</u>

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, 2022

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Operating revenues:			
Reimbursements from operating funds	\$ 112,800	64,555	177,355
Operating expenses:			
Medical claims	113,311	61,462	174,773
Operating income (loss)	(511)	3,093	2,582
Net position beginning of year	242,180	56,993	299,173
Net position end of year	\$ 241,669	60,086	301,755

See accompanying independent auditor's report.

Jackson County

Jackson County
 Combining Schedule of Cash Flows
 Internal Service Funds

Year ended June 30, 2022

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Cash flows from operating activities:			
Cash received from operating funds and employees	\$ 112,800	64,555	177,355
Cash paid to suppliers for medical claims, and administrative fees	(113,311)	(61,462)	(174,773)
Net cash provided (used) by operating activities	(511)	3,093	2,582
Cash flows from investing activities:			
Interest on investments	2	-	2
Net change in cash and cash equivalents	(509)	3,093	2,584
Cash and cash equivalents beginning of year	242,178	56,993	299,171
Cash and cash equivalents end of year	<u>\$ 241,669</u>	<u>60,086</u>	<u>301,755</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss) and net cash provided (used) by operating activities	<u>\$ (511)</u>	<u>3,093</u>	<u>2,582</u>

See accompanying independent auditor's report.

Jackson County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,206	1,116,150	130,747
Other County officials	9,980	-	-	-
Receivables:				
Property tax:				
Delinquent	-	344	946	19,088
Succeeding year	-	246,000	694,000	13,766,000
Accounts	-	-	-	-
Due from other governments	-	-	-	-
Total assets	9,980	248,550	1,811,096	13,915,835
Liabilities				
Accounts payable	\$ -	-	164	-
Salaries and benefits payable	-	-	18,130	-
Due to other governments	-	2,206	9,440	130,747
Trusts payable	9,980	-	-	-
Compensated absences	-	-	27,871	-
Total liabilities	9,980	2,206	55,605	130,747
Deferered Inflows of Resources				
Unavailable revenues	-	246,000	694,000	13,766,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	344	1,061,491	19,088

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Auto License and Use Tax	911 Service Commission	Other	Total
9,361	31,912	3,743	9,494	627,170	1,433,485	214,938	3,579,206
-	-	-	-	-	-	-	9,980
1,409	17,792	117	1,428	-	-	14	41,138
1,050,000	5,643,000	389,000	1,048,000	-	-	92,000	22,928,000
-	-	-	-	-	10,151	-	10,151
-	-	-	-	-	56,519	-	56,519
1,060,770	5,692,704	392,860	1,058,922	627,170	1,500,155	306,952	26,624,994
-	-	-	-	-	2,040	-	2,204
-	-	-	-	-	-	2,495	20,625
9,361	31,912	3,743	9,494	627,170	-	125,213	949,286
-	-	-	-	-	-	-	9,980
-	-	-	-	-	-	-	27,871
9,361	31,912	3,743	9,494	627,170	2,040	127,708	1,009,966
1,050,000	5,643,000	389,000	1,048,000	-	-	92,000	22,928,000
1,409	17,792	117	1,428	-	1,498,115	87,244	2,687,028

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

Year ended June 30, 2022

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	242,342	742,716	14,026,139
911 surcharge	-	-	-	-
State tax credits	-	24,184	73,781	1,411,767
Drivers license fees	-	-	-	-
Office fees and collections	746,001	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	115,707	-	-	-
Miscellaneous	-	-	347	6,934
Total additions	<u>861,708</u>	<u>266,526</u>	<u>816,844</u>	<u>15,444,840</u>
Deductions:				
Agency remittances:				
To other funds	223,051	-	-	-
To other governments	509,586	266,324	525,949	15,433,936
Trusts paid out	129,071	-	-	-
Total deductions	<u>861,708</u>	<u>266,324</u>	<u>525,949</u>	<u>15,433,936</u>
Changes in net position	-	202	290,895	10,904
Net position beginning of year, as restated	-	142	770,596	8,184
Net position end of year	<u>\$ -</u>	<u>344</u>	<u>1,061,491</u>	<u>19,088</u>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Auto License and Use Tax	911 Service Commission	Other	Total
1,033,673	5,296,535	389,035	1,042,713	-	-	206,674	22,979,827
-	-	-	-	-	97,444	-	97,444
102,642	698,075	31,758	103,573	-	-	7,740	2,453,520
-	-	-	-	105,295	-	-	105,295
-	-	-	-	-	-	-	746,001
-	-	-	-	7,822,767	-	-	7,822,767
-	-	-	-	-	-	19,473	19,473
-	-	-	-	-	-	100,768	216,475
479	2,345	97	487	-	370,145	208,836	589,670
1,136,794	5,996,955	420,890	1,146,773	7,928,062	467,589	543,491	35,030,472
-	-	-	-	220,796	-	-	443,847
1,135,983	5,983,789	420,919	1,145,956	7,707,266	95,413	500,483	33,725,604
-	-	-	-	-	-	88,794	217,865
1,135,983	5,983,789	420,919	1,145,956	7,928,062	95,413	589,277	34,387,316
811	13,166	(29)	817	-	372,176	(45,786)	643,156
598	4,626	146	611	-	1,125,939	133,030	2,043,872
1,409	17,792	117	1,428	-	1,498,115	87,244	2,687,028

Jackson County

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

For the Last Ten Years

	2022	2021	2020	2019
Revenues:				
Property and other county tax	\$ 7,589,966	7,450,312	6,952,531	6,649,135
Local option sales tax	1,276,591	1,288,540	1,036,374	901,739
Interest and penalty on property tax	54,056	68,480	34,236	49,523
Intergovernmental	6,956,643	6,312,218	5,978,336	5,245,376
Licenses and permits	63,480	67,866	55,216	47,781
Charges for service	735,233	816,487	670,477	601,151
Use of money and property	270,047	235,307	458,910	479,849
Miscellaneous	658,642	765,543	348,657	860,556
Total	\$ 17,604,658	17,004,753	15,534,737	14,835,110
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,373,230	2,790,595	2,610,054	2,480,338
Physical health and social services	481,656	495,670	489,564	395,689
Mental health	858,367	515,645	473,387	344,501
County environment and education	1,826,886	1,782,253	2,059,400	1,465,453
Roads and transportation	6,090,528	6,515,301	5,926,494	6,339,574
Governmental services to residents	665,572	781,940	768,474	694,088
Administration	2,502,867	1,825,786	1,894,189	1,900,375
Debt service	366,130	-	-	-
Capital projects	2,294,997	243,884	913,680	1,186,961
Total	\$ 18,460,233	14,951,074	15,135,242	14,806,979

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
6,527,216	6,598,146	6,372,478	6,205,455	5,878,246	5,434,887
935,079	906,342	852,357	909,054	923,319	827,026
51,778	55,133	52,020	58,827	53,738	54,424
5,507,255	5,291,726	5,163,842	4,927,799	4,225,436	12,290,554
53,793	54,037	53,569	40,364	52,789	36,524
670,688	605,913	649,357	584,653	534,619	619,580
398,833	575,099	470,979	375,310	508,603	312,505
663,902	594,292	270,515	270,664	371,338	251,269
14,808,544	14,680,688	13,885,117	13,372,126	12,548,088	19,826,769
2,337,069	2,261,167	2,198,701	2,102,403	2,047,821	1,881,167
255,349	258,939	252,144	273,848	274,584	324,855
487,514	1,271,864	1,124,506	854,768	893,099	1,200,377
1,844,887	1,631,103	1,769,766	1,239,879	1,488,382	1,507,918
5,883,732	5,419,299	4,782,276	4,984,889	4,902,887	4,748,492
661,637	811,987	637,091	611,617	607,636	584,294
1,870,824	1,731,417	1,805,299	1,528,426	1,443,608	1,562,340
-	-	-	-	-	-
668,705	779,153	550,548	474,805	497,137	394,120
14,009,717	14,164,929	13,120,331	12,070,635	12,155,154	12,203,563



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

To the Officials of Jackson County:

We have audited, in accordance with auditing standards generally accepted in the United States of America 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, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 28, 2023.

Report on 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 (internal control) as a basis for designing audit procedures that are 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 that 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 that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 through 2022-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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 noncompliance or other matters which are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Jackson County's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Jackson 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.

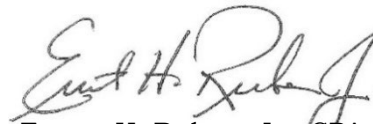
Jackson County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Jackson County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Jackson County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

March 28, 2023

Jackson County
 Schedule of Findings
 Year ended June 30, 2022

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties

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

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

	<u>Applicable Offices</u>
(1) Collection and deposit preparation functions are not segregated from those of recording and accounting for cash receipts.	Treasurer, 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.	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) All individuals have the ability to void receipts, including the individual who reviews voided receipts.	Treasurer

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

Jackson County

Schedule of Findings

Year ended June 30, 2022

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 –

Treasurer – Going forward, we will have staff in the Auditor's Office review and sign off on our monthly void receipts for Tax and Motor Vehicle along with the monthly reconciliation they are already reviewing. Currently, the Treasurer performs the deposit preparation and reconciliation of cash receipts as well as entry in accounting. It is rare that the Treasurer has to work at the counter and accept cash receipts, but with a small staff, there are times when the Treasurer will have to perform cash receipts at the county along with other duties. The Treasurer will also have another member of her staff verify the daily cash deposit amount and initial the deposit receipt with her.

Recorder – We are a small office. We do double and triple check all our work for added security.

Sheriff – We currently have three employees that are trained in the process of collections, deposits and disbursements. Cash collections are recorded in a notebook by an independent person.

Conservation – The Jackson County Conservation Board is a small office with minimal staff. We will do our best going forward to clear these comments.

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.

2022-002 Financial Reporting

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

Condition – Material amounts of capital assets, accounts receivable and accounts payable were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Jackson County

Schedule of Findings

Year ended June 30, 2022

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

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

Recommendation – The County should establish procedures to ensure all capital assets, receivables and payables are identified and properly reported in the County’s financial statements.

Response – We will be more diligent to properly identify all accruals. Capital assets will be reviewed by multiple personnel to ensure accurate reconciling.

Conclusion – Response accepted.

2022-003 County Sheriff Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling book and bank balances. Bank reconciliations can help ensure the accuracy of recorded amounts.

Condition – Monthly reconciliations of book to bank balances were not prepared by the Sheriff’s Office for the Sheriff Forfeiture, Inmate Bond and Work Release accounts.

Cause – Policies have not been designed and procedures have not been implemented to ensure bank reconciliations are prepared.

Effect – Lack of preparation of bank reconciliations increases the risk misstatements may not be prevented or detected and corrected on a timely basis in the normal course of operations.

Recommendation – To improve financial accountability and control, the monthly reconciliations of the book and bank balances should be prepared. Reconciliations should be reviewed by an independent person and the review should be documented by the signature or initials of the reviewer and the date of the review. The bank reconciliation should include evidence the bank balances and reconciling items were verified by the independent reviewer.

Response – We are now performing monthly bank reconciliations for the Inmate Bond and Work Release accounts. We are now performing reconciliations for the Bank reconciliations for the Forfeiture Account have been performed since it was suggested after the last audit as well as the General Account Reconciliations being reviewed, signed and dated by the Chief Deputy.

Conclusion – Response accepted.

Jackson County

Schedule of Findings

Year ended June 30, 2022

2022-004 Friends of Conservation

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

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

- (1) Opening mail, creating initial listing of receipts, collecting, depositing, posting, daily reconciling.
- (2) Bank accounts are reconciled by an individual who has the ability to write checks.
- (3) Bank reconciliations are not reviewed periodically by an independent person for propriety.

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

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

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

Response – Friends of Jackson County Conservation are aware of these internal control recommendations. We are constantly recruiting qualified, competent volunteers to help with the Friends' finances.

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

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Jackson County

Schedule of Findings

Year ended June 30, 2022

Part IV: Other Findings Related to Required Statutory Reporting:

- 2022-A Certified Budget – Disbursements during the year ended June 30, 2022 did not exceed the amounts budgeted.
- 2022-B 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.
- 2022-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 2022-D 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.
- 2022-E 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, husband owns Stickley Electric Service	Electrical parts and repair	\$ 5,990
Mary Stickley, Auditor’s Office Deputy, owns Old Capital Cup Co. Inc.	Custodial and cleaning supplies	3,606
Becki Chapin, Auditor's Office, sister is vice president at Maquoketa State Bank	Deposit slips	530
Becki Chapin, Auditor's Office, husband owns Eastern Iowa Overhead Door	Door opener and remotes	85
Jessie Geerts, Attorney's Office, husband owns Westside Auto Service	Oil filter and tire repair	42

The transactions with Maquoketa State Bank do not appear to be 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 transactions with Stickley Electric Service, Old Capital Cup Co., Inc., Easter 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.

- 2022-F 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.
- 2022-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Jackson County

Schedule of Findings

Year ended June 30, 2022

- 2022-H 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.
- 2022-I Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Jackson County

Staff

This audit was performed by:

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