



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
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NEWS RELEASE

FOR RELEASE

June 28, 2024

Contact: Brian Brustkern
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$20,045,974 for the year ended June 30, 2023, a 7% decrease. Expenses for County operations for the year ended June 30, 2023 totaled \$17,829,110, a 5.0% increase. The significant decrease in revenues is primarily due to a decrease in secondary road infrastructure contributed by the Iowa Department of Transportation.

AUDIT FINDINGS:

Sand reported five findings related to the receipt and expenditure of taxpayer funds. They are found on pages 90 through 95 of this report. The findings address issues such as a lack of segregation of duties and material amounts of receivables not properly recorded in the County's financial statements.

Four of the 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 website 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, 2023

Jackson County



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Rob Sand
Auditor of State

May 7, 2024

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, 2023. 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", written in a cursive style.

Rob Sand
Auditor of State

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Jackson County

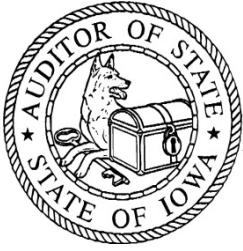
Officials

(Before January 2023)

<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

(After January 2023)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mike Steines	Board of Supervisors	Jan 2025
Nin Flagel	Board of Supervisors	Jan 2027
Donald L. Schwenker	Board of Supervisors	Jan 2027
Alisa Smith	County Auditor	Jan 2025
Beth Gerlach	County Treasurer	Jan 2027
Arlene Schauf	County Recorder	Jan 2027
Brent Kilburg	County Sheriff	Jan 2025
John Kies	County Attorney	Jan 2027
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, 2023, 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, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 17 to the financial statements, Jackson County's beginning net position for the Custodial, Employee Health and Custodial, Employee Dental funds were restated, as those balances were not previously reported. 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 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 GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment 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 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 judgment, 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 60 through 72 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 GAAS, 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, 2022 (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 GAAS. 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 May 7, 2024 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.



Brian R. Brustkern, CPA
Deputy Auditor of State

May 7, 2024

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, 2023. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2023 FINANCIAL HIGHLIGHTS

- The Governor signed Senate File 619 on June 16, 2021 which significantly changed mental health funding. The County was required to transfer the remaining fund balance of the Special Revenue, Mental Health Fund to the Eastern Iowa Mental Health Disability Services Region prior to June 30, 2022.
- Revenues of the County's governmental activities decreased 7%, or approximately \$1,517,000, during fiscal year 2023. Capital grants, contributions and restricted interest decreased approximately \$2,828,000 due, in part, to the decrease in capital assets contributed by the Iowa Department of Transportation. In addition, general revenues increased approximately \$1,709,000 primarily due to the recognition of American Rescue Plan Act (ARPA) funds.
- Program expenses of the County's governmental activities increased 5.0%, or approximately \$847,000 during fiscal year 2023. Administration expenses increased approximately \$554,000, mainly due to reimbursable expenses for the Mental Health Region and increases in salaries and County contributions to employee health insurance. Interest on long-term debt expenses increased approximately \$96,000.
- The County's net position increased 3.3%, or approximately \$2,217,000 during June 30, 2023.

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, the individual Internal Service and the individual 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, 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 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,	
	2023	2022 (Not Restated)
Current and other assets	\$ 28,002	30,674
Capital assets	61,272	57,562
Total assets	<u>89,274</u>	<u>88,236</u>
Deferred outflows of resources	1,325	1,367
Long-term liabilities	9,789	8,290
Other liabilities	1,958	2,128
Total liabilities	<u>11,747</u>	<u>10,418</u>
Deferred inflows of resources	9,131	11,682
Net position:		
Net investment in capital assets	58,778	57,160
Restricted	10,025	11,099
Unrestricted	918	(756)
Total net position	<u>\$ 69,721</u>	<u>67,503</u>

Jackson County’s combined net position of governmental activities increased 3.3% (approximately \$70.0 million compared to approximately \$68.0 million).

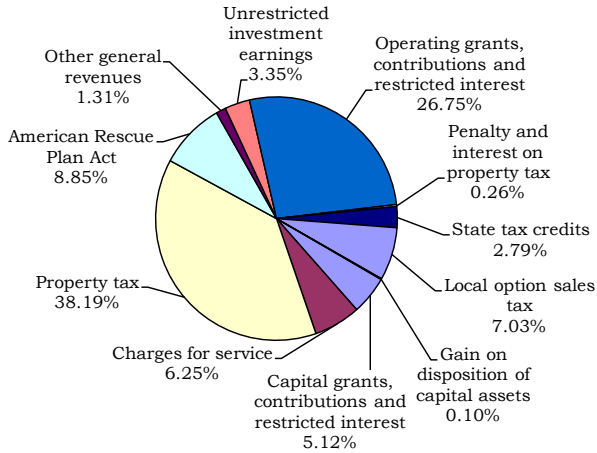
The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$1,618,000, or 2.8%, 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 decreased approximately \$1,074,000, or 9.7%. The decrease is primarily due to a decrease in the amount available in the Secondary Roads and Rural Services Funds at year end.

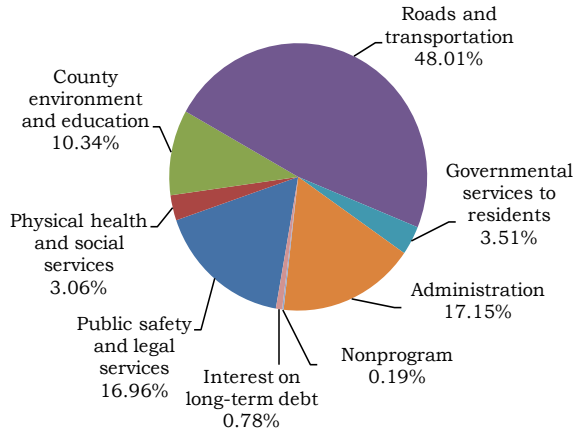
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of approximately \$756,000 at June 30, 2022 to approximately \$918,000 at the end of this year, an increase of 221.4%. The increase is due to a large decrease in pension related deferred inflows offset by an increase in the net pension liability.

Changes in Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2023	2022 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 1,252	1,059
Operating grants, contributions and restricted interest	5,362	5,953
Capital grants, contributions and restricted interest	1,027	3,855
General revenues:		
Property tax	7,654	7,594
Penalty and interest on property tax	53	55
State tax credits	560	567
Local option sales tax	1,410	1,277
American Rescue Plan Act	1,774	766
Unrestricted investment earnings	672	39
Gain on disposition of capital assets	21	120
Other general revenues	262	278
Total revenues	<u>20,047</u>	<u>21,563</u>
Program expenses:		
Public safety and legal services	3,023	3,118
Physical health and social services	545	481
Mental health	-	835
County environment and education	1,844	1,813
Roads and transportation	8,560	7,560
Governmental services to residents	626	600
Administration	3,058	2,504
Nonprogram	34	28
Interest on long-term debt	139	43
Total expenses	<u>17,829</u>	<u>16,982</u>
Change in net position	2,218	4,581
Net position beginning of year	<u>67,503</u>	<u>62,922</u>
Net position end of year	<u>\$ 69,721</u>	<u>67,503</u>

Revenues by Source



Expenses by Program



Jackson County’s governmental activities net position increased approximately \$2,218,000 during the year. Revenues for governmental activities decreased approximately \$1,516,000. Capital grants, contributions and restricted interest decreased approximately \$2,828,000, or 73.4%, due to the County receiving less assets contributed by the Iowa Department of Transportation and an increase in revenues due to the receipt of American Rescue Plan Act (ARPA) funds.

The County’s property tax rates for fiscal year 2023 increased from the prior year from \$7.6828 per \$1,000 of taxable valuation for fiscal year 2022 to \$7.7827 per \$1,000 of taxable valuation in fiscal year 2023. The County’s property tax revenue increased approximately \$59,000 in fiscal year 2023. The total Jackson County taxable property valuation for property tax payable in fiscal year 2024 decreased approximately \$1,500,000. The tax levy rate is set to increase \$0.4446 per \$1,000 of taxable valuation. Property tax revenue is budgeted to increase approximately \$446,000 next year.

The cost of all governmental activities this year was approximately \$17.8 million compared to approximately \$16.98 million last year. However, as shown in the Statement of Activities on page 21, the amount taxpayers ultimately financed for these activities was approximately \$10,189,000, because some of the cost was paid by those directly benefited from the programs (approximately \$1,252,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$6,390,000). Overall, the County’s governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2023 from approximately \$10,867,000 to approximately \$7,642,000, principally due to a decrease in capital grants, contributions and restricted interest for infrastructure assets contributed by the Iowa Department of Transportation.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jackson County completed the year, its governmental funds reported a combined fund balance of approximately \$15,663,000, a decrease of approximately \$1,957,000 below last year’s total of approximately \$17,620,000. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$868,000, or 12.8%, primarily due to an increase in bond interest received during the fiscal year 2023. Expenditures decreased approximately \$78,000, or 1.2%, due to costs associated with conservation projects during fiscal year 2023. The ending fund balance increased approximately \$995,000, or 26.8%, to approximately \$4,701,000.

- The Special Revenue, Rural Services Fund ended fiscal year 2023 with an ending balance of approximately \$1,378,000 compared to the prior year ending balance of approximately \$1,658,000. Revenues increased approximately \$36,000 from the prior year. Expenditures increased approximately \$441,000, or 34.4% primarily due to payroll costs associated with hiring additional Sheriff deputies.
- The Special Revenue, Secondary Roads Fund revenues decreased approximately \$202,000. Expenditures increased approximately \$822,000, or 11.9%, over the prior year due to an increase in project costs. The Secondary Roads Fund ended fiscal year 2023 with a balance of approximately \$4,768,000 compared to the prior year ending balance of approximately \$5,241,000.
- The Special Revenue, Jackson County Revolving Loan Fund ended fiscal year 2023 with a balance of approximately \$677,000 compared to the prior year ending balance of approximately \$631,000. The increase is mainly due to the County issuing two new loans totaling \$148,000 during fiscal year 2023.
- The Capital Projects fund balance at year end decreased approximately \$2,352,000 from the prior year to approximately \$3,479,000, due primarily to the increase in expenses for the construction of a County Sheriff's office and jail.

BUDGETARY HIGHLIGHTS

Over the course of the year, Jackson County amended its budget five times. The first amendment was made August 2, 2022 and resulted in increases in budgeted disbursements related primarily to jail site construction costs in capital projects. The second amendment was November 1, 2022 and resulted in increases in budgeted disbursements primarily for juvenile probation and zoning services. The third amendment was made February 7, 2023 and resulted in increases in budgeted disbursements due to juvenile probation services. The fourth amendment was made April 11, 2023 and resulted in increases in budgeted disbursements related primarily to jail site construction costs in capital projects. The final amendment was made May 30, 2023 and resulted in increases in budgeted disbursements for public safety equipment, secondary roads rock inventory and a parking lot capital projects purchase.

The County's receipts were \$91,457 less than budgeted, a 0.5% variance. Intergovernmental receipts were lower than budgeted due to funding to the Ashley Hinson grant not being received as anticipated in fiscal year 2023.

Total disbursements were \$6,397,825 less than the amended budget. Actual disbursements for the capital projects, roads and transportation and county environment and education functions were \$4,524,548, \$554,234 and \$454,071, 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, 2023.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, Jackson County had approximately \$61.3 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 \$3,710,000, or 6.4%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2023	2022
Land	\$ 3,334	3,334
Intangibles	1,883	1,836
Construction in progress	5,163	3,805
Buildings and improvements	3,649	3,768
Equipment and vehicles	4,390	4,129
Right-to-use leased equipment	19	25
Infrastructure	42,834	40,665
Total	\$ 61,272	57,562
This year's major additions included (in thousands):		
Construction in progress	\$ 4,631	
Equipment and vehicles	1,201	
Infrastructure	3,545	
Total	\$ 9,377	

The County had depreciation expense of \$2,356,172 in fiscal year 2023 and total accumulated depreciation of \$35,910,927 at June 30, 2023.

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

Long-Term Debt

At June 30, 2023 Jackson County had approximately \$5,345,000 of general obligation capital loan notes and lease agreements outstanding, compared to approximately \$5,580,000 at June 30, 2022. Debt decreased as a result of making their general obligation bond and lease agreement payments.

Outstanding Debt of Governmental Activities at Year-end		
(Expressed in Thousands)		
	June 30,	
	2023	2022
General obligation bonds	\$ 5,325	5,555
Lease agreements	20	25
Total	\$ 5,345	5,580

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 \$96.3 million. Additional information about the County's long-term debt is presented in Note 9 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 2024 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, 2023 stands at 3.1% versus 2.8% a year ago. This compares with the State's unemployment rate of 2.7% and the national rate of 3.6%.

These indicators were taken into account when adopting the budget for fiscal year 2024. Amounts available for appropriation (i.e., beginning balance plus revenues) are approximately \$30,368,000, a 11.4% decrease from the final fiscal year 2023 budget. The approximate \$23,823,000 of budgeted disbursements is approximately \$4,059,000 less than the final fiscal year 2023 budget. Decreased capital project costs accounts for the largest change. The County has added no major new programs or initiatives to the fiscal year 2024 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$6,968,000 by the close of fiscal year 2024. The expected decrease, similar to the prior year, 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

Exhibit A

Jackson County
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 16,174,972
Receivables:	
Property tax:	
Delinquent	5,208
Succeeding year	8,102,000
Interest and penalty on property tax	8,735
Accounts	9,927
Opioid settlement	334,020
Accrued interest	51,524
Revolving loans	1,453,252
Due from other governments	704,007
Leases receivable	250,605
Inventories	695,478
Prepaid insurance	212,082
Capital assets not being depreciated	10,380,079
Capital assets, net of accumulated depreciation/amortization	<u>50,892,392</u>
Total assets	<u>89,274,281</u>
Deferred Outflows of Resources	
Pension related deferred outflows	813,343
OPEB related deferred outflows	<u>511,184</u>
Total deferred outflows of resources	<u>1,324,527</u>

Jackson County
Statement of Net Position
June 30, 2023

Liabilities	
Accounts payable	559,396
Accrued interest payable	11,040
Salaries and benefits payable	126,228
Due to other governments	20,417
Unearned revenues	1,240,662
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreements	5,851
General obligation capital loan	235,000
Compensated absences	303,224
Total OPEB Liability	19,063
Portion due or payable after one year:	
Lease agreements	13,767
General obligation capital loan	5,090,000
Compensated absences	176,586
Net pension liability	1,423,632
Total OPEB Liability	2,522,121
Total liabilities	11,746,987
Deferred Inflows of Resources	
Lease related	250,605
Unavailable property tax revenue	8,102,000
Pension related deferred inflows	468,189
OPEB related deferred inflows	310,410
Total deferred inflows of resources	9,131,204
Net Position	
Net investment in capital assets	58,778,343
Restricted for:	
Supplemental levy purposes	429,064
Rural services purposes	1,327,068
Secondary roads purposes	4,593,575
Debt service	9,590
Revolving loans	2,130,527
Opioid abatement	428,343
Other purposes	1,106,650
Unrestricted	917,457
Total net position	\$ 69,720,617

See notes to financial statements.

Jackson County

Jackson County
Statement of Activities
Year ended June 30, 2023

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Service	Operating Grants, Contributions and Restricted Interest		Capital Grants, Contributions and Restricted Interest
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 3,023,117	98,835	56,046	-	(2,868,236)
Physical health and social services	545,360	20,386	151,551	-	(373,423)
County environment and education	1,843,813	247,714	406,494	25,476	(1,164,129)
Roads and transportation	8,560,093	142,639	4,747,321	1,001,869	(2,668,264)
Governmental services to residents	626,400	412,774	-	-	(213,626)
Administration	3,057,680	329,331	-	-	(2,728,349)
Non-program	33,848	-	-	-	(33,848)
Interest on long-term debt	138,799	-	-	-	(138,799)
Total	\$ 17,829,110	1,251,679	5,361,412	1,027,345	(10,188,674)
General Revenues:					
Property and other county tax levied for:					
General purposes					7,308,042
Debt service					345,452
Penalty and interest on property tax					53,342
State tax credits and replacements					559,853
Local option sales tax					1,410,257
American Rescue Plan Act					1,773,829
Unrestricted investment earnings					672,380
Gain on disposition of capital assets					20,811
Rent					225,724
Miscellaneous					35,848
Total general revenues					12,405,538
Change in net position					2,216,864
Net position beginning of year					67,503,753
Net position end of year					\$ 69,720,617

See notes to financial statements.

Jackson County
Balance Sheet
Governmental Funds

June 30, 2023

	General	Rural Services	Special Secondary Roads
Assets			
Cash, cash equivalents and pooled investments	\$ 4,591,813	1,340,621	3,619,302
Receivables:			
Property tax:			
Delinquent	4,316	624	-
Succeeding year	5,390,000	2,365,000	-
Interest and penalty on property tax	8,735	-	-
Accounts	5,303	2,803	1,821
Opioid settlement	-	-	-
Accrued interest	51,524	-	-
Revolving loans	-	-	-
Due from other funds	-	-	8,085
Due from other governments	28,390	57,486	594,535
Lease receivable	250,605	-	-
Inventories	-	-	695,478
Prepaid insurance	174,967	-	37,115
Total assets	\$ 10,505,653	3,766,534	4,956,336
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 74,124	5,384	132,491
Salaries and benefits payable	66,027	17,596	41,149
Due to other funds	7,928	-	-
Due to other governments	2,382	-	14,285
Unearned revenues	4,277	-	-
Total liabilities	154,738	22,980	187,925
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	5,390,000	2,365,000	-
Other	9,403	557	-
Lease related	250,605	-	-
Total deferred inflows of resources	5,650,008	2,365,557	-
Fund balances:			
Nonspendable:			
Inventories	-	-	695,478
Prepaid insurance	174,967	-	-
Restricted for:			
Supplemental levy purposes	298,249	-	-
Rural services purposes	-	1,377,997	-
Secondary roads purposes	-	-	4,072,933
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	438,280	-	-
Debt service	-	-	-
Capital projects	-	-	-
Jackson County revolving loans	-	-	-
Opioid settlement	-	-	-
Other purposes	113,173	-	-
Assigned for:			
Capital projects	-	-	-
Jackson County Farm	414,371	-	-
Attorney collection incentive	57,901	-	-
Community drill	18,313	-	-
Other purposes	245,573	-	-
Unassigned	2,940,080	-	-
Total fund balances	4,700,907	1,377,997	4,768,411
Total liabilities, deferred inflows of resources and fund balances	\$ 10,505,653	3,766,534	4,956,336

See notes to financial statements.

Revenue			
Jackson County Revolving Loan	Capital Projects	Nonmajor	Total
677,275	3,761,463	1,942,370	15,932,844
-	-	268	5,208
-	-	347,000	8,102,000
-	-	-	8,735
-	-	-	9,927
-	-	334,020	334,020
-	-	-	51,524
1,453,252	-	-	1,453,252
-	-	-	8,085
-	-	23,596	704,007
-	-	-	250,605
-	-	-	695,478
-	-	-	212,082
<u>2,130,527</u>	<u>3,761,463</u>	<u>2,647,254</u>	<u>27,767,767</u>
-	282,367	65,030	559,396
-	-	1,456	126,228
-	-	157	8,085
-	-	3,750	20,417
-	-	1,236,385	1,240,662
-	282,367	1,306,778	1,954,788
-	-	347,000	8,102,000
1,453,252	-	334,166	1,797,378
-	-	-	250,605
<u>1,453,252</u>	<u>-</u>	<u>681,166</u>	<u>10,149,983</u>
-	-	-	695,478
-	-	-	174,967
-	-	-	298,249
-	-	-	1,377,997
-	-	-	4,072,933
-	-	143,501	143,501
-	-	-	438,280
-	-	9,590	9,590
-	2,850,490	-	2,850,490
677,275	-	-	677,275
-	-	94,323	94,323
-	-	411,896	525,069
-	628,606	-	628,606
-	-	-	414,371
-	-	-	57,901
-	-	-	18,313
-	-	-	245,573
-	-	-	2,940,080
<u>677,275</u>	<u>3,479,096</u>	<u>659,310</u>	<u>15,662,996</u>
<u>2,130,527</u>	<u>3,761,463</u>	<u>2,647,254</u>	<u>27,767,767</u>

Jackson County

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

June 30, 2023

Total governmental fund balances (page 23) \$ 15,662,996

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 capital assets is \$97,183,398 and the accumulated depreciation/amortization is \$35,910,927. 61,272,471

Other long-term assets are not available to pay current year expenditures and therefore, are recognized as deferred inflows of resources in the governmental funds. 1,797,378

The 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 assets and liabilities of the Internal Service Funds are included with governmental activities in the Statement of Net Position. 242,128

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	\$ 1,324,527	
Deferred inflows of resources	<u>(778,599)</u>	545,928

Long-term liabilities including lease agreements payable, notes payable, net pension liability, compensated absences payable, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (9,800,284)

Net position of governmental activities (page 19) \$ 69,720,617

See notes to financial statements.

Jackson County

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

Year ended June 30, 2023

	Special		
	General	Rural Services	Secondary Roads
Revenues:			
Property and other county tax	\$ 5,169,339	2,142,548	-
Local option sales tax	-	352,564	1,057,693
Interest and penalty on property tax	57,102	-	-
Intergovernmental	865,556	133,305	4,837,429
Licenses and permits	3,102	12,410	34,627
Charges for service	694,295	-	51
Use of money and property	800,676	-	-
Miscellaneous	53,490	19,469	107,961
Total revenues	7,643,560	2,660,296	6,037,761
Expenditures:			
Operating:			
Public safety and legal services	1,773,107	1,294,174	-
Physical health and social services	299,199	-	-
County environment and education	1,050,813	426,650	-
Roads and transportation	-	-	7,350,372
Governmental services to residents	665,305	4,683	-
Administration	2,694,655	-	-
Debt service	-	-	-
Capital projects	182,496	-	400,546
Total expenditures	6,665,575	1,725,507	7,750,918
Excess (deficiency) of revenues over (under) expenditures	977,985	934,789	(1,713,157)
Other financing sources (uses):			
Transfers in	-	-	1,240,200
Transfers out	(116,769)	(1,215,200)	-
Capital asset sale proceeds	133,574	-	-
Total other financing sources (uses)	16,805	(1,215,200)	1,240,200
Change in fund balances	994,790	(280,411)	(472,957)
Fund balances beginning of year	3,706,117	1,658,408	5,241,368
Fund balances end of year	\$ 4,700,907	1,377,997	4,768,411

See notes to financial statements.

Revenue			
Jackson County Revolving Loan	Capital Projects	Nonmajor	Total
-	-	346,310	7,658,197
-	-	-	1,410,257
-	-	-	57,102
-	-	1,928,895	7,765,185
-	-	17,250	67,389
-	-	6,410	700,756
36,833	93,071	4,357	934,937
158,377	-	113,468	452,765
195,210	93,071	2,416,690	19,046,588
-	-	121,160	3,188,441
-	-	231,164	530,363
149,092	-	115,115	1,741,670
-	-	-	7,350,372
-	-	-	669,988
-	-	50,614	2,745,269
-	-	369,374	369,374
-	2,445,379	1,513,215	4,541,636
149,092	2,445,379	2,400,642	21,137,113
46,118	(2,352,308)	16,048	(2,090,525)
-	-	91,769	1,331,969
-	-	-	(1,331,969)
-	-	-	133,574
-	-	91,769	133,574
46,118	(2,352,308)	107,817	(1,956,951)
631,157	5,831,404	551,493	17,619,947
677,275	3,479,096	659,310	15,662,996

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, 2023

Change in fund balances - Total governmental funds (page 27) \$ (1,956,951)

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

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

Expenditures for capital assets	\$ 5,134,117	
Capital assets contributed by the Iowa Department of Transportation	911,761	
Depreciation/amortization expense	<u>(2,356,172)</u>	3,689,706

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. 20,811

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	(4,703)	
Other	<u>(87,529)</u>	(92,232)

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. 235,693

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 587,364

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	(72,139)	
Pension expense	149,759	
OPEB expense	(286,095)	
Interest on long-term debt	<u>575</u>	(207,900)

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. (59,627)

Change in net position of governmental activities (page 21) \$ 2,216,864

See notes to financial statements.

Jackson County
Statement of Net Position
Proprietary Funds

June 30, 2023

	<u>Internal Service-Employee Group Health</u>
Current Assets	
Cash and cash equivalents	<u>\$ 242,128</u>
Current Liabilities	
None	<u>-</u>
Net Position	
Unrestricted	<u>\$ 242,128</u>

See notes to financial statements.

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

Year ended June 30, 2023

	<u>Internal Service-Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 181,334
Operating expenses:	
Medical claims	<u>240,961</u>
Operating income	(59,627)
Net position beginning of year	<u>301,755</u>
Net position end of year	<u>\$ 242,128</u>

See notes to financial statements.

Jackson County
 Statement of Cash Flows
 Proprietary Funds
 Year ended June 30, 2023

	Internal Service-Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds and employees	\$ 181,334
Cash paid to suppliers for medical claims	(240,961)
Net cash provided by operating activities	(59,627)
Cash and cash equivalents beginning of year	301,755
Cash and cash equivalents end of year	\$ 242,128
Reconciliation of operating income to net cash provided by operating activities:	
Operating income and net cash provided by operating activities	\$ (59,627)

See notes to financial statements.

Jackson County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2023

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 3,671,613
Other County officials	3,715
Receivables:	
Property tax:	
Delinquent	24,348
Succeeding year	24,850,000
Accounts	7,740
Due from other governments	<u>182,450</u>
Total assets	<u>28,739,866</u>

Liabilities

Accounts payable	8,725
Salaries and benefits payable	7,659
Due to other governments	1,128,169
Trusts payable	3,715
Compensated absences	<u>40,890</u>
Total liabilities	<u>1,189,158</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>24,850,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 2,700,708</u>
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See notes to financial statements.

Jackson County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2023

Additions:	
Property and other county tax	\$ 23,064,789
911 surcharge	52,780
State tax credits	2,264,787
Drivers license fees	109,953
Office fees and collections	583,842
Auto licenses, use tax and postage	8,162,449
Assessments	24,615
Trusts	633,927
Miscellaneous	<u>585,399</u>
Total additions	<u>35,482,541</u>
Deductions:	
Agency remittances:	
To other funds	410,417
To other governments	34,382,114
Trusts paid out	<u>676,330</u>
Total deductions	<u>35,468,861</u>
Change in net position	13,680
Net position beginning of year, as restated	<u>2,687,028</u>
Net position end of year	<u>\$ 2,700,708</u>

See notes to financial statements.

Jackson County

Notes to Financial Statements

June 30, 2023

(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/amortization and reduced by outstanding balances for bonds, 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 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, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2022.

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.

Opioid Settlement Receivable – The County will receive payments from certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failure to monitor for, detect and prevent diversion of the drugs. The County is required to use these funds for activities to remediate the opioid crisis and treat or mitigate opioid use disorder and related disorders through prevention, harm reduction and recovery services.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected and remaining assessments which are payable but not yet due.

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, 2023, 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 the payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments 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 noncancellable leases of building space and farmland. 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, 2023. 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 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 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 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, 2023, disbursements did not exceed the amounts budgeted.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2023 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

In addition, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$13,269,368. 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, 2023 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 7,928
	Special Revenue:	
	Local Health	<u>157</u>
		<u>\$ 8,085</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, 2023 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 25,000
	Special Revenue:	
	Rural Basic	<u>1,215,200</u>
		1,240,200
Special Revenue:		
Local Health	General	<u>91,769</u>
Total		<u>\$ 1,331,969</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, 2023, the County made two new loan totaling \$149,092.

Outstanding loans receivable of the Jackson County Revolving Loan Fund at June 30, 2023 are as follows:

Loaned to	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Balance June 30, 2023
Sprague Small Engine Service	September 11, 2015	\$ 171,950	2.0%	15 years	\$ 89,150
Martin Enterprises	November 18, 2015	160,000	2.0	15 years	95,276
Seven Hills Paving	November 21, 2016	222,300	2.0	15 years	116,695
DOT1 LLC (Blue 9)	August 31, 2017	275,000	2.0	10 years	195,216
Precision Metal Works	January 14, 2021	400,000	3.0	10 years	159,688
DOT1 LLC (Blue 9) #2	July 12, 2019	140,000	3.0	10 years	90,101
Marlee & Me's Bar & Grill	June 23, 2020	5,000	1.0	3 years	169
Lock 12 Trading Co	June 23, 2020	5,000	1.0	3 years	169
Encore Investments	March 30, 2021	178,000	2.0	20 years	161,223
Moore Family Farms	March 30, 2021	100,000	2.0-4.0	3/4 years	77,442
DOT1 LLC (Blue 9) #3	July 13, 2021	350,000	2.0	20 years	323,418
Iowa Flower Market	December 27, 2022	87,300	5.0	7 years	82,913
Fair Association	June 15, 2023	61,792	2.0	7 years	61,792
Total					<u>\$ 1,453,252</u>

(6) Capital Assets

Capital assets activity for the year ended June 30, 2023 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 3,334,017	-	-	3,334,017
Intangibles, road network	1,835,701	-	-	1,835,701
Intangibles, other	-	47,448	-	47,448
Construction in progress, road network	2,759,937	1,163,312	3,272,615	650,634
Construction in progress	1,045,072	3,467,207	-	4,512,279
Total capital assets not being depreciated/amortized	<u>8,974,727</u>	<u>4,677,967</u>	<u>3,272,615</u>	<u>10,380,079</u>
Capital assets being depreciated/amortized:				
Buildings	5,068,649	17,705	-	5,086,354
Improvements other than buildings	1,438,177	-	-	1,438,177
Equipment and vehicles	11,060,809	1,201,319	515,626	11,746,502
Right-to-use leased equipment	29,480	-	-	29,480
Infrastructure, road network	63,812,315	3,272,615	-	67,084,930
Infrastructure, other	1,374,035	272,672	228,831	1,417,876
Total capital assets being depreciated/amortized	<u>82,783,465</u>	<u>4,764,311</u>	<u>744,457</u>	<u>86,803,319</u>
Less accumulated depreciation/amortization for:				
Buildings	2,444,218	71,588	-	2,515,806
Improvements other than buildings	294,451	65,175	-	359,626
Equipment and vehicles	6,931,931	939,724	515,626	7,356,029
Right-to-use leased equipment	4,455	5,896	-	10,351
Infrastructure, road network	23,924,567	1,205,853	-	25,130,420
Infrastructure, other	596,616	67,936	125,857	538,695
Total accumulated depreciation/amortization	<u>34,196,238</u>	<u>2,356,172</u>	<u>641,483</u>	<u>35,910,927</u>
Total capital assets being depreciated/amortized, net	<u>48,587,227</u>	<u>2,408,139</u>	<u>102,974</u>	<u>50,892,392</u>
Governmental activities capital assets, net	<u>\$ 57,561,954</u>	<u>7,086,106</u>	<u>3,375,589</u>	<u>61,272,471</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 82,255
Physical health and social services	14,130
County environment and education	199,302
Roads and transportation	1,945,100
Administration	<u>115,385</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 2,356,172</u>

(7) County 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%.

The County owns farmland located at 201 West Platt, Maquoketa, Iowa 52060. Effective March 1, 2023, the County entered into a three-year lease with Anthony Reiss (or tenant) whereby tenant maintains and farms the land through crops. The County is to receive \$130,000 annually with an implicit rate of 3.00%.

Year			
Ending	HACAP	Reiss	
June 30,	Land	Farm	Total
2024	\$ 1,862	130,000	131,862
2025	-	130,000	130,000
Total	1,862	260,000	261,862
Less Interest	(8)	(11,249)	(11,257)
Present Value	<u>\$ 1,854</u>	<u>248,751</u>	<u>250,605</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, 2023 is as follows:

Fund	Description	Amount
General	Services	\$ 2,382
Special Revenue:		
Secondary Roads	Services	14,285
Local Health	Services	3,750
Total for governmental funds		<u>\$ 20,417</u>
Custodial:		
County Assessor	Collections	\$ 8,910
Schools		124,955
Community Colleges		9,228
Corporations		33,972
Townships		3,459
County Hospital		9,274
Auto License and Use Tax		709,331
All other		229,040
Total for agency funds		<u>\$ 1,128,169</u>

(9) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	General Obligation Capital Loan Notes	Lease Agreements	Compensated Absences	Net Pension Liability (Asset)	Total OPEB Liability	Total
Balance beginning of year	\$ 5,555,000	25,311	407,671	(1,236,764)	2,302,136	7,053,354
Increases	-	-	470,998	2,660,396	398,267	3,529,661
Decreases	230,000	5,693	398,859	-	159,219	793,771
Balance end of year	\$ 5,325,000	19,618	479,810	1,423,632	2,541,184	9,789,244
Due within one year	\$ 235,000	5,851	303,224	-	19,063	563,138

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, 2023, the County paid principal of \$230,000 and interest of \$139,375 on the capital loan notes. A summary of the County's June 30, 2023 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
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	3.00	265,000	102,925	367,925
2029-2033	2.00-3.00	1,430,000	407,730	1,837,730
2034-2038	2.20-2.45	1,595,000	246,673	1,841,673
2039-2041	2.45-2.55	1,050,000	53,720	1,103,720
Total		<u>\$ 5,325,000</u>	<u>1,297,598</u>	<u>6,622,598</u>

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. During the year ended June 30, 2023, principal and interest paid were \$5,693 and \$639, respectively.

Future principal and interest lease payments as of June 30, 2023 are as follows:

Year Ending June 30,	Postage Machine		
	Principal	Interest	Total
2024	\$ 5,851	481	6,332
2025	6,014	318	6,332
2026	6,181	151	6,332
2027	1,572	11	1,583
Total	<u>\$ 19,618</u>	<u>961</u>	<u>20,579</u>

(10) 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, deputy's or 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 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 8.76% of covered payroll, for a total rate of 17.52%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County’s contributions to IPERS for the year ended June 30, 2023 were \$587,364.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the County reported a liability of \$1,423,632 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the County’s proportion was 0.037681%, which was a decrease of 0.320566% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense (reduction) of \$(149,759). At June 30, 2023, 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	\$ 218,131	28,858
Changes of assumptions	1,686	104,741
Net difference between projected and actual earnings on IPERS' investments	-	285,362
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	6,162	49,228
County contributions subsequent to the measurement date	587,364	-
Total	<u>\$ 813,343</u>	<u>468,189</u>

\$587,364 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. 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
2024	\$ (290,967)
2025	(210,278)
2026	(380,416)
2027	642,120
2028	(2,669)
Total	<u>\$ (242,210)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2022 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, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	100.0%	

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability (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.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 3,891,751	1,423,632	(747,480)

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, 2023, the County reported payables to IPERS of \$10,560 for legally required County contributions and \$7,206 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(11) Other Postemployment Benefits (OPEB)

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

OPEB Benefits – Individuals who are employed by 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>98</u>
Total	<u>101</u>

Total OPEB Liability – The County’s total OPEB liability of \$2,541,184 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2023 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)	4.13% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	7.00% 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 4.13% 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>\$ 2,302,136</u>
Changes for the year:	
Service cost	258,955
Interest	101,632
Differences between expected and actual experiences	37,680
Changes in assumptions	(5,297)
Benefit payments	<u>(153,922)</u>
Net changes	<u>239,048</u>
Total OPEB liability end of year	<u>\$ 2,541,184</u>

Changes of assumptions reflect a change in the discount rate from 4.09% in fiscal year 2022 to 4.13% in fiscal year 2023.

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 (3.13%) or 1% higher (5.13%) than the current discount rate.

	<u>1% Decrease (3.13%)</u>	<u>Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
Total OPEB liability	\$ 2,676,081	2,541,184	2,411,701

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 (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	<u>1% Decrease (6.00%)</u>	<u>Healthcare Cost Trend Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Total OPEB liability	\$ 2,311,561	2,541,184	2,806,081

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the County recognized OPEB expense of \$286,095. At June 30, 2023, 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	\$ 468,030	64,218
Changes in assumptions	43,154	246,192
Total	<u>\$ 511,184</u>	<u>310,410</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
2024	\$ 79,430
2025	57,217
2026	57,214
2027	58,488
2028	(25,213)
Thereafter	<u>(26,362)</u>
	<u>\$ 200,774</u>

(12) 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 800 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, employment practices liability, public officials liability, cyber liability and law enforcement 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, 2023 were \$318,302.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber, 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, 2023, no liability has been recorded in the County's financial statements. As of June 30, 2023, 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.

(13) 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.

(14) 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.

(15) Tax Abatements

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

Tax Abatements of Other Entities

Other entities within the County provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Maquoketa offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the government body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2023 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Bellevue	Urban renewal and economic development projects	\$ 49,422
City of Maquoketa	Urban renewal and economic development projects	1,782
	Chapter 404 tax abatement program	1,242

(16) Construction Commitments

The County has entered into contracts totaling \$8,214,467 for architecture, design and construction of a County Sheriff's office and jail. As of June 30, 2023, costs of \$5,723,785 on the project have been incurred. The \$2,490,682 balance remaining on the project at June 30, 2023 will be paid as the work on the project progresses.

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, 2023

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 8,926,896	-	8,926,896
Interest and penalty on property tax	55,546	-	55,546
Intergovernmental	7,822,795	-	7,822,795
Licenses and permits	63,683	-	63,683
Charges for service	699,489	-	699,489
Use of money and property	1,032,900	2,448	1,030,452
Miscellaneous	337,450	35,743	301,707
Total receipts	18,938,759	38,191	18,900,568
Disbursements:			
Public safety and legal services	3,288,658	-	3,288,658
Physical health and social services	541,022	-	541,022
County environment and education	1,773,912	24,620	1,749,292
Roads and transportation	7,715,284	-	7,715,284
Governmental services to residents	689,440	-	689,440
Administration	2,854,341	-	2,854,341
Debt service	369,375	-	369,375
Capital projects	4,276,679	-	4,276,679
Total disbursements	21,508,711	24,620	21,484,091
Excess (deficiency) of receipts over (under) disbursements	(2,569,952)	13,571	(2,583,523)
Other financing sources, net	133,574	-	133,574
Change in balances	(2,436,378)	13,571	(2,449,949)
Balance beginning of year	18,369,222	236,856	18,132,366
Balance end of year	\$ 15,932,844	250,427	15,682,417

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
8,858,019	8,858,019	68,877
3,075	3,075	52,471
7,806,576	8,353,032	(530,237)
47,285	50,285	13,398
645,225	645,225	54,264
360,293	783,093	247,359
224,091	302,776	(1,069)
<u>17,944,564</u>	<u>18,995,505</u>	<u>(94,937)</u>
3,329,191	3,590,191	301,533
661,061	727,161	186,139
2,136,769	2,203,363	454,071
8,019,518	8,269,518	554,234
743,186	744,186	54,746
3,044,007	3,176,895	322,554
369,375	369,375	-
<u>6,827,665</u>	<u>8,801,227</u>	<u>4,524,548</u>
<u>25,130,772</u>	<u>27,881,916</u>	<u>6,397,825</u>
(7,186,208)	(8,886,411)	6,302,888
5,025	136,325	(2,751)
(7,181,183)	(8,750,086)	6,300,137
<u>15,143,708</u>	<u>15,143,708</u>	<u>2,988,658</u>
<u>7,962,525</u>	<u>6,393,622</u>	<u>9,288,795</u>

Jackson County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2023

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 18,938,759	107,829	19,046,588
Expenditures	21,508,711	(371,598)	21,137,113
Net	(2,569,952)	479,427	(2,090,525)
Other financing sources, net	133,574	-	133,574
Beginning fund balances	18,369,222	(749,275)	17,619,947
Ending fund balances	<u>\$ 15,932,844</u>	<u>(269,848)</u>	<u>15,662,996</u>

See accompanying independent auditor's report.

Jackson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2023

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 nine major classes of expenditures known as functions, not by fund. These nine functions are: public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, five budget amendments increased budgeted disbursements by \$2,751,144. 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, 2023, 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 Nine Years*
(In Thousands)

Required Supplementary Information

	2023	2022	2021	2020
County's proportion of the net pension liability (asset)	0.037681%	0.358247% **	0.051833%	0.048829%
County's proportionate share of the net pension liability (asset)	\$ 1,424	(1,236)	3,641	2,828
County's covered payroll	\$ 5,767	5,731	5,252	5,011
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	24.69%	(21.57)%	69.33%	56.44%
IPERS' net position as a percentage of the total pension liability (asset)	91.40%	100.81%	82.90%	85.45%

* 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.

2019	2018	2017	2016	2015
0.050914%	0.055493%	0.055381%	0.053408%	0.052120%
3,222	3,696	3,485	2,639	2,067
4,942	4,929	4,681	4,589	4,524
65.20%	74.98%	74.45%	57.51%	45.69%
83.62%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 587	540	507	499
Contributions in relation to the statutorily required contribution	<u>(587)</u>	<u>(540)</u>	<u>(507)</u>	<u>(499)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 6,314	5,767	5,731	5,252
Contributions as a percentage of covered payroll	9.30%	9.36%	8.85%	9.50%

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
478	449	449	427	418	412
(478)	(449)	(449)	(427)	(418)	(412)
-	-	-	-	-	-
5,011	4,942	4,929	4,681	4,589	4,524
9.54%	9.09%	9.11%	9.12%	9.11%	9.11%

Jackson County

Jackson County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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 and Related Ratios

For the Last Six Years
Required Supplementary Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Service cost	\$ 258,955	287,941	263,166	133,190
Interest cost	101,632	57,865	63,615	53,854
Change of benefit terms	-	-	-	-
Difference between expected and actual experiences	37,680	(67,129)	13,744	805,852
Changes in assumptions	(5,297)	(230,099)	52,992	(136,195)
Benefit payments	<u>(153,922)</u>	<u>(200,388)</u>	<u>(135,033)</u>	<u>(123,655)</u>
Net change in total OPEB liability	<u>239,048</u>	<u>(151,810)</u>	<u>258,484</u>	<u>733,046</u>
Total OPEB liability beginning of year	<u>2,302,136</u>	<u>2,453,946</u>	<u>2,195,462</u>	<u>1,462,416</u>
Total OPEB liability end of year	<u>\$ 2,541,184</u>	<u>2,302,136</u>	<u>2,453,946</u>	<u>2,195,462</u>
Covered-employee payroll	\$ 6,226,575	5,349,401	4,923,264	5,187,377
Total OPEB liability as a percentage of covered-employee payroll	40.8%	43.0%	49.8%	42.3%

See accompanying independent auditor's report.

<u>2019</u>	<u>2018</u>
123,993	92,946
56,330	45,487
-	(65,102)
(36,991)	161,149
26,764	(5,658)
<u>(77,744)</u>	<u>(72,169)</u>
<u>92,352</u>	<u>156,653</u>
<u>1,370,064</u>	<u>1,213,411</u>
<u>1,462,416</u>	<u>1,370,064</u>
5,084,054	4,789,264
28.8%	28.6%

Jackson County

Notes to Required Supplementary Information – OPEB Liability

Year ended June 30, 2023

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, 2023	4.13%
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%

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

Supplementary Information

Jackson County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

	County Recorder's Records Management	Green Island Drainage Districts	Local Health	Special Resource Enhancement and Protection
Assets				
Cash, cash equivalents and pooled investments	\$ 36,552	143,501	57,354	187,692
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Opioid settlement	-	-	-	-
Due from other governments	-	-	23,596	-
Total assets	\$ 36,552	143,501	80,950	187,692
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	-	-	120	-
Salaries and benefits payable	-	-	1,456	-
Due to other funds	-	-	157	-
Due to other governments	-	-	3,750	-
Unearned revenues	-	-	-	-
Total liabilities	-	-	5,483	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for:				
Drainage purposes	-	143,501	-	-
Debt service	-	-	-	-
Opioid abatement	-	-	-	-
Other purposes	36,552	-	75,467	187,692
Total fund balances	36,552	143,501	75,467	187,692
Total liabilities, deferred inflows of resources and fund balances	\$ 36,552	143,501	80,950	187,692

See accompanying independent auditor's report.

Revenues					
Friends of Jackson County Conservation	Pioneer Cemetery Trust	American Rescue Plan Act	Local Government Opioid Abatement	Debt Service	Total
106,926	5,259	1,301,295	94,323	9,468	1,942,370
-	-	-	-	268	268
-	-	-	-	347,000	347,000
-	-	-	334,020	-	334,020
-	-	-	-	-	23,596
106,926	5,259	1,301,295	428,343	356,736	2,647,254
-	-	64,910	-	-	65,030
-	-	-	-	-	1,456
-	-	-	-	-	157
-	-	-	-	-	3,750
-	-	1,236,385	-	-	1,236,385
-	-	1,301,295	-	-	1,306,778
-	-	-	-	347,000	347,000
-	-	-	334,020	146	334,166
-	-	-	334,020	347,146	681,166
-	-	-	-	-	143,501
-	-	-	-	9,590	9,590
-	-	-	94,323	-	94,323
106,926	5,259	-	-	-	411,896
106,926	5,259	-	94,323	9,590	659,310
106,926	5,259	1,301,295	428,343	356,736	2,647,254

Jackson County

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

Year ended June 30, 2023

	County Recorder's Records Management	Green Island Drainage Districts	Local Health	Special Resource Enhancement and Protection
Revenues:				
Property and other county tax	\$ -	-	-	-
Intergovernmental	-	-	116,532	11,504
Licenses and permits	-	-	17,250	-
Charges for service	3,274	-	3,136	-
Use of money and property	-	2,448	-	-
Miscellaneous	-	4,298	-	-
Total revenues	3,274	6,746	136,918	11,504
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	-	226,164	-
County environment and education	-	2,345	-	-
Administration	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	-	2,345	226,164	-
Excess (deficiency) of revenues over (under) expenditures	3,274	4,401	(89,246)	11,504
Other financing sources:				
Transfers in	-	-	91,769	-
Change in fund balances	3,274	4,401	2,523	11,504
Fund balances beginning of year	33,278	139,100	72,944	176,188
Fund balances end of year	\$ 36,552	143,501	75,467	187,692

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	
-	-	-	-	-	346,310	346,310	
-	-	-	1,773,829	-	27,030	1,928,895	
-	-	-	-	-	-	17,250	
-	-	-	-	-	-	6,410	
-	-	-	-	1,909	-	4,357	
31,444	-	-	-	77,726	-	113,468	
31,444	-	-	1,773,829	79,635	373,340	2,416,690	
-	6,160	-	115,000	-	-	121,160	
-	-	-	5,000	-	-	231,164	
22,274	-	496	90,000	-	-	115,115	
-	-	-	50,614	-	-	50,614	
-	-	-	-	-	369,374	369,374	
-	-	-	1,513,215	-	-	1,513,215	
22,274	6,160	496	1,773,829	-	369,374	2,400,642	
9,170	(6,160)	(496)	-	79,635	3,966	16,048	
-	-	-	-	-	-	91,769	
9,170	(6,160)	(496)	-	79,635	3,966	107,817	
97,756	6,160	5,755	-	14,688	5,624	551,493	
106,926	-	5,259	-	94,323	9,590	659,310	

Schedule 3

Jackson County

Combining Schedule of Net Position
Internal Service Funds

June 30, 2023

	<hr/>		
	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
	<hr/>		<hr/>
Assets			
Cash and cash equivalents	\$ 165,599	76,529	242,128
Liabilities			
None	-	-	-
	<hr/>		<hr/>
Net Position			
Unrestricted	\$ 165,599	76,529	242,128
	<hr/>		<hr/>

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, 2023

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Operating revenues:			
Reimbursements from operating funds	\$ 117,100	64,234	181,334
Operating expenses:			
Medical claims	193,170	47,791	240,961
Operating income (loss)	(76,070)	16,443	(59,627)
Net position beginning of year	241,669	60,086	301,755
Net position end of year	\$ 165,599	76,529	242,128

See accompanying independent auditor's report.

Jackson County

Jackson County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2023

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Cash flows from operating activities:			
Cash received from operating funds and employees	\$ 117,100	64,234	181,334
Cash paid to suppliers for medical claims, and administrative fees	(193,170)	(47,791)	(240,961)
Net cash provided (used) by operating activities	(76,070)	16,443	(59,627)
Cash and cash equivalents beginning of year	241,669	60,086	301,755
Cash and cash equivalents end of year	\$ 165,599	76,529	242,128
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss) and net cash provided (used) by operating activities	\$ (76,070)	16,443	(59,627)

See accompanying independent auditor's report.

Jackson County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2023

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,172	1,339,214	124,955	9,228
Other County officials	3,715	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	206	579	11,526	855
Succeeding year	-	258,000	723,000	15,040,000	1,084,000
Accounts	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	3,715	260,378	2,062,793	15,176,481	1,094,083
Liabilities					
Accounts payable	\$ -	-	2,958	-	-
Salaries and benefits payable	-	-	6,741	-	-
Due to other governments	-	2,172	8,910	124,955	9,228
Trusts payable	3,715	-	-	-	-
Compensated absences	-	-	40,890	-	-
Total liabilities	3,715	2,172	59,499	124,955	9,228
Deferered Inflows of Resources					
Unavailable revenues	-	258,000	723,000	15,040,000	1,084,000
Net Position					
Restricted for individuals, organizations and other governments	\$ -	206	1,280,294	11,526	855

See accompanying independent auditor's report.

Corporations	Townships	County Hospital	Auto License and Use Tax	911 Service Commission	Other	Total
33,972	3,459	9,274	709,331	1,203,731	236,277	3,671,613
-	-	-	-	-	-	3,715
10,190	114	862	-	-	16	24,348
6,155,000	420,000	1,077,000	-	-	93,000	24,850,000
-	-	-	-	7,740	-	7,740
-	-	-	-	50,170	132,280	182,450
6,199,162	423,573	1,087,136	709,331	1,261,641	461,573	28,739,866
-	-	-	-	1,774	3,993	8,725
-	-	-	-	-	918	7,659
33,972	3,459	9,274	709,331	8	226,860	1,128,169
-	-	-	-	-	-	3,715
-	-	-	-	-	-	40,890
33,972	3,459	9,274	709,331	1,782	231,771	1,189,158
6,155,000	420,000	1,077,000	-	-	93,000	24,850,000
10,190	114	862	-	1,259,859	136,802	2,700,708

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

Year ended June 30, 2023

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Additions:					
Property and other county tax	\$ -	245,768	695,002	13,780,783	1,051,024
911 surcharge	-	-	-	-	-
State tax credits	-	24,362	69,518	1,234,693	93,012
Drivers license fees	-	-	-	-	-
Office fees and collections	583,842	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	537,765	-	-	-	-
Miscellaneous	-	120	440	7,135	509
Total additions	<u>1,121,607</u>	<u>270,250</u>	<u>764,960</u>	<u>15,022,611</u>	<u>1,144,545</u>
Deductions:					
Agency remittances:					
To other funds	191,889	-	-	-	-
To other governments	375,264	270,388	546,157	15,030,173	1,145,099
Trusts paid out	554,454	-	-	-	-
Total deductions	<u>1,121,607</u>	<u>270,388</u>	<u>546,157</u>	<u>15,030,173</u>	<u>1,145,099</u>
Changes in net position	-	(138)	218,803	(7,562)	(554)
Net position beginning of year	-	344	1,061,491	19,088	1,409
Net position end of year	<u>\$ -</u>	<u>206</u>	<u>1,280,294</u>	<u>11,526</u>	<u>855</u>

See accompanying independent auditor's report.

Corporations	Townships	County Hospital	Auto License and Use Tax	911 Service Commission	Other	Total
5,658,346	389,352	1,049,272	-	-	195,242	23,064,789
-	-	-	-	52,780	-	52,780
698,613	32,616	104,096	-	-	7,877	2,264,787
-	-	-	109,953	-	-	109,953
-	-	-	-	-	-	583,842
-	-	-	8,162,449	-	-	8,162,449
-	-	-	-	-	24,615	24,615
-	-	-	-	-	96,162	633,927
2,236	109	513	-	294,019	280,318	585,399
6,359,195	422,077	1,153,881	8,272,402	346,799	604,214	35,482,541
-	-	-	218,528	-	-	410,417
6,366,797	422,080	1,154,447	8,053,874	585,055	432,780	34,382,114
-	-	-	-	-	121,876	676,330
6,366,797	422,080	1,154,447	8,272,402	585,055	554,656	35,468,861
(7,602)	(3)	(566)	-	(238,256)	49,558	13,680
17,792	117	1,428	-	1,498,115	87,244	2,687,028
10,190	114	862	-	1,259,859	136,802	2,700,708

Jackson County

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

For the Last Ten Years

	2023	2022	2021	2020
Revenues:				
Property and other county tax	\$ 7,658,197	7,589,966	7,450,312	6,952,531
Local option sales tax	1,410,257	1,276,591	1,288,540	1,036,374
Interest and penalty on property tax	57,102	54,056	68,480	34,236
Intergovernmental	7,765,185	6,956,643	6,312,218	5,978,336
Licenses and permits	67,389	63,480	67,866	55,216
Charges for service	700,756	735,233	816,487	670,477
Use of money and property	934,937	270,047	235,307	458,910
Miscellaneous	452,765	658,642	765,543	348,657
Total	\$ 19,046,588	17,604,658	17,004,753	15,534,737
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,188,441	3,373,230	2,790,595	2,610,054
Physical health and social services	530,363	481,656	495,670	489,564
Mental health	-	858,367	515,645	473,387
County environment and education	1,741,670	1,826,886	1,782,253	2,059,400
Roads and transportation	7,350,372	6,090,528	6,515,301	5,926,494
Governmental services to residents	669,988	665,572	781,940	768,474
Administration	2,745,269	2,502,867	1,825,786	1,894,189
Debt service	369,374	366,130	-	-
Capital projects	4,541,636	2,294,997	243,884	913,680
Total	\$ 21,137,113	18,460,233	14,951,074	15,135,242

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
6,649,135	6,527,216	6,598,146	6,372,478	6,205,455	5,878,246
901,739	935,079	906,342	852,357	909,054	923,319
49,523	51,778	55,133	52,020	58,827	53,738
5,245,376	5,507,255	5,291,726	5,163,842	4,927,799	4,225,436
47,781	53,793	54,037	53,569	40,364	52,789
601,151	670,688	605,913	649,357	584,653	534,619
479,849	398,833	575,099	470,979	375,310	508,603
860,556	663,902	594,292	270,515	270,664	371,338
14,835,110	14,808,544	14,680,688	13,885,117	13,372,126	12,548,088
2,480,338	2,337,069	2,261,167	2,198,701	2,102,403	2,047,821
395,689	255,349	258,939	252,144	273,848	274,584
344,501	487,514	1,271,864	1,124,506	854,768	893,099
1,465,453	1,844,887	1,631,103	1,769,766	1,239,879	1,488,382
6,339,574	5,883,732	5,419,299	4,782,276	4,984,889	4,902,887
694,088	661,637	811,987	637,091	611,617	607,636
1,900,375	1,870,824	1,731,417	1,805,299	1,528,426	1,443,608
-	-	-	-	-	-
1,186,961	668,705	779,153	550,548	474,805	497,137
14,806,979	14,009,717	14,164,929	13,120,331	12,070,635	12,155,154



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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, 2023, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 7, 2024.

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 2023-001 through 2023-004 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. However, we have noted an immaterial instance of noncompliance or other matters which is described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Jackson County's operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Jackson County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on 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.



Brian R. Brustkern, CPA
Deputy Auditor of State

May 7, 2024

Jackson County
Schedule of Findings
Year ended June 30, 2023

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2023-001 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, Sheriff and Recorder
(2) Bank accounts are reconciled by an individual who has the ability to write checks.	Sheriff
(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

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

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

Jackson County

Schedule of Findings

Year ended June 30, 2023

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 – 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 there are times when that cannot be avoided. It is difficult to have proper segregation of duties with a small staff.

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.

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.

2023-002 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 accounts receivable were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – County policies do not require, and procedures have not been established, to require independent review of year-end cut-off transactions 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.

Jackson County

Schedule of Findings

Year ended June 30, 2023

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

Response – We will be more diligent to properly identify all accruals.

Conclusion – Response accepted.

2023-003 Friends of Jackson County 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 Jackson County 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 Jackson County 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 Jackson County 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.

Jackson County

Schedule of Findings

Year ended June 30, 2023

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 Jackson County Conservation should continue to review control activities to obtain the maximum internal control possible under the circumstances.

2023-004 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 bank and book balances. Supervisory review of bank reconciliations can help ensure the accuracy of recorded amounts.

Condition – Monthly bank statements are reconciled to the book balances for the work release account and inmate bond account. However, monthly bank reconciliations are not reviewed by an independent person. Also, bank reconciliations are not prepared for the sheriff forfeiture account.

Cause – Policies have not been established and procedures have not been implemented to require the bank reconciliations be reviewed by an independent person. For the forfeiture account, procedures have not been established to ensure bank reconciliations are prepared and independently reviewed.

Effect – Lack of bank reconciliations and review of bank reconciliations by an independent person could result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – Procedures should be established to ensure bank account balances are reconciled monthly and bank reconciliations are reviewed by an independent person. Evidence of the review should be documented by signing or initialing and dating the monthly reconciliations.

Response – We will start preparing bank reconciliations and having them reviewed by an independent person who will sign and date them.

Conclusion – Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Jackson County
Schedule of Findings
Year ended June 30, 2023

Part IV: Other Findings Related to Required Statutory Reporting:

- 2023-A Certified Budget – Disbursements during the year ended June 30, 2023 did not exceed the amounts budgeted.
- 2023-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.
- 2023-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 2023-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.
- 2023-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	\$ 8,847
Mary Stickley, Auditor’s Office Deputy, owns Old Capital Cup Co. Inc.	Custodial and cleaning supplies	3,646

The transactions with Stickley Electric Service may represent a conflict of interest as defined in Chapter 331.342(2)(j) of the Code of Iowa since the total transactions were greater than \$6,000 during the year ended June 30, 2023, and the transactions were not competitively bid.

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

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

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

Conclusion – Response accepted.

Jackson County

Schedule of Findings

Year ended June 30, 2023

- 2023-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.
- 2023-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2023-H Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- 2023-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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