



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

April 4, 2016

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Auditor of State Mary Mosiman today released an audit report on Jones County, Iowa.

The County had local tax revenue of \$29,735,809 for the year ended June 30, 2015, which included \$1,843,541 in tax credits from the state. The County forwarded \$21,936,505 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,799,304 of the local tax revenue to finance County operations, a 4.4% increase over the prior year. Other revenues included charges for service of \$1,869,123, operating grants, contributions and restricted interest of \$5,024,348, capital grants, contributions and restricted interest of \$2,947,049, local option sales tax of \$871,144, unrestricted investment earnings of \$99,579, gain on disposition of capital assets of \$153,964 and other general revenues of \$189,719.

Expenses for County operations for the year ended June 30, 2015 totaled \$14,173,871, a less than 1% decrease from the prior year. Expenses included \$6,725,582 for roads and transportation, \$2,425,514 for public safety and legal services, \$1,673,852 for administration and \$1,024,134 for mental health.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1510-0053-B00F.pdf>.

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JONES COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

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Jones County

Officials

(Before January 2015)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Joe Cruise	Board of Supervisors	Jan 2015
Ned Rohwedder	Board of Supervisors	Jan 2015
Keith C. Dirks	Board of Supervisors	Jan 2017
Wayne Manternach	Board of Supervisors	Jan 2017
Joe Oswald	Board of Supervisors	Jan 2017
Janine Sulzner	County Auditor	Jan 2017
Amy L. Picray	County Treasurer	Jan 2015
Marie Krutzfield	County Recorder	Jan 2015
Greg A. Graver	County Sheriff	Jan 2017
Phil Parsons	County Attorney	Jan 2015
Arnie Andreesen	County Assessor	Jan 2016

(After January 2015)

Keith C. Dirks	Board of Supervisors	Jan 2017
Wayne Manternach	Board of Supervisors	Jan 2017
Joe Oswald	Board of Supervisors	Jan 2017
Ned Rohwedder	Board of Supervisors	Jan 2019
Jon C. Zirkelbach	Board of Supervisors	Jan 2019
Janine Sulzner	County Auditor	Jan 2017
Amy L. Picray	County Treasurer	Jan 2019
Marie Krutzfield	County Recorder	Jan 2019
Greg A. Graver	County Sheriff	Jan 2017
Phil Parsons	County Attorney	Jan 2019
Arnie Andreesen	County Assessor	Jan 2016

Jones County



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Independent Auditor's Report

To the Officials of Jones County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jones County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jones County as of June 30, 2015, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 15, Jones County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 17 and 52 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jones County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2016 on our consideration of Jones County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jones County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 25, 2016

Jones County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Jones County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015, along with comparative data for the year ended June 30, 2014. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, during fiscal year 2015. The beginning net position for governmental activities was restated \$3,182,910 to retroactively report the net pension liability as of July 1, 2014 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Pension expense for fiscal year 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources at June 30, 2014 were not restated because the information needed to restate those amounts was not available.
- Revenues of the County's governmental activities increased 21.5%, or approximately \$3,351,000, from fiscal year 2014 to fiscal year 2015. Property and other county tax increased approximately \$212,000, operating grants, contributions and restricted interest increased approximately \$656,000, capital grants, contributions and restricted interest increased approximately \$2,018,000 and charges for service increased approximately \$191,000.
- Program expenses of the County's governmental activities decreased by less than 1%, or approximately \$1,200, in fiscal year 2015 compared to fiscal year 2014. Mental health expenses decreased approximately \$96,000, or 8.6%, administration expenses increased approximately \$41,000, or 2.5%, roads and transportation expenses increased approximately \$244,000, or 3.8%, county environment and education expenses increased approximately \$36,000, or 4.5%, public safety and legal services expenses increased approximately \$40,000, or 1.7%, physical health and social services expenses increased approximately \$14,000, or 2.1%, and non-program expenses decreased approximately \$287,000, due primarily to the completion of the financial transactions for the Community Development Block Grant project the County handled for Advancement Services, Inc. in fiscal year 2014.
- The County's net position, after restatement, increased 20.31%, or approximately \$4,780,000, from June 30, 2014 to June 30, 2015, primarily due to spending less than the available revenues, an increase in property tax revenue and an increase in Iowa Department of Transportation contributions for Farm-to-Market road projects.
- Jones County experienced a moderate increase (4.2%) in taxable valuation for fiscal year 2015 (1-1-13 assessment). Jones County decreased property tax rates for fiscal year 2015 an average of .44%, yet generated a 3.73% increase in tax dollars for County operations. The County maintained the fiscal year 2014 general property tax levy rate of \$5.52789 per \$1,000 of taxable valuation for fiscal year 2015. The mental health property tax levy rate was decreased \$0.04055 per \$1,000 of taxable valuation to maintain a frozen level of property tax support of \$883,021. The rural services property tax levy rate was maintained at the fiscal year 2014 rate of \$2.76289 per \$1,000 of taxable valuation. The implementation of the 1% local option sales tax in 1999 continues to provide a significant amount of property tax relief for the Special Revenue, Rural Services Fund.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

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

2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds which account for Emergency Management, E911 and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

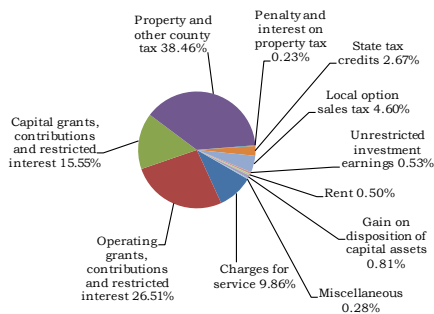
As noted earlier, net position may serve over time as a useful indicator of financial position. Jones County's combined net position at the end of the fiscal year increased from approximately \$26.7 million to approximately \$28.3 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities		
	June 30,	
	2015	2014 (Not Restated)
Current and other assets	\$ 15,808,177	14,475,404
Capital assets	24,179,560	20,869,470
Total assets	39,987,737	35,344,874
Pension related deferred outflows	578,847	-
Long-term liabilities	2,657,649	389,935
Other liabilities	975,704	1,001,498
Total liabilities	3,633,353	1,391,433
Deferred inflows of resources	8,613,341	7,231,000
Net position:		
Net investment in capital assets	24,179,560	20,869,470
Restricted	5,556,862	4,316,616
Unrestricted	(1,416,532)	1,536,355
Total net position	\$ 28,319,890	26,722,441

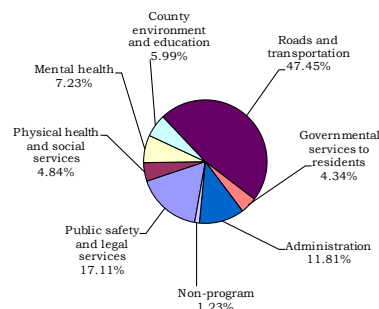
Net position of Jones County’s governmental activities increased \$1,597,449 (\$26,722,441 compared to \$28,319,890). The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Next largest is restricted net position, which represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. 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 – is reported at \$(1,416,532), a decrease of approximately \$3 million, primarily due to recording the net pension liability as of July 1, 2014. (Source: Exhibit A.)

Changes in Net Position of Governmental Activities		
	Year ended June 30,	
	2015	2014 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 1,869,123	1,677,962
Operating grants, contributions and restricted interest	5,024,348	4,368,677
Capital grants, contributions and restricted interest	2,947,049	929,457
General revenues:		
Property and other county tax	7,293,573	7,081,828
Penalty and interest on property tax	42,658	36,955
State tax credits	505,731	385,741
Local option sales tax	871,144	882,222
Grants and contributions not restricted to specific purposes		
Unrestricted investment earnings	99,579	102,286
Rent	94,884	88,854
Gain on disposition of capital assets	153,964	12,500
Miscellaneous	52,177	36,267
Total revenues	18,954,230	15,602,749
Program expenses:		
Public safety and legal services	2,425,514	2,385,067
Physical health and social services	685,793	671,427
Mental health	1,024,134	1,120,187
County environment and education	849,664	813,350
Roads and transportation	6,725,582	6,481,753
Governmental services to residents	614,497	608,845
Administration	1,673,852	1,632,703
Non-program	174,835	461,724
Total expenses	14,173,871	14,175,056
Change in net position	4,780,359	1,427,693
Net position beginning of year, as restated	23,539,531	25,294,748
Net position end of year	\$ 28,319,890	26,722,441

Revenues by Source



Expenses by Program



INDIVIDUAL MAJOR FUND ANALYSIS

As Jones County completed the year, its governmental funds reported a combined fund balance of approximately \$7.3 million, an increase of approximately \$1.3 million from last year's total of approximately \$6 million. The following are the primary reasons for the changes in fund balances of the major funds from the prior year:

The General Fund, the operating fund for Jones County, ended fiscal year 2015 with a fund balance of \$2,510,866. This is an increase of \$159,992 from June 30, 2014. Expenditures decreased \$64,775 while revenues decreased \$101,273 from fiscal year 2014. The three most significant expenditure changes were in the capital projects function, the mental health function and the administration function. The capital projects function decreased approximately \$851,000 as there were no additional Conservation land acquisitions, nor major associated project expenditures. The mental health function increased approximately \$356,000 as the Mental Health Case Management department was moved from the Special Revenue, Mental Health Fund to the General Fund in fiscal year 2015. The administration function increased approximately \$206,000 for facility improvements. Property and other county tax increased \$150,520 due to growth in the taxable valuation (the General Fund levy rate remained the same as the fiscal year 2014 rate). Intergovernmental revenues decreased \$166,414, primarily due to a decline in grant receipts. Miscellaneous revenues decreased \$120,916, due primarily to the completion of the financial transactions for the Community Development Block Grant for Advancement Services, Inc. (local match) in fiscal year 2014.

The Special Revenue, Mental Health Fund ended fiscal year 2015 with a fund balance of \$1,481,216. The balance increased \$537,704 from June 30, 2014. Expenditures decreased 39.2%, or \$438,469, from fiscal year 2014 and revenues decreased 4.9%, or \$63,211.

The Special Revenue, Rural Services Fund ended fiscal year 2015 with a balance of \$292,853, or \$37,983 more than the June 30, 2014 balance of \$254,870. Property and other county tax increased \$65,718, or 4.1%, due to growth in the taxable valuation (the Rural Services Fund levy rate remained the same as the fiscal year 2014 rate). 100% of the increase in property tax was used to increase the transfer to the Special Revenue, Secondary Roads Fund to support road maintenance and road projects, increasing the total transfer from \$1,710,000 to \$1,785,000.

The Special Revenue, Secondary Roads Fund ended fiscal year 2015 with a balance of \$2,912,324, an increase of \$500,329 from the June 30, 2014 balance of \$2,411,995. Of the ending balance, \$1,312,826 is unspent local option sales tax designated for future road and bridge projects, per voter approval in 1999, and \$509,508 is the value of materials held in inventory and prepaid expenditures at June 30, 2015. The restricted fund balance within the Special Revenue, Secondary Roads Fund reflects a positive balance of \$2,402,815 on a GAAP basis, 21.2% higher than the June 30, 2014 balance of \$1,983,136. Expenditures increased \$803,388, or 14%. The County increased its spending for its locally funded road construction activities in fiscal year 2015 by over 400% (\$764,868 compared to \$143,857 in fiscal year 2014). Revenues for the Special Revenue, Secondary Roads Fund for fiscal year 2015 reflect an increase from fiscal year 2014 of \$983,035, primarily in intergovernmental revenues related to road and bridge construction projects. An additional \$75,000 was transferred from the Special Revenue, Rural Services Fund in fiscal year 2015 and \$150,000 was transferred from the General Fund, bringing the total funds transferred to the Secondary Roads Fund to \$1,935,000.

Source: Exhibits C and E.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds except the Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on a cash basis. Over the course of fiscal year 2015, Jones County amended its budget one time.

The amendment was made on March 10, 2015 and resulted in changes to budgeted appropriations for every disbursement function and receipt category. The net total increase in budgeted revenue was \$872,815, with changes in each receipt category. Of significance was a \$749,463 increase in intergovernmental receipts, primarily reflecting \$325,000 of FEMA reimbursements for Secondary Roads and \$140,000 of federal bridge replacement funds which were not anticipated when the fiscal year 2015 budget was prepared. The net total change in budgeted disbursements was an increase of \$840,073. Of significance was a \$78,374 increase in budgeted mental health disbursements, primarily as a result of a reimbursement to the state for the Medicaid offset. A \$372,000 increase in road and bridge construction projects is also reflected in the increase in disbursements, primarily due to more construction than initially anticipated. An additional \$45,774 was included in the amendment for the Central Park Lake wastewater project. A \$130,536 decrease in the county environment and education function was primarily due to moving the major portion of work on the MonMaq Dam conservation project to fiscal year 2016. A \$255,004 increase in administration was primarily for facility related repairs and improvements. Various other less significant changes in disbursements resulted in a net increase of \$219,457 in the other six functions. Nearly all departments reflected some level of change in spending authority and/or receipt adjustments with this budget amendment.

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

The County's actual receipts were \$444,562 less than the final amended budget, a variance of 2.8%. The most significant variances resulted from the County receiving \$485,576 less intergovernmental receipts than anticipated, primarily due to grant project timelines.

Total disbursements were \$1,311,990 less than the final amended budget, an 8% variance. Actual disbursements for the public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, nonprogram and capital projects functions were all within 15% of the final amended budget. Disbursements for the mental health function were \$478,288, or 30%, below budget, primarily due to payments to the mental health region being less than anticipated.

Source: Required Supplementary Information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Jones County had \$24,179,560 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of \$3,310,090, or 15.86%, over last year, primarily from Secondary Roads Department projects.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2015	2014
Land	\$ 3,533,166	2,538,992
Construction/intangibles in progress	56,719	774,475
Buildings	1,835,154	1,828,681
Improvements other than buildings	156,864	168,931
Equipment and vehicles	2,743,481	2,165,725
Intangibles, other	60,000	-
Infrastructure	15,794,176	13,392,666
Total	\$ 24,179,560	20,869,470
This year's major additions included:		
Infrastructure, road network		\$ 2,862,852
Caterpillar motor graders		485,554
Eby's Mill Wildlife Area land purchase		713,399
North Fork Wildlands land purchase		232,596
Total		\$ 4,294,401

The County had depreciation/amortization expense of \$1,138,275 in fiscal year 2015 and total accumulated depreciation/amortization of \$10,087,252 at June 30, 2015.

The County budgets roadway construction and conservation land acquisition and major development costs in the capital projects function. Historically, Jones County has not budgeted other capital projects disbursements in the capital projects function, but rather budgets for those items in the function and fund where those items will be used.

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

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

Long-Term Debt

At June 30, 2015, Jones County had no general obligation long-term debt outstanding. Information about the County's long-term liabilities is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Jones County's elected and appointed officials considered many factors when setting the fiscal year 2016 budget, tax rates and the fees charged for various County activities. The primary factors considered were the increase in taxable valuations, health insurance costs for County employees and the condition of the Special Revenue, Secondary Roads Fund.

Jones County's total taxable valuation for the fiscal year 2016 budget increased 3.3%. By class of property, the County's agricultural valuation increased 3%, commercial valuation increased 10%, industrial valuation increased 19% and residential valuation rose 2%. New residential construction in Jones County increased during 2013 for the January 1, 2014 assessment to become taxable in fiscal 2016. Jones County's agricultural land values comprise 32% of Jones County's taxable valuation for fiscal year 2016 while residential values comprise 37% of the total.

The fiscal year 2016 General Fund budget reflects a tax increase of \$165,381 and is projected to produce an unrestricted fund balance on June 30, 2016 of 30.21% of total general operating disbursements (total fund balance of 29.2% of total disbursements). The tax increase of \$165,381 was generated by applying the prior year's (fiscal year 2015) tax levy rate to the new valuation with no further change in the General Fund tax levy rate. The total General Fund fiscal year 2016 budgeted disbursements (including transfers out) are \$298,006 more than the fiscal year 2015 original budget. The General Fund fiscal year 2016 budget reflects a 2% increase in employee wages and benefits, with overall disbursements projected to increase 3.87%, primarily due to capital projects, such as replacement of voting equipment and grounds and facilities improvements. The collective bargaining agreement covering wages to be paid in fiscal year 2016 calls for a 3% wage increase for employees in the bargaining unit. 3% wage increases were granted to non-union employees. The Board reduced the salary recommendation of the Compensation Board for the elected officials by 20%, thereby granting salary increases in a range from 1.6% to 4%. Budgeted non-tax General Fund receipts are projected to increase \$76,013, primarily due to an increase in intergovernmental revenues.

The fiscal year 2016 Special Revenue, Mental Health Fund levy reflected a slight decrease (\$25,134) in the frozen level of property tax previously certified at \$883,021 to reflect a mandated adjustment for a Medicaid funding offset, with the tax rate adjusted lower by \$.05700 per \$1,000 of taxable valuation to reflect the increase in the taxable valuation, as well as the \$25,134 Medicaid offset adjustment. Beginning in fiscal year 2015, Jones County joined with eight other counties to form a 28E mental health region, as required by mental health redesign legislation. Mental health property tax dollars and other resources will be pooled to provide uniform services to clients in the nine-county region. The 28E agreement currently requires each member county to levy at the maximum rate permitted by law.

The budget for the Special Revenue, Rural Services Fund for fiscal year 2016 reflects a tax increase of \$85,175. The tax increase represents the amount generated by applying the prior year's (fiscal year 2015) tax levy rate to the new valuation with no further change in the rural services tax levy rate. All of the additional receipts were budgeted to increase the tax support for the Special Revenue, Secondary Roads Fund.

The Special Revenue, Secondary Roads Fund budget for fiscal year 2016 reflects a decrease of \$216,000 in road maintenance disbursements to \$5,845,500, as well as a \$473,000 increase in the roadway construction budget from the originally budgeted fiscal year 2015 level of \$494,000 to \$967,000 in fiscal year 2016. As Jones County's Secondary Roads Fund begins to show a healthier balance, the County is increasing the amount of funds spent on locally funded construction projects, as well as replacing outdated and worn equipment. The balance in the fund is projected to decrease (\$250,000) from the re-estimated fiscal year 2015 balance due to the construction program and an active general roadway operations program. However, the ending fund balance is historically considerably higher than initially projected. Design and construction schedules, as well as a re-evaluation of funding sources and projected fund balances, are always considered prior to proceeding with certain road and bridge projects and equipment purchases.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Jones County

Basic Financial Statements

Exhibit A

Jones County
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 6,475,127
Receivables:	
Property tax:	
Delinquent	5,840
Succeeding year	7,379,000
Interest and penalty on property tax	16,819
Accounts	26,024
Special assessments	11,052
Due from other governments	1,384,807
Inventories	480,440
Prepaid expenses	29,068
Capital assets, net of accumulated depreciation/amortization	24,179,560
Total assets	<u>39,987,737</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>578,847</u>
Liabilities	
Accounts payable	678,504
Salaries and benefits payable	251,553
Due to other governments	45,647
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	149,919
Portion due or payable after one year:	
Compensated absences	187,266
Net pension liability	2,256,464
Net OPEB liability	64,000
Total liabilities	<u>3,633,353</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	7,379,000
Pension related deferred inflows	1,234,341
Total deferred inflows of resources	<u>8,613,341</u>
Net Position	
Net investment in capital assets	24,179,560
Restricted for:	
Supplemental levy purposes	880,209
Mental health purposes	1,463,816
Rural services purposes	301,988
Secondary roads purposes	2,783,459
Other purposes	127,390
Unrestricted	(1,416,532)
Total net position	<u>\$ 28,319,890</u>

See notes to financial statements.

Jones County

Statement of Activities

Year ended June 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,425,514	298,906	16,575	1,897	(2,108,136)
Physical health and social services	685,793	261,236	185,555	-	(239,002)
Mental health	1,024,134	206,538	464,443	-	(353,153)
County environment and education	849,664	63,003	7,121	-	(779,540)
Roads and transportation	6,725,582	495,741	4,261,858	2,945,152	977,169
Governmental services to residents	614,497	389,501	-	-	(224,996)
Administration	1,673,852	150,445	14,188	-	(1,509,219)
Non-program	174,835	3,753	74,608	-	(96,474)
Total	\$ 14,173,871	\$ 1,869,123	\$ 5,024,348	\$ 2,947,049	\$ (4,333,351)
General Revenues:					
Property and other county tax levied for general purposes					7,293,573
Penalty and interest on property tax					42,658
State tax credits					505,731
Local option sales tax					871,144
Unrestricted investment earnings					99,579
Rent					94,884
Gain on disposition of capital assets					153,964
Miscellaneous					52,177
Total general revenues					9,113,710
Change in net position					4,780,359
Net position beginning of year, as restated					23,539,531
Net position end of year					\$ 28,319,890

See notes to financial statements.

Jones County
Balance Sheet
Governmental Funds

June 30, 2015

	General	Mental Health	Special Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 2,655,781	1,415,693	258,484
Receivables:			
Property tax:			
Delinquent	4,135	678	1,027
Succeeding year	4,855,000	796,000	1,728,000
Interest and penalty on property tax	16,819	-	-
Accounts	2,714	-	-
Special assessments	11,052	-	-
Due from other funds	24,618	-	-
Due from other governments	250,083	98,195	44,800
Inventories	-	-	-
Prepaid expenditures	-	-	-
Total assets	\$ 7,820,202	2,310,566	2,032,311
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 147,082	684	120
Salaries and benefits payable	167,620	4,166	1,182
Due to other funds	5,318	24,618	-
Due to other governments	36,790	3,311	-
Total liabilities	<u>356,810</u>	<u>32,779</u>	<u>1,302</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,855,000	796,000	1,728,000
Other	97,526	571	10,156
Total deferred inflows of resources	<u>4,952,526</u>	<u>796,571</u>	<u>1,738,156</u>
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	-	-	-
Restricted for:			
Supplemental levy purposes	888,005	-	-
Mental health purposes	-	1,481,216	-
Rural services purposes	-	-	292,853
Secondary roads purposes	-	-	-
Conservation land acquisition/capital improvements	19,312	-	-
Other purposes	-	-	-
Committed for:			
County facility capital projects/purposes	54,250	-	-
Voting equipment replacement	50,000	-	-
Unassigned	1,499,299	-	-
Total fund balances	<u>2,510,866</u>	<u>1,481,216</u>	<u>292,853</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 7,820,202	2,310,566	2,032,311

See notes to financial statements.

Revenue		
Secondary Roads	Nonmajor	Total
2,047,935	97,234	6,475,127
-	-	5,840
-	-	7,379,000
-	-	16,819
12,435	10,875	26,024
-	-	11,052
5,318	-	29,936
991,729	-	1,384,807
480,440	-	480,440
29,068	-	29,068
<u>3,566,925</u>	<u>108,109</u>	<u>15,838,113</u>
530,587	31	678,504
78,585	-	251,553
-	-	29,936
5,546	-	45,647
<u>614,718</u>	<u>31</u>	<u>1,005,640</u>
-	-	7,379,000
39,883	10,874	159,010
<u>39,883</u>	<u>10,874</u>	<u>7,538,010</u>
480,440	-	480,440
29,068	-	29,068
-	-	888,005
-	-	1,481,216
-	-	292,853
2,402,816	-	2,402,816
-	-	19,312
-	97,204	97,204
-	-	54,250
-	-	50,000
-	-	1,499,299
<u>2,912,324</u>	<u>97,204</u>	<u>7,294,463</u>
<u>3,566,925</u>	<u>108,109</u>	<u>15,838,113</u>

Jones County

Jones County

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

June 30, 2015

Total governmental fund balances (page 23) \$ 7,294,463

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$34,266,812 and the accumulated depreciation/amortization is \$10,087,252. 24,179,560

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. 159,010

Pension 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	\$ 578,847	
Deferred inflows of resources	<u>(1,234,341)</u>	(655,494)

Long-term liabilities, including compensated absences payable, net pension liability and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (2,657,649)

Net position of governmental activities (page 20) \$ 28,319,890

See notes to financial statements.

Jones County

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

Year ended June 30, 2015

	General	Special	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 4,773,527	831,715	1,675,720
Local option sales tax	-	-	229,310
Interest and penalty on property tax	42,982	-	-
Intergovernmental	1,905,722	386,050	100,458
Licenses and permits	52,144	-	-
Charges for service	570,159	88	7,325
Use of money and property	197,784	-	1
Miscellaneous	287,450	-	166
Total revenues	7,829,768	1,217,853	2,012,980
Expenditures:			
Operating:			
Public safety and legal services	2,535,407	-	-
Physical health and social services	696,151	-	-
Mental health	355,602	680,149	-
County environment and education	700,979	-	186,012
Roads and transportation	390,049	-	-
Governmental services to residents	614,621	-	3,985
Administration	1,806,532	-	-
Non-program	420,735	-	-
Capital projects	-	-	-
Total expenditures	7,520,076	680,149	189,997
Excess (deficiency) of revenues over (under) expenditures	309,692	537,704	1,822,983
Other financing sources (uses):			
Sale of capital assets	300	-	-
Transfers in	-	-	-
Transfers out	(150,000)	-	(1,785,000)
Total other financing sources (uses)	(149,700)	-	(1,785,000)
Change in fund balances	159,992	537,704	37,983
Fund balances beginning of year	2,350,874	943,512	254,870
Fund balances end of year	\$ 2,510,866	1,481,216	292,853

See notes to financial statements.

Revenue		
Secondary		Total
Roads	Nonmajor	
-	-	7,280,962
687,929	-	917,239
-	-	42,982
4,252,980	16,072	6,661,282
21,450	-	73,594
51	3,600	581,223
-	134	197,919
136,117	12,375	436,108
5,098,527	32,181	16,191,309
-	2,278	2,537,685
-	-	696,151
-	-	1,035,751
-	-	886,991
5,768,330	-	6,158,379
-	467	619,073
-	-	1,806,532
-	-	420,735
764,868	-	764,868
6,533,198	2,745	14,926,165
(1,434,671)	29,436	1,265,144
-	-	300
1,935,000	-	1,935,000
-	-	(1,935,000)
1,935,000	-	300
500,329	29,436	1,265,444
2,411,995	67,768	6,029,019
2,912,324	97,204	7,294,463

Jones County

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

Year ended June 30, 2015

Change in fund balances - Total governmental funds (page 27)		\$ 1,265,444
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	\$ 1,630,869	
Capital assets contributed by the Iowa Department of Transportation	2,663,532	
Depreciation/amortization expense	<u>(1,138,275)</u>	3,156,126
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.		153,964
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	12,611	
Other	<u>(67,488)</u>	(54,877)
The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position.		440,172
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	(6,250)	
Other postemployment benefits	(5,000)	
Pension expense	<u>(169,220)</u>	<u>(180,470)</u>
Change in net position of governmental activities (page 21)		<u><u>\$ 4,780,359</u></u>

See notes to financial statements.

Jones County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 6,394,435
Other County officials	5,878
Receivables:	
Property tax:	
Delinquent	18,616
Succeeding year	20,431,000
Accounts	87,094
Accrued interest	5,846
Special assessments	120,103
Due from other governments	629,568
Prepaid expenses	1,402
Capital assets, net of accumulated depreciation	734,740
Total assets	28,428,682

Liabilities

Accounts payable	1,710,444
Salaries and benefits payable	19,721
Due to other governments	25,554,816
Trusts payable	5,878
Compensated absences	47,376
Estimated liability for landfill closure and posclosure care	1,090,447
Total liabilities	28,428,682

Net position	\$ -
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See notes to financial statements.

Jones County

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Jones County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. Jones County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Jones County Assessor's Conference Board, Jones County Emergency Management Commission, Jones County Solid Waste Commission and Jones County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County. Condensed financial statements for the Jones County Solid Waste Commission are included in Note 12 to the financial statements.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Multi-County Cooperative Child Support Agreement, East Central Iowa Employment and Training Consortium, Medical Emergency Response Group, Eastern Iowa

Regional Housing Authority, Eastern Iowa Regional Utility Service Systems Commission, Jones County Crime Commission, Jones County Economic Development Commission, Jones County Communications Commission and East Central Iowa Mental Health Region.

B. Basis of Presentation

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred 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, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not 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. Special assessments receivable represent assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2015, 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, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	50,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	25 - 50
Building improvements	25 - 50
Infrastructure	10 - 65
Intangibles	2 - 65
Equipment	3 - 20
Vehicles	5 - 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and 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 expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees’ Retirement System (IPERS) and additions to/deductions from IPERS’ fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County has no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Mental Health	\$ 24,618
Special Revenue: Secondary Roads	General	5,318
Total		<u>\$ 29,936</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, 2015 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 150,000
	Special Revenue: Rural Services	1,785,000
Total		<u>\$ 1,935,000</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 2,538,992	994,174	-	3,533,166
Intangibles in progress	26,973	33,027	60,000	-
Construction in progress	747,502	22,617	713,400	56,719
Total capital assets not being depreciated/amortized	3,313,467	1,049,818	773,400	3,589,885
Capital assets being depreciated/amortized:				
Buildings	3,254,846	114,421	70,221	3,299,046
Improvements other than buildings	241,331	-	-	241,331
Equipment and vehicles	7,698,185	1,170,055	484,598	8,383,642
Intangibles	-	60,000	-	60,000
Infrastructure, road network	15,041,696	2,862,852	-	17,904,548
Infrastructure, other	788,360	-	-	788,360
Total capital assets being depreciated/amortized	27,024,418	4,207,328	554,819	30,676,927
Less accumulated depreciation/amortization for:				
Buildings	1,426,165	75,646	37,919	1,463,892
Improvements other than buildings	72,400	12,067	-	84,467
Equipment and vehicles	5,532,460	589,220	481,519	5,640,161
Infrastructure, road network	2,363,125	445,575	-	2,808,700
Infrastructure, other	74,265	15,767	-	90,032
Total accumulated depreciation/amortization	9,468,415	1,138,275	519,438	10,087,252
Total capital assets being depreciated/amortized, net	17,556,003	3,069,053	35,381	20,589,675
Governmental activities capital assets, net	\$20,869,470	4,118,871	808,781	24,179,560

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 94,046
Physical health and social services	313
County environment and education	63,477
Roads and transportation	895,822
Governmental services to residents	9,918
Administration	74,699
Total depreciation/amortization expense - governmental activities	<u>\$ 1,138,275</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2015 is as follows:

Fund	Description	Amount
General	Services	\$ 36,790
Special Revenue:		
Mental Health	Services	3,311
Secondary Roads	Services and materials	5,546
		<u>8,857</u>
Total for governmental funds		<u>\$ 45,647</u>
Agency:		
County Offices	Collections	\$ 411
Agricultural Extension Education	Collections	208,789
County Assessor	Collections	816,103
Schools	Collections	13,346,400
Community Colleges	Collections	948,709
Corporations	Collections	5,304,248
Townships	Collections	264,481
Auto License and Use Tax	Collections	482,281
Jones County Solid Waste		
Management Commission	Collections and services	1,984,963
MHDS - ECR	Collections	1,718,034
All other	Collections	480,398
Total for agency funds		<u>\$ 25,554,817</u>

(7) Prepaid Rental Agreement

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

The County has elected to amortize prepaid expenses of \$80,743 over 25 years. At June 30, 2015, the unamortized prepaid expense balance was \$29,068.

(8) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Compen- sated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year, as restated	\$ 330,935	3,611,765	59,000	4,001,700
Increases	312,385	-	13,500	325,885
Decreases	306,135	1,355,301	8,500	1,669,936
Balance end of year	<u>\$ 337,185</u>	<u>2,256,464</u>	<u>64,000</u>	<u>2,657,649</u>
Due within one year	<u>\$ 149,919</u>	-	-	<u>149,919</u>

(9) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. 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. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

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

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

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 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 - Effective July 1, 2012, as a result of a 2010 law change, the 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%. 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 2015, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.76% of covered payroll and the County contributed 10.14% for a total rate of 16.90%.

The County's contributions to IPERS for the year ended June 30, 2015 were \$440,172.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of \$2,256,464 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 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, 2014, the County's collective proportion was 0.056897%, which was a decrease of 0.006008% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$169,220. At June 30, 2015, 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	\$ 25,422	28,145
Changes of assumptions	103,231	27,584
Net difference between projected and actual earnings on pension plan investments	-	1,152,040
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	10,022	26,572
County contributions subsequent to the measurement date	440,172	-
Total	\$ 578,847	1,234,341

\$440,172 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, 2016. 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	Amount
June 30,	
2016	\$ (274,838)
2017	(274,838)
2018	(274,838)
2019	(274,838)
2020	3,686
Total	<u>\$ (1,095,666)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$ 4,892,702	\$ 2,256,464	\$ 30,710

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

Payables to IPERS - All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2015.

(10) Risk Management

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

(11) Other Postemployment Benefits (OPEB)

Plan Description - The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 97 active and three retired members in the plan. Retired participants must be age 55 or older at retirement, except retired sheriffs or deputies may be age 50 or older if the sheriff or deputy has 22 years of service or more.

The medical/prescription drug benefits are provided through a fully insured medical plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 14,200
Interest on net OPEB obligation	2,800
Adjustment to annual required contribution	(3,500)
Annual OPEB cost	<u>13,500</u>
Contributions made	<u>(8,500)</u>
Increase in net OPEB obligation	5,000
Net OPEB obligation beginning of year	<u>59,000</u>
Net OPEB obligation end of year	<u><u>\$ 64,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County contributed \$8,500 to the medical plan. The plan member eligible for benefits contributed \$13,750, or 62% of the premium costs.

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 13,500	31.1%	\$ 50,000
2014	13,500	33.3	59,000
2015	13,500	63.0	64,000

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$120,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$120,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,194,000 and the ratio of the UAAL to covered payroll was 3.0%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions. – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP 2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$864 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(12) Jointly Governed Organization

The County participates in the Jones County Solid Waste Management Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Agency Funds because of the County's fiduciary relationship with the organization. The following condensed financial statements are for the year ended June 30, 2015.

<u>Condensed Statement of Net Position</u>	
Assets	
Current assets:	
Cash, cash equivalents and investments	\$ 973,903
Receivables:	
Accounts and other	61,838
Due from other governments	12,064
Prepaid items	1,402
Total current assets	<u>1,049,207</u>
Noncurrent assets:	
Restricted certificates of deposit	1,371,626
Capital assets, net of accumulated depreciation	734,740
Total noncurrent assets	<u>2,106,366</u>
Total assets	<u>3,155,573</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>12,431</u>
Liabilities	
Current liabilities:	
Accounts payable	62,642
Salaries and benefits payable	5,607
Due to other governments	1,155
Compensated absences payable	11,914
Total current liabilities	<u>81,318</u>
Non-current liabilities:	
Estimated liability for landfill closure and postclosure care	1,090,447
Net pension liability	63,082
Total non-current liabilities	<u>1,153,529</u>
Total liabilities	<u>1,234,847</u>
Deferred Inflows of Resources	
Pension related deferred inflows	<u>28,375</u>
Net position	
Net investment in capital assets	734,740
Restricted for closure and postclosure care	281,179
Unrestricted	888,863
Total net position	<u>\$ 1,904,782</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position	
Operating revenues:	
Assessments	\$ 93,639
Gate fees	693,898
Other operating revenues	23,811
Total operating revenues	<u>811,348</u>
Operating expenses:	
Salaries and benefits	133,274
Solid waste hauling and disposal	545,590
Other operating expenses	98,434
Total operating expenses	<u>777,298</u>
Operating income	34,050
Non-operating revenues:	
Interest income	25,241
Change in net position	59,291
Net position beginning of year, as restated	1,845,491
Net position end of year	<u>\$ 1,904,782</u>

Condensed Statement of Cash Flows	
Net cash used by operating activities	\$ (59,861)
Net cash used by financing activities	(6,750)
Net cash provided by investing activities	93,663
Net increase in cash and cash equivalents	27,052
Cash and cash equivalents beginning of year	87,932
Cash and cash equivalents end of year	<u>\$ 114,984</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income	\$ 34,050
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	27,977
Closure and postclosure care	(40,708)
Other changes in assets and liabilities	(81,180)
Total adjustments	<u>(93,911)</u>
Net cash used by operating activities	<u>\$ (59,861)</u>

The beginning net position for the Jones County Solid Waste Commission was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

Net position June 30, 2014, as previously reported	\$ 1,929,781
Net pension liability at June 30, 2014	(93,585)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	<u>9,295</u>
Net position July 1, 2014, as restated	<u>\$ 1,845,491</u>

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

These costs for the Commission have been estimated at \$1,072,800 for closure as of June 30, 2015 and the portion of the liability that has been recognized is \$1,072,800. During the year ended June 30, 2009, the Commission stopped accepting waste at the landfill and began transferring waste to Milan, Illinois.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun accumulating resources to fund these costs and, at June 30, 2015, assets of \$1,353,266 are restricted for these purposes. They are reported as restricted certificates of deposit in the condensed Statement of Net Position.

The total closure costs for the Commission's transfer station have been estimated at \$17,647 as of June 30, 2015 and the portion of the liability that has been recognized is \$17,647. The Commission has begun accumulating resources to fund these costs and, at June 30, 2015, assets of \$18,360 are restricted for these purposes. They are reported as restricted certificates of deposit in the condensed Statement of Net Position.

(13) Pending Litigation and Contingent Liabilities

The County is subject to pending litigation seeking damages. The amount and probability of loss, if any, is not determinable.

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

MHDS-ECR, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective October 7, 2013, includes the following member counties: Benton County, Bremer County, Buchanan County, Delaware County, Dubuque County, Iowa County, Jones County, Johnson County and Linn County. The financial activity of Jones County's Special Revenue, Mental Health Fund is included in the MHDS-ECR for the year ended June 30, 2015, as follows:

Revenues:		
Property and other county tax		\$ 831,715
Intergovernmental:		
State tax credits	\$ 60,297	
Social services block grant	15,433	
Distribution from regional fiscal agent	195,351	
Other	114,969	386,050
Miscellaneous		88
Total revenues		1,217,853
Expenditures:		
Services to persons with:		
Mental illness	1,839	
Intellectual disabilities	28,981	30,820
General administration:		
Direct administration	192,256	
Distribution to regional fiscal agent	456,943	649,199
County provided case management		130
Total expenditures		680,149
Excess of revenues over expenditures		537,704
Fund balance beginning of year		943,512
Fund balance end of year		<u>\$ 1,481,216</u>

(15) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of Statement GASB Statement No. 27, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>
Net position June 30, 2014, as previously reported	\$ 26,722,441
Net pension liability at June 30, 2014	(3,611,765)
Deferred outflows of resources	
related to prior year contributions made after	
the June 30, 2013 measurement date	<u>428,855</u>
Net position July 1, 2014, as restated	<u>\$ 23,539,531</u>

Required Supplementary Information

Jones County

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

Required Supplementary Information

Year ended June 30, 2015

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
Receipts:				
Property and other county tax	\$ 8,184,141	8,156,821	8,178,899	5,242
Interest and penalty on property tax	42,672	44,450	44,800	(2,128)
Intergovernmental	5,904,434	5,640,547	6,390,010	(485,576)
Licenses and permits	74,430	67,618	69,495	4,935
Charges for service	574,116	585,890	540,628	33,488
Use of money and property	198,122	181,593	207,528	(9,406)
Miscellaneous	442,116	314,859	433,233	8,883
Total receipts	15,420,031	14,991,778	15,864,593	(444,562)
Disbursements:				
Public safety and legal services	2,544,354	2,492,450	2,598,821	54,467
Physical health and social services	684,731	806,511	772,761	88,030
Mental health	1,113,787	1,513,701	1,592,075	478,288
County environment and education	856,468	1,071,577	941,041	84,573
Roads and transportation	6,234,058	6,478,690	6,598,519	364,461
Governmental services to residents	617,770	655,421	637,269	19,499
Administration	1,769,490	1,606,331	1,861,335	91,845
Non-program	178,963	140,541	185,700	6,737
Debt service	-	500	500	500
Capital projects	1,018,410	724,226	1,142,000	123,590
Total disbursements	15,018,031	15,489,948	16,330,021	1,311,990
Excess (deficiency) of receipts over (under) disbursements	402,000	(498,170)	(465,428)	867,428
Other financing sources, net	300	-	-	300
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	402,300	(498,170)	(465,428)	867,728
Balance beginning of year	6,072,827	4,603,657	6,038,385	34,442
Balance end of year	\$ 6,475,127	4,105,487	5,572,957	902,170

See accompanying independent auditor's report.

Jones County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 15,420,031	771,278	16,191,309
Expenditures	15,018,031	(91,866)	14,926,165
Net	402,000	863,144	1,265,144
Other financing sources, net	300	-	300
Beginning fund balances	6,072,827	(43,808)	6,029,019
Ending fund balances	\$ 6,475,127	819,336	7,294,463

See accompanying independent auditor's report.

Jones County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund and the Special Revenue Funds. 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, one budget amendment increased budgeted disbursements by \$840,073. The budget amendment is 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 Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2015, disbursements did not exceed the amount budgeted by function.

Jones County

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

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	<u>2015</u>
County's collective proportion of the net pension liability	0.056897%
County's collective proportionate share of the net pension liability (asset)	\$ 2,256
County's covered-employee payroll	\$ 4,699
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.01%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Jones County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 440	429	407	389
Contributions in relation to the statutorily required contribution	<u>(440)</u>	<u>(429)</u>	<u>(407)</u>	<u>(389)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 4,827	4,699	4,568	4,637
Contributions as a percentage of covered-employee payroll	9.12%	9.13%	8.91%	8.39%

* County's covered-employee payroll information was not readily available. Therefore, contributions as a percentage of covered employee payroll could not be calculated.

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
323	296	282	252	233	220
<u>(323)</u>	<u>(296)</u>	<u>(282)</u>	<u>(252)</u>	<u>(233)</u>	<u>(220)</u>
-	-	-	-	-	-
4,367	4,290	4,281	4,024	3,820	*
7.40%	6.90%	6.59%	6.26%	6.10%	*

Jones County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

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 beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs, deputies and protection occupation members.

Jones County

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 163	163	0.00%	\$ 3,767	4.30%
2011	July 1, 2009	-	163	163	0.00	3,775	4.30
2012	July 1, 2009	-	163	163	0.00	3,992	4.10
2013	July 1, 2012	-	120	120	0.00	3,972	3.01
2014	July 1, 2012	-	120	120	0.00	4,109	3.00
2015	July 1, 2012	-	120	120	0.00	4,194	3.00

See Note 11 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Jones County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2015

	County Recorder's Records Management	Special Law Enforcement Proceeds
Assets		
Cash and pooled investments	\$ 22,154	1,011
Accounts receivable	-	-
Total assets	\$ 22,154	1,011
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts	\$ -	-
Deferred inflows of resources:		
Other revenues	-	-
Fund balances:		
Restricted for other purposes	22,154	1,011
Total liabilities, deferred inflows of resources and fund balances	\$ 22,154	1,011

See accompanying independent auditor's report.

Revenue		
Law Enforcement Canine	Resource Enhancement and Protection	Total
16,386	57,683	97,234
10,875	-	10,875
27,261	57,683	108,109
31	-	31
10,874	-	10,874
16,356	57,683	97,204
27,261	57,683	108,109

Jones County

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

Year ended June 30, 2015

	County	Special
	Recorder's Records Management	Law Enforcement Proceeds
Revenues:		
Intergovernmental	\$ -	-
Charges for service	3,600	-
Use of money and property	10	-
Miscellaneous	-	-
Total revenues	3,610	-
Expenditures:		
Operating:		
Public safety and legal services	-	-
Governmental services to residents	467	-
Total expenditures	467	-
Change in fund balances	3,143	-
Fund balances beginning of year	19,011	1,011
Fund balances end of year	\$ 22,154	1,011

See accompanying independent auditor's report.

Revenue		
Law Enforcement Canine	Resource Enhancement and Protection	Total
-	16,072	16,072
-	-	3,600
-	124	134
12,375	-	12,375
12,375	16,196	32,181
2,278	-	2,278
-	-	467
2,278	-	2,745
10,097	16,196	29,436
6,259	41,487	67,768
16,356	57,683	97,204

Jones County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

	Agricultural		County Assessor	Schools	Community Colleges
	County Offices	Extension Education			
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,614	270,996	161,134	11,915
Other County officials	5,878	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	175	497	11,266	794
Succeeding year	-	206,000	584,000	13,174,000	936,000
Accounts	411	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	-
Total assets	\$ 6,289	208,789	855,493	13,346,400	948,709
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	380	-	-
Salaries and benefits payable	-	-	11,325	-	-
Due to other governments	411	208,789	816,103	13,346,400	948,709
Trusts payable	5,878	-	-	-	-
Compensated absences	-	-	27,685	-	-
Estimated liability for landfill closure and posclosure care	-	-	-	-	-
Total liabilities	\$ 6,289	208,789	855,493	13,346,400	948,709

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Solid Waste Management Commission	MHDS-ECR	Other	Total
57,528	3,326	482,281	2,345,529	2,784,214	274,899	6,394,436
-	-	-	-	-	-	5,878
5,720	155	-	-	-	9	18,616
5,241,000	261,000	-	-	-	29,000	20,431,000
-	-	-	56,479	14,012	16,192	87,094
-	-	-	5,359	487	-	5,846
-	-	-	-	-	120,103	120,103
-	-	-	12,064	565,266	52,238	629,568
-	-	-	1,402	-	-	1,402
-	-	-	734,740	-	-	734,740
5,304,248	264,481	482,281	3,155,573	3,363,979	492,441	28,428,683
-	-	-	62,642	1,645,945	1,477	1,710,444
-	-	-	5,607	-	2,789	19,721
5,304,248	264,481	482,281	1,984,963	1,718,034	480,398	25,554,817
-	-	-	-	-	-	5,878
-	-	-	11,914	-	7,777	47,376
-	-	-	1,090,447	-	-	1,090,447
5,304,248	264,481	482,281	3,155,573	3,363,979	492,441	28,428,683

Jones County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2015

Assets and Liabilities	Agricultural		County Assessor	Schools	Community Colleges
	County Offices	Extension Education			
Balances beginning of year	\$ 29,513	201,667	586,532	12,314,796	918,044
Additions:					
Property and other county tax	-	208,067	595,549	13,317,143	947,615
E911 surcharges	-	-	-	-	-
State tax credits	-	13,093	25,143	808,038	59,969
Office fees and collections	341,695	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	588,578	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	930,273	221,160	620,692	14,125,181	1,007,584
Deductions:					
Agency remittances:					
To other funds	171,816	-	-	-	-
To other governments	168,648	214,038	351,731	13,093,577	976,919
Trusts paid out	613,033	-	-	-	-
Total deductions	953,497	214,038	351,731	13,093,577	976,919
Balances end of year	\$ 6,289	208,789	855,493	13,346,400	948,709

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Solid Waste Management Commission	MHDS-ECR	Other	Total
4,904,412	252,239	578,288	3,210,702	-	478,867	23,475,060
5,237,808	264,240	-	-	-	28,273	20,598,695
-	-	-	-	-	74,259	74,259
415,151	14,295	-	-	-	2,121	1,337,810
-	-	-	-	-	220	341,915
-	-	6,142,660	-	-	-	6,142,660
-	-	-	-	-	22,965	22,965
-	-	-	-	-	-	588,578
-	-	-	836,588	19,086,403	514,350	20,437,341
5,652,959	278,535	6,142,660	836,588	19,086,403	642,188	49,544,223
-	-	263,790	-	-	-	435,606
5,253,123	266,293	5,974,877	891,717	15,722,424	628,614	43,541,961
-	-	-	-	-	-	613,033
5,253,123	266,293	6,238,667	891,717	15,722,424	628,614	44,590,600
5,304,248	264,481	482,281	3,155,573	3,363,979	492,441	28,428,683

Jones County

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

For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Property and other county tax	\$ 7,280,962	7,072,449	6,811,736	6,201,839
Local option sales tax	917,239	799,323	858,480	776,241
Interest and penalty on property tax	42,982	45,618	45,497	45,878
Intergovernmental	6,661,282	5,915,710	5,117,782	6,983,623
Licenses and permits	73,594	57,568	56,841	71,408
Charges for service	581,223	559,166	595,182	563,242
Use of money and property	197,919	194,765	169,640	180,357
Miscellaneous	436,108	605,283	773,992	449,883
Total	<u>\$ 16,191,309</u>	<u>15,249,882</u>	<u>14,429,150</u>	<u>15,272,471</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,537,685	2,437,181	2,415,219	2,259,095
Physical health and social services	696,151	670,071	705,651	705,535
Mental health	1,035,751	1,118,618	1,105,325	2,747,884
County environment and education	886,991	760,787	822,763	1,403,336
Roads and transportation	6,158,379	5,969,549	5,462,477	5,488,545
Governmental services to residents	619,073	595,338	604,835	608,099
Administration	1,806,532	1,600,204	1,523,341	1,586,149
Non-program	420,735	488,353	683,283	28,885
Debt service	-	-	-	-
Capital projects	764,868	995,249	185,357	888,496
Total	<u>\$ 14,926,165</u>	<u>14,635,350</u>	<u>13,508,251</u>	<u>15,716,024</u>

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
5,823,796	5,560,528	5,142,689	5,039,929	4,944,551	4,610,837
817,836	763,075	753,271	745,100	692,459	606,518
43,251	45,386	40,303	51,273	40,526	38,376
6,152,216	7,294,072	6,663,391	5,459,916	6,130,056	5,815,503
63,011	64,694	58,847	63,133	57,254	72,345
569,839	539,851	553,916	529,861	488,122	513,186
216,425	255,423	257,293	370,789	397,223	331,045
427,913	372,901	445,307	355,767	259,011	279,683
14,114,287	14,895,930	13,915,017	12,615,768	13,009,202	12,267,493
2,134,638	2,067,063	2,093,055	1,926,539	1,882,227	1,805,964
758,680	766,459	690,390	649,771	729,577	698,613
2,341,471	2,125,968	2,357,861	2,405,752	2,358,418	2,226,362
938,442	1,708,968	951,581	843,139	966,643	1,184,737
5,534,155	4,925,870	5,013,318	5,181,336	4,289,198	4,013,501
540,325	570,903	551,949	516,672	495,762	619,332
1,359,275	1,593,790	1,364,766	1,168,905	1,153,525	1,270,527
34,171	82,726	135,130	100,033	73,670	109,192
167,265	60,902	29,243	41,126	5,618	-
44,369	1,460,545	815,014	1,036,367	794,653	1,278,659
13,852,791	15,363,194	14,002,307	13,869,640	12,749,291	13,206,887

Jones County
Schedule of Expenditures of Federal Awards
June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 4,215
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO53(75)--8J-53	451,746
Highway Planning and Construction	20.205	IA-14-01-53-02	13,469
Highway Planning and Construction	20.205	IA-14-01-53-03	35,103
Highway Planning and Construction	20.205	IA-14-01-53-05	26,460
			<u>526,778</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 15-402-M00P	4,200
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566		9
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		1,090
Foster Care - Title IV-E	93.658		1,616
Adoption Assistance	93.659		510
Social Services Block Grant	93.667		1,297
Children's Health Insurance Program	93.767		26
Medical Assistance Program	93.778		7,939

Jones County
 Schedule of Expenditures of Federal Awards
 June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	JNSRC01	3,908
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	JNSRC04	286,974
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	JNSRC02	34,984
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	JNSRA01	6,000
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	JNSRC03	7,620
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	JNCVA01	2,333
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	JNCVA01	1,243
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	JNSRC03	24,242
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	JNJCE01	2,270
			<u>369,574</u>
Emergency Management Performance Grants	97.042	EMPG-15-PT-53	28,924
Total			<u>\$ 946,178</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Jones County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

Jones County



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

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

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

To the Officials of Jones County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jones County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 25, 2016.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-15 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-15 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Jones County's Responses to the Findings

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

Purpose of this Report

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

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



MARY MOSIMAN, CPA
Auditor of State

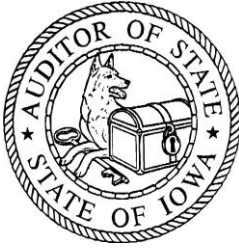


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 25, 2016

**Independent Auditor's Report on Compliance
for Each Major Program and on Internal Control over Compliance
Required by OMB Circular A-133**

Jones County



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

Mary Mosiman, CPA
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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

To the Officials of Jones County:

Report on Compliance for Each Major Federal Program

We have audited Jones County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Jones County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Jones County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jones County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Jones County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Jones County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jones County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jones County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



MARY MOSIMAN, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 25, 2016

Jones County
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A significant deficiency and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were:
 - CFDA Number 20.205 – Highway Planning and Construction
 - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters).
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Jones County did not qualify as a low-risk auditee.

Jones County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-15 Segregation of Duties – During our review of internal controls, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. The following were identified for which no compensating controls exist:

County Recorder – Responsibilities for the collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash. In addition, the responsibility for signing checks is not segregated from the responsibility for handling petty cash/change funds, approving disbursements and recording cash receipts.

County Extension Office – Generally, one or two individuals in the County Extension Office may have control over collecting, depositing and reconciling receipts. Bank reconciliations are not prepared by an independent person.

Transfer Station – Generally, one individual has control over account billings, collections, deposit preparation and reconciliation functions.

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

Responses –

County Recorder – It is difficult to gain assistance from external offices. Also, a third employee would be part time due to the activity in the office and it would be difficult for them to perform and learn all functions. With our limited staff, we will try to comply with the recommendation as best we can.

County Extension Office – Our office has hired a bookkeeper who receives all accounting records from our office and also receives the bank statement to process bank reconciliations. Extension Council members review financial transactions and bank reconciliations processed by our outsourced bookkeeper at monthly council meetings. The County Director is responsible for providing approved financial reports/documents presented to Extension Council members.

Jones County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

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

Conclusions – Responses accepted.

- II-B-15 Disaster Recovery Plan – A documented disaster recovery plan for processing critical jobs in the event of a major hardware or software failure or temporary or permanent destruction of the Courthouse has not been developed. The County has not developed a disaster recovery plan which provides for a backup site, procedures to be followed to prepare the site for equipment and identifies staff responsibilities.

Recommendation – The County should ensure a disaster recovery plan is developed and documented which includes the previously mentioned items.

Response – The County will continue to work with department heads and other key personnel to develop a disaster recovery plan which will address continuation of government operations and procedures in the event of a major hardware or software failure, or the temporary or permanent destruction of the Courthouse. The County will continue to work on development of the plan until it addresses the anticipated needs of the County.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Jones County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Jones County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-15 Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted by function.
- IV-B-15 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-15 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-15 Business Transactions – The following business transactions between the County and County officials or employees were noted:

Vendor and County Connection	Transaction Description	Amount
Basecamp Auto Repair, Brother-in-law is a Conservation Department employee	Auto repair	\$ 633
Rebecca Moore, Senior dining employee	Laundry	295
Keith Dirks Auto Body, owned by the father of the Sheriff's secretary	Auto repair: Sheriff's office JETS Painting	 10,297 17,617 3,755

The transactions with Basecamp Auto Repair and Rebecca Moore do not appear to represent a conflict of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since the total transactions with each were less than \$1,500 during the fiscal year.

The transactions with Keith Dirks Auto Body do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(d) since the Sheriff's secretary is not directly affected as a result of the transactions and her duties of employment do not directly involve procurement or preparation of any part of the transactions.

- IV-E-15 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be periodically reviewed to ensure the coverage is adequate for current operations.
- IV-F-15 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-15 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by

Jones County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-15 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2015 for the County Extension Office did not exceed the amount budgeted.

IV-J-15 Financial Assurance – The Jones County Solid Waste Management Commission has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

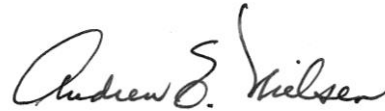
Total estimated costs for closure and postclosure care	<u>\$1,090,447</u>
Amount the Commission has restricted and reserved for closure and postclosure care at June 30, 2015	<u>\$1,371,626</u>

Jones County

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager
Stephen J. Hoffman, Senior Auditor
Nate W. Packer, CPA, Staff Auditor
Alex W. Case, Assistant Auditor
Eileen D. Loomis, Assistant Auditor
Jonathan M. Mader, Assistant Auditor
Sarah J. Swisher, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State