



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

March 27, 2023

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$18,849,405 for the year ended June 30, 2022, a 1.8% decrease from the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$16,922,165, a less than 1% decrease from the prior year.

AUDIT FINDINGS:

Sand reported three findings related to the receipt and expenditure of taxpayer funds. They are found on pages 74 through 78 of this report. The findings address a lack of segregation of duties, a financial reporting and lack of required disclosure for closed session meetings of the Board of Supervisors. Sand provided the County with recommendations to address the findings.

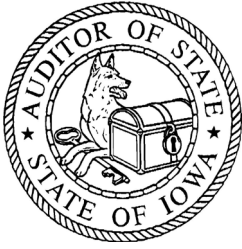
Two findings discussed above were repeated from the prior year. The County Board of Supervisors and other elected officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care"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

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

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

Jones County



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March 7, 2023

Officials of Jones County
Anamosa, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Jones County for the year ended June 30, 2022. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is written in a cursive, slightly stylized font.

Rob Sand
Auditor of State

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Jones County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ned Rohwedder	Board of Supervisors	Jan 2023
Jon C. Zirkelbach	Board of Supervisors	Jan 2023
Joe Oswald	Board of Supervisors	Jan 2025
John Shlarmann	Board of Supervisors	Jan 2025
Jeff Swisher	Board of Supervisors	Jan 2025
Whitney Hein	County Auditor	Jan 2025
Amy L. Picray	County Treasurer	Jan 2023
Sheri L. Jones	County Recorder	Jan 2023
Greg A. Graver	County Sheriff	Jan 2025
Kristofer Lyons	County Attorney	Jan 2023
Sarah Benter	County Assessor	Jan 2028



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Independent Auditor's Report

To the Officials of Jones County:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jones County, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jones County as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 15 to the financial statements, Jones County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Jones County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jones County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 16 and 50 through 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

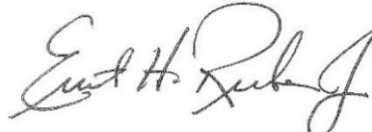
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 5 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 7, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jones County's internal control over financial reporting and compliance



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

March 7, 2023

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

2022 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset accounts related to leases, however had no effect on the beginning net position for governmental activities.
- Revenues of the County's governmental activities decreased 1.8%, or approximately \$345,000, from fiscal year 2021 to fiscal year 2022. Charges for services increased approximately \$290,000, local option sales tax (LOST) receipts increased approximately \$241,000, operating grants, contributions and restricted interest decreased approximately \$345,000, and miscellaneous revenues decreased approximately \$572,000.
- Program expenses of the County's governmental activities decreased less than 1%, or approximately \$157,000, from fiscal year 2021 to fiscal year 2022. Roads and transportation increased approximately \$404,000 while non-program expenses decreased approximately \$438,000.
- The County's beginning net position for government activities was restated to properly report infrastructure. Beginning infrastructure and net position for government activities was increased \$2,782,755.

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 (Custodial Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration 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, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Capital Projects Fund, and 4) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

- 2) 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 Custodial Funds which account for Emergency Management, 911 and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental Activities		
	June 30,	
	2022	2021 (Restated)
Current and other assets	\$ 27,926,913	23,515,156
Capital assets	43,351,653	42,377,570
Total assets	<u>71,278,566</u>	<u>65,892,726</u>
Deferred outflows of resources	983,922	1,271,784
Long-term liabilities	722,816	4,892,609
Other liabilities	5,702,529	2,955,821
Total liabilities	<u>6,425,345</u>	<u>7,848,430</u>
Deferred inflows of resources	13,334,485	8,740,662
Net position:		
Net investment in capital assets	43,351,653	42,377,570
Restricted	8,097,325	7,847,122
Unrestricted	1,053,680	350,726
Total net position	<u>\$ 52,502,658</u>	<u>50,575,418</u>

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment). This net position category increased 2.3% over the prior year.

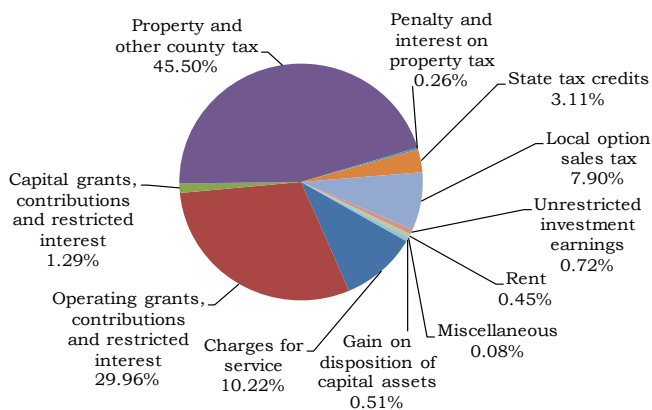
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$250,000, or 3.2% over the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$351,000 at June 30, 2021 to a balance of approximately \$1,054,000 at the end of this year, an increase of 200.4%. This increase is primarily due to a decrease in the net pension liability (asset).

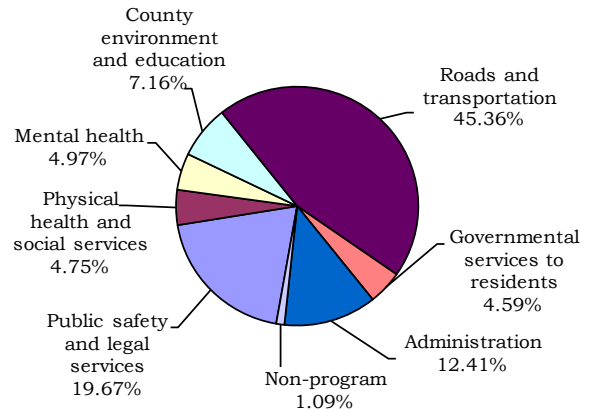
Changes in Net Position of Governmental Activities

	Year ended June 30,	
	2022	2021 (Not restated)
Revenues:		
Program revenues:		
Charges for service	\$ 1,925,774	1,636,212
Operating grants, contributions and restricted interest	5,647,907	5,993,276
Capital grants, contributions and restricted interest	243,172	182,488
General revenues:		
Property and other county tax	8,575,770	8,535,402
Penalty and interest on property tax	49,605	47,403
State tax credits	586,617	604,480
Local option sales tax	1,488,367	1,247,608
Unrestricted investment earnings	134,713	159,200
Rent	85,184	73,026
Gain on disposition of capital assets	96,831	127,871
Miscellaneous	15,465	587,219
Total revenues	18,849,405	19,194,185
Program expenses:		
Public safety and legal services	3,329,371	3,395,128
Physical health and social services	803,845	765,631
Mental health	840,368	963,019
County environment and education	1,212,395	1,076,672
Roads and transportation	7,675,421	7,271,794
Governmental services to residents	776,788	850,273
Administration	2,099,658	2,134,459
Non-program	184,319	621,889
Total expenses	16,922,165	17,078,865
Change in net position	1,927,240	2,115,320
Net position beginning of year, as restated	50,575,418	45,677,343
Net position end of year	\$ 52,502,658	47,792,663

Revenues by Source



Expenses by Program



After restatement, total net position of Jones County's governmental activities increased 3.8% (approximately \$52.5 million compared to approximately \$50.6 million).

The County's governmental activities revenues decreased approximately \$345,000, or 1.8%, from the prior year. Charges for services increased approximately \$290,000, local option sales tax (LOST) receipts increased approximately \$241,000. Operating grants, contributions and restricted interest decreased approximately \$345,000, primarily due to the receipt of Coronavirus Relief Funds in fiscal year 2021. In addition, miscellaneous revenues decreased approximately \$572,000, primarily due to the insurance proceeds received in fiscal year 2021 for the derecho. Expenses decreased approximately \$157,000, or .9%.

The cost of all governmental activities this year was approximately \$16.9 million compared to approximately \$17.1 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$9.1 million because some of the cost was paid by those who directly benefited from the programs (approximately \$1,926,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5,891,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for services, increased slightly in fiscal year 2022 from approximately \$7,812,000 to approximately \$7,817,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Jones County completed the year, its governmental funds reported a combined fund balance of approximately \$11.6 million, a decrease of approximately \$430,000 from last year's total of approximately \$12 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 2022 with a fund balance of \$5,185,386. This is a decrease of \$484,032 from June 30, 2021. Expenditures increased \$1,354,249 while revenues decreased \$618,660. The three most significant expenditure changes were in the county environment and education, the administration and in the public safety and legal services functions.

The County environment and education function in the General Fund increased approximately \$720,000, primarily due to purchases of a tractor mower and loader and cleanup costs associated with the Derecho. The administration function increased approximately \$253,000, primarily due to expenditures related to information technology, the aerial imaging project and updates to courthouse door accesses and the jail facility. The public safety and legal services function increased approximately \$289,000, primarily due to increased costs related to jail provisions and inmate housing expenses.

Miscellaneous revenues in the General Fund decreased approximately \$681,000 from fiscal year 2022, primarily due to Coronavirus Relief Funds received in fiscal year 2021.

The Special Revenue, Mental Health Fund balance at year end decreased approximately \$214,000 from the prior year end. For the year, expenditures totaled approximately \$887,000, a decrease of 7.0% from the prior year, primarily due to the elimination of this fund at June 30, 2022. The County was required by Senate File 619 to transfer the remaining fund balance to the Jones County Mental Health Region prior to June 30, 2022.

The Special Revenue, Rural Services Fund ended fiscal year 2022 with a balance of \$452,257, or \$53,232 more than the June 30, 2021 balance of \$399,025. Property and other county tax increased \$85,905, or 4.1%, due to an increase in taxable valuation. The transfer to the Secondary Roads Fund to support road maintenance and road projects increased from \$2,255,000 to \$2,379,000.

The Special Revenue, Secondary Roads Fund ended fiscal year 2022 with a balance of \$5,473,836, an increase of \$139,865 from the June 30, 2021 balance of \$5,333,971. Of the ending balance, \$2,316,807 is unspent local option sales tax for future road and bridge projects, per voter approval in 1999, and \$498,904 is the value of materials held in inventory and prepaid expenditures at June 30, 2022. The restricted fund balance within the Secondary Roads Fund reflects a positive balance of \$4,974,932 on a GAAP basis, 3.0% higher than the June 30, 2021 balance of \$4,830,750. Expenditures increased \$1,136,792, or 16.1%. The County increased its spending for its locally funded road construction activities in fiscal year 2022 by 44.9% (\$1,139,343 compared to \$786,249 in fiscal year 2021), primarily due to construction schedules. Revenues for the Secondary Roads Fund for fiscal year 2022 reflect a decrease from fiscal year 2021 of \$122,196, primarily in intergovernmental revenues related to road and bridge construction projects. In fiscal year 2022, a transfer was made from the Special Revenue, Rural Services Fund in the amount of \$2,379,000, and a transfer was made from the General Fund in the amount of \$193,000, bringing the total funds transferred to the Secondary Roads Fund to \$2,572,000.

The Capital Projects Fund ended fiscal year 2022 with a fund balance of \$215,224. The balance represented funds reserved for various projects not yet completed. Capital projects expenditures incurred in the year were funded by permanent and temporary transfers from other funds into the Capital Projects Fund.

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

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 blended component unit and the Custodial 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 2022, Jones County amended its budget three times.

The first amendment was made on December 7, 2021 primarily to increase expenditures for County Environment and Education. This amendment was needed to accommodate for a skid loader purchase for Conservation that was approved in fiscal year 2021 but did not arrive until fiscal year 2022 and for increased spending authority of insurance proceeds for Conservation property that was damaged by the Derecho in August 2021.

The second amendment was made on March 29, 2022 and resulted in changes to budgeted amounts in every revenue category except penalties, interest and costs on taxes and for every expenditure function except for debt service. The expenditures budget amendment was primarily due to an increase in housing inmates outside of Jones County, an increase in public health expenditures related to grant revenue, a purchase of a motor grader, and an addition of a full time staff member in the Auditor's office.

The net total increase in revenue, excluding other financing sources, adopted in the March amendment was \$248,856. Of significance was an increase of \$255,828 in intergovernmental revenues, primarily due to an increase in FEMA funding received and a state grant received for Eby's Mill Conservation project and an increase in estimated road use taxes.

The net total increase in budgeted disbursements, excluding other financing uses, adopted in the March amendment was \$718,666. Of significance was a \$301,700 increase in Physical Health and Social Services to accommodate spending authority for potential PHEP and vaccine grant funds applied for. Nearly all departments reflected some level of change in spending authority and/or revenue adjustments with the March amendment.

The final amendment was made on May 31, 2022 primarily to increase the expenditures for County Environment and Education for the Wapsi Trail project.

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 \$2,346,251 more than the final amended budget, a variance of 12.9%. The March 2022 amendment allowed the County to minimize significant variances in budgeted to actual revenues.

Total disbursements were \$2,726,198 less than the final amended budget, an 13.1% variance. Actual disbursements for the public safety and legal services, mental health, governmental services to residents and administration functions were all within 10% of the final amended budget. Disbursements for the physical health and social services function were \$391,445, or 31.8%, below budget, primarily due to not receiving all of the PHEP and vaccine grant money that was applied for. Disbursements for the county environment and education function were \$785,082, or 37.2%, below budget, primarily due to conservation projects scheduling and crossing fiscal years. Disbursements for roads and transportation were \$984,751, or 11.8% below budget. Disbursements for the nonprogram function were \$80,456, or 31.1%, below budget, primarily due reduction in services. Disbursements in the capital project function were \$125,279, or 10.9%, below budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, Jones County had \$43,351,653 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 \$974,083, or 2.3%, over last year, primarily due to an adjustment to the beginning balance to properly report infrastructure (see note 15) and equipment purchases in fiscal year 2022.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2022	2021 Restated
Land	\$ 6,191,374	\$ 6,191,374
Intangibles, road network	1,056,149	1,056,149
Construction/intangibles in progress	899,225	538,609
Buildings	2,493,525	2,631,814
Improvements other than buildings	72,398	84,464
Equipment and vehicles	5,152,372	4,739,199
Intangibles, other	61,860	63,720
Infrastructure	27,424,750	27,072,241
Total	\$ 43,351,653	\$ 42,377,570
This year's major additions included:		
Infrastructure, road network		\$ 1,106,109
Wapsipinicon Trail Phase 2		463,008
2022 Mack Dump Truck #72		341,926
Caterpillar Motor Grader 150-15AWD #25		336,664
Total		\$ 2,247,707

The County had depreciation/amortization expense of \$1,938,391 in fiscal year 2022 and total accumulated depreciation/amortization of \$17,841,028 at June 30, 2022.

More detailed information about the County’s capital assets is presented in Note 5 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 2023 budget, tax rates, and the fees charged for various County activities. The primary factors considered were the increase in taxable valuations, funds needed to maintain existing programs and services, increase in jail staffing to meet state requirements, large increase in the Sheriff and Deputy wages, adding an additional Deputy Sheriff position, and a Deputy Auditor position and increased funding for secondary road projects.

Jones County's total taxable valuation for the fiscal year 2023 budget increased 4.5%. By class of property, the County's agricultural valuation increased less than 1%, residential valuation rose 8.26%, commercial valuation reflects a 10.55% increase and industrial valuation reflects an increase of 2.7%. The multi-residential valuation decreased by 2.14%. New residential construction in Jones County increased during 2020 for the January 1, 2022 assessment to become taxable in fiscal 2023. Jones County's agricultural land values continue to comprise 31% of Jones County's taxable valuation, while residential values continue to comprise 41% of the total.

The fiscal year 2023 General Fund budget reflects a tax increase of \$631,414 and is projected to produce an unrestricted fund balance on June 30, 2023 of 23.4% of total general operating disbursements (total General Fund balance of 23.16% of total disbursements). The tax increase of \$631,414 was generated by increasing General Basic levy rate by .15000/1,000 and increasing the General Supplemental tax levy rate by .12981/1,000 when compared to fiscal year 2022, to the increased valuation. The total General Fund fiscal year 2023 budgeted disbursements (including transfers out) are \$2,461,841 more than the original 2022 fiscal year budget. The General Fund fiscal year 2023 budget reflects a 16% increase in employee wages and benefits, primarily due to a law change that increased the Sheriff salary by 26.4% and as a result an MOU was added to the union contract increasing the wages of all union employees and accounts for the new MHDS Fund being added to the General Fund budget, with overall disbursements projected to increase by nearly 25%, primarily due to an increase in Conservation Department projects funded with non-tax revenues, personnel expenses, and the addition of the new MHDS Fund and ARPA Fund. The collective bargaining agreement covering wages to be paid in fiscal year 2023 calls for a 5% wage increase for employees in the bargaining unit. A variety of wage increase rates were granted to non-union employees. The Board reduced by 20% the salary increases recommended by the Compensation Board for the elected Attorney, Auditor, Recorder, Sheriff and Treasurer, and by 50% for their own salaries. Budgeted non-tax General Fund receipts are projected to increase by 80.97% (\$2,534,929) in the fiscal 2023 budget. Of the \$2,534,929 of projected receipts for fiscal 2023, the addition of the ARPA fund accounts for \$2,008,521 of those receipts.

The fiscal year 2023 Special Revenue, Mental Health Fund is inactive for fiscal 2023 due to SF619 that was signed into law during fiscal 2021. The County no longer levies for mental health services.

The budget for the Special Revenue, Rural Services Fund for fiscal year 2023 reflects a tax increase of \$334,190. The tax increase represents the Board's desire to increase the amount transferred to the Secondary Road fund and to build a carryover to support future expenditures of the Sheriff Department. The tax levy rate did increase by .31241/1,000 when compared for fiscal 2022. The transfer to the Secondary Road Fund increased \$221,000 in the fiscal year 2023 budget to help fund Secondary Road expenditures.

The Special Revenue, Secondary Roads Fund budget for fiscal year 2023 reflects an increase of \$50,000 in road maintenance disbursements to \$7,650,000, and a \$250,000 increase in the roadway construction budget from the originally budgeted fiscal year 2022 level of \$1,100,000 up to \$1,350,000 in fiscal year 2023. The County is increasing the amount of funds spent on locally funded construction projects from the budgeted fiscal year 2022 budget, primarily due to construction schedules. The County continues to budget to replace outdated and worn equipment and update secondary road facilities. This will result in the projected balance in the fund at the end of the fiscal year to decrease \$1,050,000 from the projected fiscal year beginning fund balance.

Budgeted expenditures continue to outpace projected revenues in the Secondary Road fund. The actual 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.

In fiscal year 2023, the Board of Supervisors did not use the debt service levy.

The overall fiscal year 2023 budget reflects a .09086 cent decrease in the countywide levy rate and increases the rural levy rate by .31241 cents. The adopted budget generates a 5.82% increase (\$528,408) in total tax dollars to be levied to support the County budget.

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.

Basic Financial Statements

Jones County
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash and pooled investments	\$ 16,139,384
Receivables:	
Property tax:	
Delinquent	11,155
Succeeding year	9,011,000
Interest and penalty on property tax	26,755
Accounts	39,309
Opioid settlement	299,443
Accrued interest	2,170
Special assessments	8,540
Due from other governments	682,005
Lease receivable	88,041
Inventories	492,445
Prepaid expense	6,459
Net pension asset	1,120,207
Capital assets not being depreciated	8,146,748
Capital assets, net of accumulated depreciation/amortization	35,204,905
Total assets	71,278,566
Deferred Outflows of Resources	
Pension related deferred outflows	909,209
OPEB related deferred outflows	74,713
Total deferred outflows of resources	983,922
Liabilities	
Accounts payable	1,127,580
Salaries and benefits payable	522,658
Due to other governments	35,249
Unearned revenue	4,017,042
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	227,768
Total OPEB liability	13,979
Portion due or payable after one year:	
Compensated absences	252,140
Total OPEB liability	228,929
Total liabilities	6,425,345
Deferred Inflows of Resources	
Lease receivable	88,041
Unavailable property tax revenue	9,011,000
Pension related deferred inflows	4,202,713
OPEB related deferred inflows	32,731
Total deferred inflows of resources	13,334,485
Net Position	
Net investment in capital assets	43,351,653
Restricted for:	
Supplemental levy purposes	1,379,327
Rural services purposes	448,728
Secondary roads purposes	5,261,969
Capital projects	343,305
Opioid abatement	10,393
Other purposes	653,603
Unrestricted	1,053,680
Total net position	\$ 52,502,658

See notes to financial statements.

Jones County
Statement of Activities
Year ended June 30, 2022

	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	\$ 3,329,371	350,530	20,832	-	(2,958,009)
Physical health and social services	803,845	160,143	753,540	-	109,838
Mental health	840,368	230,540	-	-	(609,828)
County environment and education	1,212,395	122,004	37,512	243,172	(809,707)
Roads and transportation	7,675,421	433,128	4,676,784	-	(2,565,509)
Governmental services to residents	776,788	516,112	10,000	-	(250,676)
Administration	2,099,658	95,797	2,248	-	(2,001,613)
Non-program	184,319	17,520	146,991	-	(19,808)
Total	\$ 16,922,165	1,925,774	5,647,907	243,172	(9,105,312)
General Revenues:					
Property and other county tax levied for general purposes					8,575,770
Penalty and interest on property tax					49,605
State tax credits					586,617
Local option sales tax					1,488,367
Unrestricted investment earnings					134,713
Rent					85,184
Gain on disposition of capital assets					96,831
Miscellaneous					15,465
Total general revenues					11,032,552
Change in net position					1,927,240
Net position beginning of year, as restated					50,575,418
Net position end of year					\$ 52,502,658

See notes to financial statements.

Jones County
Balance Sheet
Governmental Funds

June 30, 2022

	Special Revenue		
	General	Rural Services	Secondary Roads
Assets			
Cash and pooled investments	\$ 9,986,389	428,369	5,267,092
Receivables:			
Property tax:			
Delinquent	9,289	1,866	-
Succeeding year	6,537,000	2,474,000	-
Interest and penalty on property tax	26,755	-	-
Accounts	37,431	-	1,878
Opioid settlement	-	-	-
Accrued interest	2,170	-	-
Special assessments	8,540	-	-
Due from other funds	-	-	5,983
Due from other governments	221,931	26,808	433,266
Lease receivable	88,041	-	-
Inventories	-	-	492,445
Prepaid expenditures	-	-	6,459
Total assets	\$ 16,917,546	2,931,043	6,207,123
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 561,154	295	566,120
Salaries and benefits payable	355,545	2,670	164,443
Due to other funds	5,983	-	-
Due to other governments	33,196	-	2,053
Unearned revenue	4,017,042	-	-
Total liabilities	4,972,920	2,965	732,616
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	6,537,000	2,474,000	-
Other	134,199	1,821	671
Lease receivable	88,041	-	-
Total deferred inflows of resources	6,759,240	2,475,821	671
Fund balances:			
Nonspendable:			
Inventories and prepaid expenditures	-	-	498,904
Restricted for:			
Supplemental levy purposes	1,395,269	-	-
Rural services purposes	-	452,257	-
Secondary roads purposes	-	-	4,974,932
Conservation land acquisition/capital improvements	537,539	-	-
Capital projects	-	-	-
Opioid abatement	-	-	-
Other purposes	122,254	-	-
Committed for:			
County facility capital projects/purposes	109,626	-	-
Voting equipment replacement	120,000	-	-
Aerial tax mapping update project	81,211	-	-
GIS projects	9,503	-	-
Conservation improvements	42,655	-	-
Unassigned	2,767,329	-	-
Total fund balances	5,185,386	452,257	5,473,836
Total liabilities, deferred inflows of resources and fund balances	\$ 16,917,546	2,931,043	6,207,123

See notes to financial statements.

Capital Projects	Nonmajor	Total
215,224	242,310	16,139,384
-	-	11,155
-	-	9,011,000
-	-	26,755
-	-	39,309
-	299,443	299,443
-	-	2,170
-	-	8,540
-	-	5,983
-	-	682,005
-	-	88,041
-	-	492,445
-	-	6,459
215,224	541,753	26,812,689
-	11	1,127,580
-	-	522,658
-	-	5,983
-	-	35,249
-	-	4,017,042
-	11	5,708,512
-	-	9,011,000
-	289,050	425,741
-	-	88,041
-	289,050	9,524,782
-	-	498,904
-	-	1,395,269
-	-	452,257
-	-	4,974,932
-	-	537,539
215,224	-	215,224
-	10,393	10,393
-	242,299	364,553
-	-	109,626
-	-	120,000
-	-	81,211
-	-	9,503
-	-	42,655
-	-	2,767,329
215,224	252,692	11,579,395
215,224	541,753	26,812,689

Jones County

Jones County

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

June 30, 2022

Total governmental fund balances (page 21) \$ 11,579,395

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 reposted in the governmental funds. The cost of assets is \$61,192,681 and the accumulated depreciation/amortization is \$17,841,028. 43,351,653

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

Deferred inflow of resources	\$ 425,741	
Net pension asset	<u>1,120,207</u>	1,545,948

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	983,922	
Deferred inflows of resources	<u>(4,235,444)</u>	(3,251,522)

Long-term liabilities, including compensated absences payable and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. (722,816)

Net position of governmental activities (page 18) \$ 52,502,658

See notes to financial statements.

Jones County

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

Year ended June 30, 2022

	General	Mental Health	Special Rural Services
Revenues:			
Property and other county tax	\$ 5,977,397	411,841	2,187,961
Local option sales tax	-	-	372,092
Interest and penalty on property tax	46,247	-	-
Intergovernmental	1,912,997	260,167	119,613
Licenses and permits	70,095	-	-
Charges for service	761,232	-	8,815
Use of money and property	234,609	-	-
Miscellaneous	262,857	500	-
Total revenues	9,265,434	672,508	2,688,481
Expenditures:			
Operating:			
Public safety and legal services	3,543,811	-	-
Physical health and social services	866,310	-	-
Mental health	-	886,810	-
County environment and education	1,482,966	-	248,396
Roads and transportation	385,155	-	-
Governmental services to residents	825,462	-	7,853
Administration	2,232,942	-	-
Non-program	188,138	-	-
Capital projects	-	-	-
Total expenditures	9,524,784	886,810	256,249
Excess (deficiency) of revenues over (under) expenditures	(259,350)	(214,302)	2,432,232
Other financing sources (uses):			
Sale of capital assets	13,318	-	-
Transfers in	-	-	-
Transfers out	(238,000)	-	(2,379,000)
Total other financing sources (uses)	(224,682)	-	(2,379,000)
Change in fund balances	(484,032)	(214,302)	53,232
Fund balances beginning of year	5,669,418	214,302	399,025
Fund balances end of year	\$ 5,185,386	-	452,257

See notes to financial statements.

Revenue				
Secondary Roads	Capital Projects	Nonmajor		Total
-	-	-		8,577,199
1,116,275	-	-		1,488,367
-	-	-		46,247
4,435,758	-	11,676		6,740,211
6,210	-	-		76,305
200	-	4,142		774,389
-	-	425		235,034
136,120	-	40,891		440,368
5,694,563	-	57,134		18,378,120
-	-	10,666		3,554,477
-	-	-		866,310
-	-	-		886,810
-	-	5,959		1,737,321
7,068,065	-	-		7,453,220
-	-	9,925		843,240
-	-	-		2,232,942
-	-	-		188,138
1,139,343	-	-		1,139,343
8,207,408	-	26,550		18,901,801
(2,512,845)	-	30,584		(523,681)
80,710	-	-		94,028
2,572,000	45,000	-		2,617,000
-	-	-		(2,617,000)
2,652,710	45,000	-		94,028
139,865	45,000	30,584		(429,653)
5,333,971	170,224	222,108		12,009,048
5,473,836	215,224	252,692		11,579,395

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, 2022

Change in fund balances - Total governmental funds (page 25) \$ (429,653)

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	\$ 2,815,643	
Depreciation/amortization expense	<u>(1,938,391)</u>	877,252

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. 96,831

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	(1,429)	
Other	<u>375,883</u>	374,454

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. 579,087

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	(2,051)	
Pension expense	443,092	
OPEB expense	<u>(11,772)</u>	<u>429,269</u>

Change in net position of governmental activities (page 19) \$ 1,927,240

See notes to financial statements.

Jones County
Statement of Fiduciary Net Position –
Custodial Funds

June 30, 2022

Assets

Cash and pooled investments:	
County Treasurer	\$ 3,733,067
Other County officials	10,242
Receivables:	
Property tax:	
Delinquent	36,013
Succeeding year	24,608,000
Accounts	44,993
Accrued interest	1,237
Special assessments	144,354
Due from other governments	43,114
Total assets	28,621,020

Liabilities

Accounts payable	47,282
Salaries and benefits payable	41,717
Due to other governments	934,280
Trusts payable	10,242
Compensated absences	31,921
Total liabilities	1,065,442

Deferred Inflows of Resources

Unavailable property tax revenue	24,608,000
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Net position

Restricted for individuals, organizations and other governments	\$ 2,947,578
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See notes to financial statements.

Jones County

Jones County

Statement of Changes in Fiduciary Net Position –
Custodial Funds

June 30, 2022

Additions:	
Property and other county tax	\$ 24,371,208
911 surcharge	48,517
State tax credits	2,067,619
Office fees and collections	689,336
Auto licenses, use tax and postage	7,934,619
Assessments	11,234
Trusts	570,251
Miscellaneous	<u>964,982</u>
Total additions	<u>36,657,766</u>
Deductions:	
Agency remittances:	
To other funds	548,796
To other governments	36,173,896
Trusts paid out	<u>83,993</u>
Total deductions	<u>36,806,685</u>
Change in net position	(148,919)
Net position beginning of year, as restated	<u>3,096,497</u>
Net position end of year	<u>\$ 2,947,578</u>

See notes to financial statements.

Jones County

Notes to Financial Statements

June 30, 2022

(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.

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

Blended Component Unit – The following component unit is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, the same as the County. It is reported as part of the County and blended into the appropriate fund.

The Friends of Jones County Conservation and Nature Center has been incorporated under Chapter 504A of the Code of Iowa to assist and support the functions and efforts of Jones County Conservation by helping to raise funds for designated conservation related projects, providing materials for community involvement, serving as an organizational base for volunteers at the Central Park Nature Center, and advising the Jones County Conservation Board on the needs of the community related to programming and infrastructure. The financial transactions of the Friends are reported as a nonmajor special revenue fund.

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

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 and its component unit. 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. Net position restricted through enabling legislation consists of the balance of the unusual needs levy for Conservation Department projects.

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, transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary roads construction and maintenance.

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

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at amortized 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 reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2021.

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

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	50,000
Road right of way easements	25,000
Equipment and vehicles	5,000

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment and infrastructure are depreciated/ amortized using the straight-line method over the following estimated useful lives:

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

Leases – Jones County is the lessor for a non-cancellable lease of farmland. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

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

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

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

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

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

Unearned Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Unearned revenue in government-wide and the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the County has not made a qualifying expenditure. Unearned revenue consists of American Rescue Plan Act unspent grant proceeds.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation 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, 2022. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide 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. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected 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 in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

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

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

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

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

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, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; 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. 72.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2022 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	<u>\$ 5,983</u>

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 193,000
	Special Revenue:	
	Rural Services	<u>2,379,000</u>
		<u>2,572,000</u>
Capital Projects	General	<u>45,000</u>
Total		<u>\$ 2,617,000</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, 2022 was as follows:

	Balance Beginning of Year	Restatement (See Note 15)	Restated Beginning Balance	Increases	Decreases	Balance End of Year
Governmental activities:						
Capital assets not being depreciated/amortized:						
Land	\$ 6,191,374	-	6,191,374	-	-	6,191,374
Intangibles, road network	1,056,149	-	1,056,149	-	-	1,056,149
Construction in progress, road network	443,454	-	443,454	1,106,109	1,174,637	374,926
Construction in progress	95,155	-	95,155	643,060	213,916	524,299
Total capital assets not being depreciated/amortized	7,786,132	-	7,786,132	1,749,169	1,388,553	8,146,748
Capital assets being depreciated/amortized:						
Buildings	4,772,871	-	4,772,871	-	-	4,772,871
Improvements other than buildings	241,331	-	241,331	-	-	241,331
Equipment and vehicles	11,891,065	-	11,891,065	1,402,918	626,038	12,667,945
Intangibles	160,907	-	160,907	-	-	160,907
Infrastructure, road network	30,253,975	2,985,907	33,239,882	1,174,637	-	34,414,519
Infrastructure, other	788,360	-	788,360	-	-	788,360
Total capital assets being depreciated/amortized	48,108,509	2,985,907	51,094,416	2,577,555	626,038	53,045,933
Less accumulated depreciation/amortization for:						
Buildings	2,141,057	-	2,141,057	138,289	-	2,279,346
Improvements other than buildings	156,867	-	156,867	12,066	-	168,933
Equipment and vehicles	7,151,866	-	7,151,866	964,048	600,341	7,515,573
Intangibles, other	97,187	-	97,187	1,860	-	99,047
Infrastructure, road network	6,568,214	203,152	6,771,366	806,361	-	7,577,727
Infrastructure, other	184,635	-	184,635	15,767	-	200,402
Total accumulated depreciation/amortization	16,299,826	203,152	16,502,978	1,938,391	600,341	17,841,028
Total capital assets being depreciated/amortized, net	31,808,683	2,782,755	34,591,438	639,164	25,697	35,204,905
Governmental activities capital assets, net	\$ 39,594,815	2,782,755	42,377,570	2,388,333	1,414,250	43,351,653

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 116,541
Physical health and social services		4,417
Mental health		12,069
County environment and education		80,617
Roads and transportation		1,597,688
Governmental services to residents		10,180
Administration		116,879
Total depreciation/amortization expense - governmental activities		<u>\$ 1,938,391</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, 2022 is as follows:

Fund	Description	Amount
General	Services	\$ 33,196
Special Revenue:		
Secondary Roads	Services and materials	2,053
Total for governmental funds		<u>\$ 35,249</u>
Custodial:		
Agricultural Extension Education	Collections	\$ 2,120
County Assessor		28
Schools		136,115
Community Colleges		12,111
Corporations		38,085
Townships		3,376
Auto License and Use Tax		640,675
Jones County Solid Waste		
Management Commission		35,479
All other		66,291
Total for custodial funds		<u>\$ 934,280</u>

(7) Farm Lease Receivable

The County owns tillable ground. On March 1, 2022, the County entered into a three-year lease agreement with a tenant for use of the land. The County is to receive \$46,512 annually for three years beginning March 1, 2022 with an estimated implicit interest rate of 3.75% with final receipt due March 1, 2024. During the year ended June 30, 2022, the County received payments totaling \$46,512.

	Year		
	Ending		
June 30,	Principal	Interest	Total
2023	\$ 43,210	3,302	46,512
2024	44,831	1,681	46,512
Total	<u>\$ 88,041</u>	<u>4,983</u>	<u>93,024</u>

(8) 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, 2022 the unamortized prepaid expense balance was \$6,459.

(9) Changes in Long-Term Liabilities

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

	Compensated	Net	Total	
	Absences	Pension	OPEB	Total
		Liability	Liability	
Balance beginning of year	\$ 477,857	4,171,831	242,921	4,892,609
Increases	402,573	-	13,966	416,539
Decreases	400,522	5,292,038	13,979	5,706,539
Balance end of year	<u>\$ 479,908</u>	<u>(1,120,207)</u>	<u>242,908</u>	<u>(397,391)</u>
Due within one year	<u>\$ 227,768</u>	<u>-</u>	<u>13,979</u>	<u>241,747</u>

(10) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.01% of covered payroll, for a total rate of 18.02%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County's contributions to IPERS for the year ended June 30, 2022 totaled \$579,087.

Net Pension Asset, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County had an asset of \$1,120,207 for its proportionate share of the net pension asset. The overall plan net pension asset was measured as of June 30, 2021. The total plan pension liability used in its calculation of the overall net pension asset was determined by an actuarial valuation as of that date. The County's proportion of the overall plan net pension asset was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the County's proportion of the overall plan net pension asset was 0.324484%, which was a decrease of 0.265097% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022 the County recognized pension expense (reduction) of (\$443,092). At June 30, 2022 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 147,331	70,013
Changes of assumptions	67,345	41,853
Net difference between projected and actual earnings on IPERS' investments	-	4,061,320
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	115,446	29,527
County contributions subsequent to the measurement date	579,087	-
Total	\$ 909,209	4,202,713

\$579,087 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 (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	\$ (982,331)
2024	(959,861)
2025	(881,930)
2026	(1,068,274)
2027	19,805
Total	\$ (3,872,591)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension asset in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	100%	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 2,623,455	(1,120,207)	(4,256,560)

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

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2022.

(11) 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.

(12) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>102</u>
Total	<u>104</u>

Total OPEB Liability – The County's total OPEB liability of \$242,908 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions – The total June 30, 2022 OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective July 1, 2021)	3.00% per annum.
Rates of salary increase (effective July 1, 2021)	3.00% per annum, including inflation.
Discount rate (effective July 1, 2021)	2.14% compounded annually, including inflation.
Healthcare cost trend rate (effective July 1, 2021)	5.00% annually.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.14% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 annuitant distinct mortality table adjusted to 2006 with Scale MP-2021. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 242,921
Changes for the year:	
Service cost	13,765
Interest	5,236
Differences between expected and actual experiences	(18,981)
Changes in assumptions	13,946
Benefit payments	(13,979)
Net changes	(13)
Total OPEB liability end of year	<u>\$ 242,908</u>

Changes of assumptions reflect a change in the discount rate from 3.50% in fiscal year 2021 to 2.14% in fiscal year 2022.

Sensitivity of the County’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.14%) or 1% higher (3.14%) than the current discount rate.

	1% Decrease (1.14%)	Discount Rate (2.14%)	1% Increase (3.14%)
Total OPEB liability	\$ 259,125	242,908	227,900

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 222,889	242,908	265,774

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized OPEB expense of \$11,772. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,803	32,731
Changes in assumptions	16,910	-
Total	<u>\$ 74,713</u>	<u>32,731</u>

The amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2023	\$ 6,750
2024	6,750
2025	6,750
2026	6,750
2027	8,704
Thereafter	<u>6,278</u>
	<u>\$ 41,982</u>

(13) Tax Abatements

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

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Anamosa	Urban renewal and economic development projects	\$ 66,027
City of Monticello	Urban renewal and economic development projects	72,000

(14) 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, 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, 2022, as follows:

Revenues:		
Property and other county tax		\$ 411,841
Intergovernmental:		
State tax credits	\$ 30,127	
Payments from regional fiscal agent	230,040	260,167
Miscellaneous		500
Total revenues		<u>672,508</u>
Expenditures:		
Services to persons with mental illness		115,294
General administration:		
Direct administration	158,815	
Distribution to regional fiscal agent	<u>612,701</u>	<u>771,516</u>
Total expenditures		<u>886,810</u>
Excess of expenditures over revenues		(214,302)
Fund balance beginning of year		<u>214,302</u>
Fund balance end of year		<u>\$ -</u>

(15) Restatement

Beginning net position for governmental activities was restated to properly report road infrastructure capital assets not previously reported. The beginning net position for fiduciary activities related to the Solid Waste Management Commission Fund was restated to properly report the beginning balance of the Solid Waste Custodial Fund and to exclude balances separately maintained outside the County's records.

The restatements to retroactively report the change in net position, are as follows:

	Governmental Activities	Fiduciary Activities
Net position June 30, 2021, as previously reported	\$ 47,792,663	2,798,070
Adjustment to properly report infrastructure	2,782,755	-
Adjustment to properly report solid waste	-	298,427
Net position July 1, 2021, as restated	\$ 50,575,418	3,096,497

(16) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. This statement requires recognition of certain assets and liabilities not previously reported in the Statement of Net Position.

(17) Opioid Litigation Settlement

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

(18) Pending Litigation

The County is a defendant in a lawsuit seeking an unspecified amount of damages. It is anticipated insurance will cover a liability, if any.

Jones County

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, 2022

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 10,048,123	-	10,048,123
Interest and penalty on property tax	46,128	-	46,128
Intergovernmental	8,904,351	-	8,904,351
Licenses and permits	76,410	-	76,410
Charges for service	774,918	-	774,918
Use of money and property	239,176	-	239,176
Miscellaneous	394,203	12,922	381,281
Total receipts	20,483,309	12,922	20,470,387
Disbursements:			
Public safety and legal services	3,533,526	-	3,533,526
Physical health and social services	841,299	-	841,299
Mental health	900,481	-	900,481
County environment and education	1,331,797	5,959	1,325,838
Roads and transportation	7,324,592	-	7,324,592
Governmental services to residents	835,913	-	835,913
Administration	2,190,605	-	2,190,605
Non-program	177,841	-	177,841
Capital projects	1,019,721	-	1,019,721
Total disbursements	18,155,775	5,959	18,149,816
Excess (deficiency) of receipts over (under) disbursements	2,327,534	6,963	2,320,571
Other financing sources, net	94,028	-	94,028
Change in balances	2,421,562	6,963	2,414,599
Balance beginning of year	13,717,822	42,986	13,674,836
Balance end of year	\$ 16,139,384	49,949	16,089,435

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
9,563,134	9,600,974	447,149
42,350	42,350	3,778
6,869,123	7,124,951	1,779,400
74,721	69,605	6,805
661,170	740,849	34,069
279,509	236,936	2,240
385,273	308,471	72,810
<u>17,875,280</u>	<u>18,124,136</u>	<u>2,346,251</u>
3,529,620	3,694,119	160,593
911,044	1,232,744	391,445
900,027	934,194	33,713
1,793,630	2,110,920	785,082
8,082,747	8,309,343	984,751
883,483	880,709	44,796
2,050,876	2,310,688	120,083
274,577	258,297	80,456
<u>1,195,000</u>	<u>1,145,000</u>	<u>125,279</u>
<u>19,621,004</u>	<u>20,876,014</u>	<u>2,726,198</u>
(1,745,724)	(2,751,878)	5,072,449
20,000	73,318	20,710
(1,725,724)	(2,678,560)	5,093,159
8,855,504	13,645,882	28,954
<u>7,129,780</u>	<u>10,967,322</u>	<u>5,122,113</u>

Jones County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2022

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 20,483,309	(2,105,189)	18,378,120
Expenditures	18,155,775	746,026	18,901,801
Net	2,327,534	(2,851,215)	(523,681)
Other financing sources, net	94,028	-	94,028
Beginning fund balances, as restated	13,717,822	(1,708,774)	12,009,048
Ending fund balances	<u>\$ 16,139,384</u>	<u>(4,559,989)</u>	<u>11,579,395</u>

See accompanying independent auditor's report.

Jones County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2022

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,255,010. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2022, disbursements did not exceed the amounts budgeted by function.

Jones County

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

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

Required Supplementary Information

	2022	2021	2020	2019
County's proportion of the net pension liability/ asset	0.324484% **	0.059388%	0.057322%	0.057892%
County's proportionate share of the net pension liability (asset)	\$ (1,120)	4,172	3,319	3,664
County's covered payroll	\$ 6,011	5,635	5,595	5,384
County's proportionate share of the net pension liability as a percentage of its covered payroll	(18.63%)	74.04%	59.32%	68.05%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

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

** Overall plan net pension asset

See accompanying independent auditor's report.

2018	2017	2016	2015
0.061877%	0.060335%	0.058300%	0.056897%
4,122	3,797	2,880	2,256
5,291	5,003	4,827	4,699
77.91%	75.89%	59.66%	48.01%
82.21%	81.82%	85.19%	87.61%

Jones County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 579	566	534	534
Contributions in relation to the statutorily required contribution	<u>(579)</u>	<u>(566)</u>	<u>(534)</u>	<u>(534)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 6,184	6,011	5,635	5,595
Contributions as a percentage of covered payroll	9.36%	9.42%	9.48%	9.54%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
487	480	455	440	429	407
(487)	(480)	(455)	(440)	(429)	(407)
-	-	-	-	-	-
5,384	5,291	5,003	4,827	4,699	4,568
9.05%	9.07%	9.09%	9.12%	9.13%	8.91%

Jones County

Notes to Required Supplementary Information – Pension Liability (Asset)

Year ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Jones County

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

For the Past Four Years
Required Supplementary Information

	2022	2021	2020	2019
Service cost	\$ 13,765	8,332	8,089	7,082
Interest cost	5,236	8,321	8,108	4,984
Difference between expected and actual experiences	(18,981)	-	87,701	-
Changes in assumptions	13,946	-	1,006	-
Benefit payments	(13,979)	(6,293)	(14,417)	(4,244)
Net change in total OPEB liability	(13)	10,360	90,487	7,822
Total OPEB liability beginning of year	242,921	232,561	142,074	134,252
Total OPEB liability end of year	\$ 242,908	242,921	232,561	142,074
Covered-employee payroll	\$ 5,508,907	4,986,295	4,841,063	4,839,023
Total OPEB liability as a percentage of covered-employee payroll	4.4%	4.9%	4.8%	2.9%

See accompanying independent auditor's report.

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2022	2.14%
Year ended June 30, 2021	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%

Jones County

Supplementary Information

Jones County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

	County Recorder's Records Management	Special Law Enforcement Proceeds	Law Enforcement Canine	Special Resource Enhancement and Protection
Assets				
Cash and pooled investments	\$ 22,894	1,428	25,212	142,397
Receivables:				
Opioid settlement	-	-	-	-
Total assets	\$ 22,894	1,428	25,212	142,397
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts Payable	\$ -	-	11	-
Deferred Inflows of resources				
Unavailable revenues	-	-	-	-
Fund balances:				
Restricted for:				
Opioid abatement	-	-	-	-
Other purposes	22,894	1,428	25,201	142,397
Total fund balances	22,894	1,428	25,201	142,397
Total liabilities, deferred inflows of resources and fund balances	\$ 22,894	1,428	25,212	142,397

See accompanying independent auditor's report.

<u>Revenue</u>				
Drug Abuse Resistance Education	Local Government Opioid Abatement	Friends of Jones County Conservation		Total
430	-	49,949		242,310
-	299,443	-		299,443
430	299,443	49,949		541,753
-	-	-		11
-	289,050	-		289,050
-	10,393	-		10,393
430	-	49,949		242,299
430	10,393	49,949		252,692
430	299,443	49,949		541,753

Jones County

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

Year ended June 30, 2022

	County Recorder's Records Management	Special Law Enforcement Proceeds	Law Enforcement Canine	Special Resource Enhancement and Protection
Revenues:				
Intergovernmental	\$ -	-	-	11,676
Charges for service	4,142	-	-	-
Use of money and property	14	-	-	411
Miscellaneous	-	-	17,576	-
Total revenues	4,156	-	17,576	12,087
Expenditures:				
Operating:				
Public safety and legal services	-	-	7,688	-
County environment and education	-	-	-	-
Governmental services to residents	9,925	-	-	-
Total expenditures	9,925	-	7,688	-
Change in fund balances	(5,769)	-	9,888	12,087
Fund balances beginning of year	28,663	1,428	15,313	130,310
Fund balances end of year	\$ 22,894	1,428	25,201	142,397

See accompanying independent auditor's report.

Revenue			
	Local		
Drug Abuse Resistance Education	Government Opioid Abatement	Friends of Jones County Conservation	Total
-	-	-	11,676
-	-	-	4,142
-	-	-	425
-	10,393	12,922	40,891
-	10,393	12,922	57,134
2,978	-	-	10,666
-	-	5,959	5,959
-	-	-	9,925
2,978	-	5,959	26,550
(2,978)	10,393	6,963	30,584
3,408	-	42,986	222,108
430	10,393	49,949	252,692

Jones County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,120	366,442	136,115
Other County officials	10,242	-	-	-
Receivables:				
Property tax:				
Delinquent	-	193	352	12,493
Succeeding year	-	256,000	466,000	16,475,000
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	10,242	258,313	832,794	16,623,608
Liabilities				
Liabilities:				
Accounts payable	-	-	120	-
Salaries and benefits payable	-	-	21,517	-
Due to other governments	-	2,120	28	136,115
Trusts payable	10,242	-	-	-
Compensated absences	-	-	11,351	-
Total liabilities	10,242	2,120	33,016	136,115
Deferred Inflows of Resources				
Unavailable revenues	-	256,000	466,000	16,475,000
Total deferred inflows of resources	-	256,000	466,000	16,475,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	193	333,778	12,493

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Solid Waste Management Commission	Other	Total
12,111	38,085	3,376	640,675	1,989,832	544,311	3,733,067
-	-	-	-	-	-	10,242
1,173	3,768	289	-	-	17,745	36,013
1,528,000	5,485,000	365,000	-	-	33,000	24,608,000
-	-	-	-	36,591	8,402	44,993
-	-	-	-	1,237	-	1,237
-	-	-	-	-	144,354	144,354
-	-	-	-	2,964	40,150	43,114
<u>1,541,284</u>	<u>5,526,853</u>	<u>368,665</u>	<u>640,675</u>	<u>2,030,624</u>	<u>787,962</u>	<u>28,621,020</u>
-	-	-	-	46,256	906	47,282
-	-	-	-	11,627	8,573	41,717
12,111	38,085	3,376	640,675	35,479	66,291	934,280
-	-	-	-	-	-	10,242
-	-	-	-	-	20,570	31,921
<u>12,111</u>	<u>38,085</u>	<u>3,376</u>	<u>640,675</u>	<u>93,362</u>	<u>96,340</u>	<u>1,065,442</u>
<u>1,528,000</u>	<u>5,485,000</u>	<u>365,000</u>	<u>-</u>	<u>-</u>	<u>33,000</u>	<u>24,608,000</u>
<u>1,528,000</u>	<u>5,485,000</u>	<u>365,000</u>	<u>-</u>	<u>-</u>	<u>33,000</u>	<u>24,608,000</u>
<u>1,173</u>	<u>3,768</u>	<u>289</u>	<u>-</u>	<u>1,937,262</u>	<u>658,622</u>	<u>2,947,578</u>

Jones County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2022

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	251,509	418,787	16,293,007
911 surcharges	-	-	-	-
State tax credits	-	18,399	30,609	1,212,388
Office fees and collections	689,336	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	84,691	-	-	-
Miscellaneous	-	-	-	-
Total additions	<u>774,027</u>	<u>269,908</u>	<u>449,396</u>	<u>17,505,395</u>
Deductions:				
Agency remittances:				
To other funds	231,075	-	-	-
To other governments	458,959	269,921	435,248	17,506,270
Trusts paid out	83,993	-	-	-
Total deductions	<u>774,027</u>	<u>269,921</u>	<u>435,248</u>	<u>17,506,270</u>
Changes in net position	-	(13)	14,148	(875)
Net position beginning of year, as restated	-	206	319,630	13,368
Net position end of year	<u>\$ -</u>	<u>193</u>	<u>333,778</u>	<u>12,493</u>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Solid Waste Management Commission	Other	Total
1,437,060	5,566,761	361,250	-	-	42,834	24,371,208
-	-	-	-	-	48,517	48,517
106,255	678,236	19,919	-	-	1,813	2,067,619
-	-	-	-	-	-	689,336
-	-	-	7,934,299	-	320	7,934,619
-	-	-	-	-	11,234	11,234
-	-	-	-	-	485,560	570,251
-	-	-	-	964,982	-	964,982
1,543,315	6,244,997	381,169	7,934,299	964,982	590,278	36,657,766
-	-	-	317,721	-	-	548,796
1,543,328	6,246,628	381,139	7,616,578	1,070,150	645,675	36,173,896
-	-	-	-	-	-	83,993
1,543,328	6,246,628	381,139	7,934,299	1,070,150	645,675	36,806,685
(13)	(1,631)	30	-	(105,168)	(55,397)	(148,919)
1,186	5,399	259	-	2,042,430	714,019	3,096,497
1,173	3,768	289	-	1,937,262	658,622	2,947,578

Jones County

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

For the Last Ten Years

	2022	2021	2020	2019
Revenues:				
Property and other county tax	\$ 8,577,199	8,558,426	8,064,872	7,736,768
Local option sales tax	1,488,367	1,247,608	1,042,500	884,799
Interest and penalty on property tax	46,247	68,305	26,421	41,656
Intergovernmental	6,740,211	7,228,557	6,233,307	7,806,986
Licenses and permits	76,305	60,436	68,837	74,219
Charges for service	774,389	750,698	682,893	677,344
Use of money and property	235,034	241,736	347,503	338,617
Miscellaneous	440,368	1,086,526	526,776	521,275
Total	<u>\$ 18,378,120</u>	<u>19,242,292</u>	<u>16,993,109</u>	<u>18,081,664</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,554,477	3,309,174	3,108,388	2,979,007
Physical health and social services	866,310	748,550	780,697	763,300
Mental health	886,810	953,076	903,477	698,812
County environment and education	1,737,321	991,059	1,082,084	1,637,676
Roads and transportation	7,453,220	6,662,954	6,550,025	7,071,882
Governmental services to residents	843,240	820,210	775,571	737,428
Administration	2,232,942	1,979,976	1,787,845	1,790,139
Non-program	188,138	187,606	592,253	82,990
Debt service	-	-	450,482	450,000
Capital projects	1,139,343	1,217,221	2,724,950	2,311,687
Total	<u>\$ 18,901,801</u>	<u>16,869,826</u>	<u>18,755,772</u>	<u>18,522,921</u>

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
7,849,305	7,693,151	7,434,518	7,280,962	7,072,449	6,811,736
834,067	857,403	832,518	917,239	799,323	858,480
43,490	40,000	42,938	42,982	45,618	45,497
6,525,175	6,450,432	7,192,925	6,661,282	5,915,710	5,117,782
55,973	51,086	70,810	73,594	57,568	56,841
690,298	640,945	637,180	581,223	559,166	595,182
258,880	214,765	172,370	197,919	194,765	169,640
1,066,863	437,154	454,828	436,108	605,283	773,992
17,324,051	16,384,936	16,838,087	16,191,309	15,249,882	14,429,150
2,996,084	2,752,376	2,722,911	2,537,685	2,437,181	2,415,219
715,706	722,072	702,077	696,151	670,071	705,651
795,583	1,157,430	1,115,440	1,035,751	1,118,618	1,105,325
978,695	948,592	923,276	886,991	760,787	822,763
6,285,831	6,836,332	6,600,997	6,158,379	5,969,549	5,462,477
717,962	677,712	796,892	619,073	595,338	604,835
1,815,971	1,707,156	1,758,826	1,806,532	1,600,204	1,523,341
82,243	93,130	89,655	420,735	488,353	683,283
383,021	400,000	-	-	-	-
1,874,604	354,087	923,830	764,868	995,249	185,357
16,645,700	15,648,887	15,633,904	14,926,165	14,635,350	13,508,251



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

To the Officials of Jones County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jones County, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 7, 2023.

Report on 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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jones County's internal control. Accordingly, we do not express an opinion on the effectiveness of Jones County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 through 2022-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2022 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.

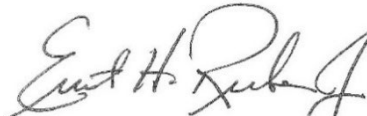
Jones County's Responses to Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of 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.


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

March 7, 2023

Jones County

Schedule of Findings

Year ended June 30, 2022

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties

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

Condition – Generally, one individual in the Conservation Office may have control over collecting, depositing and reconciling receipts.

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

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

Recommendation – 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 and should be documented by the signature or initials of the reviewer and the date of the review.

Response – Conservation will review procedures and see if the use of County employees outside of the department will support better segregation of duties.

Conclusion – Response accepted.

2022-002 Segregation of Duties – Friends of Jones County Conservation and Nature Center (Friends)

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

Jones County

Schedule of Findings

Year ended June 30, 2022

Condition – Generally, one individual has control over account billings, collections, depositing, and recording functions.

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

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

Recommendation – We realize segregation of duties is difficult with a limited number of individuals. 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 and should be documented by the signature or initials of the reviewer and the date of the review.

Friends Response – Moving forward, Friends will do our best to segregate duties.

Conclusions – Response accepted.

2022-003 Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing assigned functions to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements. The County's policy is to record capital asset road infrastructure contributed by the Iowa Department of Transportation when the project is complete and placed in service.

Condition – We determined that project FM-TSF-C053(86)-5B-53 was placed in service on June 15, 2019 but had not been recorded as capital asset infrastructure by the County.

Cause – The County Engineer Office did not implement procedures to ensure completed road projects were recorded as capital asset infrastructure.

Effect – Lack of implementation of procedures resulted in County employees not detecting the errors in normal course of performing their assigned functions. As a result, a material restatement to the County's financial statements was necessary.

Recommendation – The County should establish and implement procedures to ensure completed road projects are properly recorded as infrastructure when placed in service.

Jones County

Schedule of Findings

Year ended June 30, 2022

Response – The County Engineer’s Office has implemented a timeline for review to determine projects with construction in progress at year-end and to ensure that all infrastructure additions and deletions are identified and properly reported on the GASB-34 report. The County will more closely review major improvement projects to better determine whether projects should be classified as construction in progress or infrastructure assets.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted

Jones County

Schedule of Findings

Year ended June 30, 2022

Findings Related to Required Statutory Reporting:

- 2022-A Certified Budget – Disbursements during the year ended June 30, 2022 did not exceed the amounts budgeted by function.
- 2022-B Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- 2022-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 2022-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Vendor and County Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Nick's Construction Etc LLC Son of Jon Zirkelbach (Supervisor)	Construction services	\$ 1,625
Hawkeye Construction Spouse of Penelope Schoon (VA Commissioner)	Construction services	1,397

The above transactions do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since the total transactions with each employee, Board member, or spouse were less than \$6,000 during the fiscal year.

- 2022-E Restricted Donor Activity – No transactions were noted between the County, County officials, or County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2022-F 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.
- 2022-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

The Board went into closed session on October 26, 2021 to discuss matters relating to the County. However, the minutes record did not document the reason for holding the closed session by reference to a specific exemption under Chapter 21.5 of the Code of Iowa, as required by Chapter 21.5(2) of the Code of Iowa, commonly known as the open meetings law.

Recommendation – The County should ensure when going into closed session, the minutes document the specific exemption under Chapter 21.5 of the Code of Iowa and final action is taken in the open session.

Jones County

Schedule of Findings

Year ended June 30, 2022

Response – The County will ensure the minutes document the specific exemption under Chapter 21.5 of the Code of Iowa.

Conclusion – Response accepted.

2022-H 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.

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

2022-J Questionable Expenditure – Friends of Jones County Conservation and Nature Center (Friends) made a purchase of \$108 from Amazon for two books, horse skin lotion and gauze surgical sponges. These items do not comply with the purpose of the Friends per the bylaws, which reads in part, “The general purpose of this organization is to assist and support the functions and efforts of Jones County Conservation.” Upon our discussion of the purchase, Friends stated the purchase was an accidental personal purchase and would be reimbursed during fiscal year 2023.

Recommendation – Friends should ensure the personal purchase of \$108 is reimbursed and should take steps to ensure future purchases comply with the purpose of Friends as stated in the bylaws.

Friends Response – The personal purchase was reimbursed on September 22, 2022 when discovered. In the future, Friends will use hard checks for purchases locally as much as possible and will try review statements more than quarterly to timely correct errors. There is no longer a debit card associated with the account listed on any Amazon vendor.

Conclusion – Response accepted.

Jones County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Gwen D. Fangman, CPA, Manager
Jesse J. Harthan, Senior II Auditor
William R. Bamber, CPA, Staff Auditor
William J. Sallen, CPA, Staff Auditor
Zachary T. Shaw, Staff Auditor
Matthew W. Beerman, Assistant Auditor