

Johnson County, Iowa

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

Johnson County, Iowa
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

Prepared by
Johnson County Finance Department

INTRODUCTORY SECTION

JOHNSON COUNTY, IOWA

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JOHNSON COUNTY, IOWA

OFFICIALS, DEPARTMENT HEADS

BOARD OF SUPERVISORS:



Janelle Rettig
County Supervisor – Chairperson
Term expiration: 12/31/2018



Lisa Green-Douglas
County Supervisor
Term Expiration: 12/31/2019



Mike Carberry
County Supervisor
Term expiration: 12/31/2018



Rod Sullivan
County Supervisor
Term expiration: 12/31/2018



Kurt Friese
County Supervisor
Term Expiration: 12/31/2019



Pat Harney
County Supervisor
Resigned: 12/31/2016

JOHNSON COUNTY, IOWA
OFFICIALS, DEPARTMENT HEADS

ELECTED OFFICIALS:



Tom Kriz
County Treasurer
Term expiration: 12/31/2018



Lonny Pulkrabek
County Sheriff
Term expiration: 12/31/2019



Janet Lyness
County Attorney
Term expiration: 12/31/2018



Travis Weipert
County Auditor
Term expiration: 12/31/2019



Kim Painter
County Recorder
Term expiration: 12/31/2018

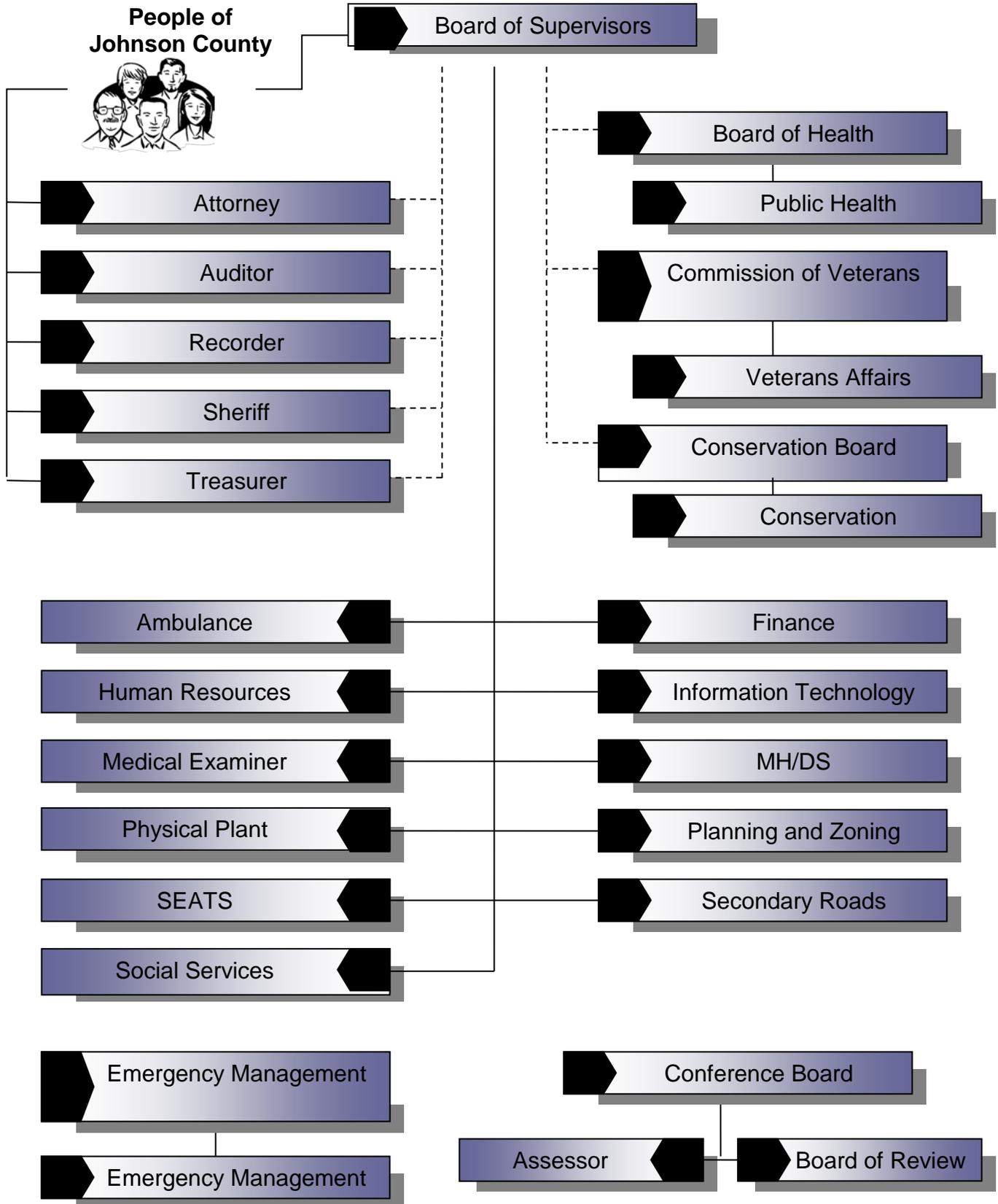
JOHNSON COUNTY, IOWA
OFFICIALS, DEPARTMENT HEADS

DEPARTMENT HEADS:

Name	Department
Steve Spenler	Ambulance
Larry Gullett	Conservation
Dana Aschenbrenner	Finance
Lora Shramek	Human Resources
Bill Horning	Information Technology
Mike Hensch	Medical Examiner
Jan Shaw	Mental Health/Disability Services
Eldon Slaughter	Physical Plant
Josh Busard	Planning, Development and Sustainability
Doug Beardsley	Public Health
Tom Brase	SEATS
Greg Parker	Secondary Roads
Lynette Jacoby	Social Services
Gary Boseneiler	Veterans Affairs

JOHNSON COUNTY, IOWA

ORGANIZATION CHART





JOHNSON COUNTY

Finance Department

Dana Aschenbrenner, Finance Administrator

Dan Grady, Budget Analyst

John Hannaford, Budget Analyst

February 23, 2017

Board of Supervisors and Citizens
Johnson County, Iowa

The Comprehensive Annual Financial Report (CAFR) for Johnson County, Iowa for the fiscal year ended June 30, 2017, is hereby submitted in accordance with the provisions of Section 331.403 of the Code of Iowa.

This report consists of management's representations concerning the finances of the County. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls. Financial internal controls are established to protect the county's assets from loss, theft, misuse and to ensure that generally acceptable accounting principles (GAAP) are followed. Because the cost of internal controls should not exceed the benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

Eide Bailly LLP, a firm of licensed certified public accountants has audited Johnson County's financial statements. The goal of the independent audit was to provide a reasonable assurance that the financial statements for the fiscal year ended June 30, 2017 are free of material misstatement. The independent auditor's report is presented at the front of the Financial Section of this report.

Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A should be read in conjunction with this letter of transmittal and is located immediately following the independent auditor's report in the Financial Section of this CAFR.

Profile of Johnson County

Johnson County, Iowa was organized in 1837. The county is governed by a five member Board of Supervisors. Board members serve overlapping four-year terms with elections held every two years. The Board annually adopts a budget and establishes tax rates to support county programs. Also elected to four-year terms are the following officials: Attorney, Auditor, Recorder, Sheriff, and Treasurer. These officials, along with department heads appointed by the Board, are responsible for administration of the programs and policies adopted by the Board of Supervisors.

Johnson County provides a full range of services to the residents. These services include public safety and legal services, physical health and social services, services to people with mental health and physical disabilities, county environment and education, construction and maintenance of secondary roads, general services to residents, and administrative services.

The County is required by the State of Iowa to adopt an annual budget for the total operating expenditures of the county by functional area. The budget is required to be adopted by March 15th prior to the beginning of the fiscal year (July 1). This annual budget serves as the foundation for Johnson County's financial planning and control. The budget is prepared by fund (i.e. general, special revenue, debt), function (i.e. public safety & legal services, physical health & social services), and department (i.e. Sheriff, Human Resources, Medical Examiner). Departments can transfer resources (funds) within their department as they see fit, however, they cannot exceed the total amount budgeted to their department. Transfers between departments and funds, in addition to increasing or reducing a department's budget, requires special approval by the Board of Supervisors in the form of a budget amendment. Budget amendments are typically done in the fall and spring.

Local Economy

Johnson County has the fourth largest population of the ninety-nine counties in the state of Iowa. The cities of Iowa City, Coralville, and North Liberty make up 73% of the county population. The balance of the county is made up of rural residents and seven smaller towns each with a population under 2,500.

Based on U.S. Census Bureau information, population of the county has increased by 2,296 from 144,251 in the calendar year 2015 to 146,547 in calendar year 2016, equaling a growth of 1.6% for the year. The 2011 US census shows the county population at 133,733, which equals a 5-year growth of 12,814, or 9.5%. Household income per capita in 2016 was \$47,456 up \$523 or 1.1% from 2015 household income per capita of \$46,933.

The labor force living in Johnson County who work in nonfarm employment increased from about 83,100 in 2015 with an unemployment rate of 3.2% to about 83,200 in 2016 with an unemployment rate of 3.1% according to Iowa Workforce Development. From December 2015 to December 2016, there was a net increase of 100 jobs or 0.12% of the labor force.

The total number of housing units in calendar year 2016 was 59,551, an increase of 1,554 over calendar year 2015 units of 57,997. In 2011, the number of housing units was 55,508. Johnson County has added 4,043 units in the last 5 years, an increase of 7.2%. The number of building permits issued (single family detached) was 81 in calendar year 2016 for a total value of \$24.76 million with an average home value of \$305,665. That is a decrease in total value of \$1.71 million from the 2015 total of \$26.47 million but an increase of 7 permits issued.

There has been major construction in the county for the last several years. In fiscal year 2017, the University of Iowa had construction projects totaling \$438 million. In addition, there were major construction projects for other businesses in the amount of \$24.6 million. The large amount of construction in the area has led to a shortage in the construction industry labor pool and thus has increased the cost of construction in Johnson County.

The largest employer in the county is the University of Iowa and University of Iowa Healthcare. The University of Iowa had an increase in revenue of \$224.2 million in fiscal year 2016. The University of Iowa Healthcare had a decrease in revenues of \$74.4 million in fiscal year 2017. The overall increased funding level shows stability for these two major employers.

Long Term Financial Planning

The unassigned fund balance in the general fund equals \$14,964,912. This amount is greater than the 30% of the fiscal year 2017 tax asking for the General Basic Fund according to the policy guideline set by the Board of Supervisors for budgetary and planning purposes. Fiscal year 2017 ended with an increase in the general fund balance of \$2,302,687. As the county faces cutbacks in state funding and reduced property tax funding, the need to keep a reserve has never been greater.

Relevant Financial Policies

The county has adopted a practice in the last several years of using debt to access Tax Increment Financing (TIF) districts to lower residential property tax askings. The way TIF works is that the frozen base valuations are set at the level of the year prior to the first filing of TIF debt with the County Auditor. Taxes on the frozen base are collected and distributed as they would be if not in the TIF. Increases in valuation in a TIF district are called the increment. Most of the taxes on the increment go to the city to pay off TIF debt.

Debt service levies for all taxing authorities, as well as school physical plant and equipment levy (PPEL) and instructional support levies are distributed to those agencies. Increments are reduced and shifted back to the base when debt is paid or a city requests a reduction. Counties are allowed to finance certain qualified expenses by borrowing the funds and paying off the resulting loans/bonds through the Debt Service fund tax levy.

The Debt Service levy is the only means available to the County to access the TIF areas via property taxation. The TIF will then be contributing to the cost of county government via the Debt Service levy.

Without the Debt Service tax, TIF areas would contribute very little towards the cost of our county's operations, services or projects. For FY 2017, Johnson County identified \$15.0 M of expenses that qualify for financing via loans/bonding that include:

- \$8.1 M for all county & JECC insurance
- \$2.5 M for IWW Road construction project
- \$1.8 M for capital repairs & improvements
- \$1.5 M for conservation projects
- \$0.6 M for Affordable Housing
- \$0.4 M for technology and equipment purchases

These identified costs are generally unavoidable and would have been a component of the FY 2017 budgeted expenses, financed either through the General Fund tax levy or through the use of the Debt Service Fund tax levy. By using the Debt Service tax levy for these qualified bonding opportunities in FY 2017, the TIF areas within Johnson County contributed ~\$2.0M in taxes. These additional TIF taxes have reduced the cost of the typical residential property's tax bill for those qualified expenses by 11.6% or \$24.88 per \$100,000 of taxable valuation.

Major Initiatives

Three initiatives in the Board of Supervisors Strategic Plan that impacted FY2017 were:

1. Established initial funding for affordable housing by granting the Johnson County Housing Trust block grant funds. This establishes a re-occurring funding stream to leverage state and federal dollars to build more housing units that are affordable for low income families.
2. Put more focus on diversity in the county government. Increased funding for the Diversity Committee and added more diversity trainings and events.
3. Increasing sustainability and reducing the county's carbon footprint was a priority in FY17. The county erected two new solar arrays at the County Administration Building and Health and Human Services (HHS) building. The two solar arrays make up 245.4 kW of energy with the Administration Building array making up 25% of the total electrical needs.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Johnson County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This is the third year the county has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report could not have been completed without the cooperation and services of the staffs of the Auditor and Treasurer offices. In addition, gratitude is expressed to the independent auditors, Eide Bailly LLP, who provided support and assistance. Thank you as well, to the Johnson County Board of Supervisors for their support.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dana Aschenbrenner". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

Dana Aschenbrenner
Finance Administrator



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Johnson County
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



Independent Auditor's Report

To the Officials of
Johnson County, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, Iowa, (County) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, Iowa, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnson County, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements.

The combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

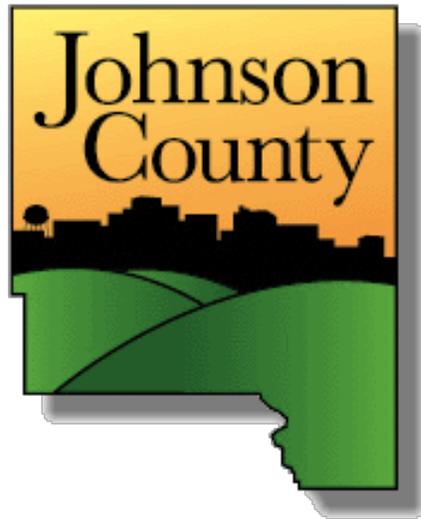
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2018, on our consideration of Johnson County, Iowa'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 the County's internal control over financial reporting and compliance.

EIDE BAILLY LLP

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa
February 23, 2018



Johnson County, Iowa

Management's Discussion and Analysis (MD&A)

June 30, 2017

Johnson County, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2017. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2017 FINANCIAL HIGHLIGHTS

- Total net position was \$143,231,784 at June 30, 2017. This was an increase of \$12,161,852 (9.3%) compared to the prior fiscal year.
- Overall revenues of governmental activities increased 5.2% or \$4,093,920 from fiscal year 2016. Property tax revenues increased \$3,123,731; operating grants and contributions decreased \$531,444; charges for services increased \$713,900; tax credit revenues decreased \$86,697; and capital grants and contributions increased \$677,503.
- Overall program expenses increased \$5,873,457 (9.1%) from fiscal year 2016. Public safety and legal services increased \$836,076; physical health and social services increased \$997,532, mental health expenses decreased \$162,768, county environment and education expenses increased \$1,437,534; roads and transportation expenses increased \$1,998,500; governmental services to residents increased \$387,104; administration expense increased \$411,599; non-program expenses increased \$1,427; and interest expense on the County's long-term debt decreased by \$33,547.

OVERVIEW OF FINANCIAL STATEMENTS

This 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 activities.
- **Government-wide Financial Statements** - Comprise the first two statements, providing both short-term and long-term information about Johnson County's overall financial position.
- **Fund Financial Statements** - Focus on reporting how government services were financed in the short term as well as what remains for future spending. Fund financial statements report operations in more detail by providing information about the most significant funds. The remaining statements provide financial information activities for which Johnson County acts solely as an agent or custodian for the benefit of those outside of county government (agency funds).
- **Notes to Financial Statements** - provides 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 and details of the County's funding progress of the retiree health plan.
- **Other Supplementary Information** – provides detailed information about the non-major governmental funds and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various Federal programs benefitting the County.

Government-Wide Financial Statements

The government-wide financial statements report information about the County as a whole using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. The Statement of Net Position includes all of the government's assets, deferred outflow of resources, liabilities, and deferred inflow of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements (Statement of Net Position and the Statement of Activities) report the County's net position and how it has changed. Net position, is the difference between assets, deferred outflow of resources, liabilities, and deferred inflow of resources, and is one way to measure the County's financial health.

- Over time, increases or decreases in the County's net position may serve as an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, one needs to consider additional non-financial factors such as changes in population, changes in the property tax base, and changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the County include governmental activities such as public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long term debt, and non-program activities. Most of the County's basic services are included here, such as the Sheriff, County Attorney, Recorder, Treasurer, Auditor, Board of Supervisors, Ambulance, Public Health, Medical Examiner, Paratransit Services (SEATS), Planning & Zoning, Conservation, Human Services, Veteran Affairs, Juvenile Court Services, Mental Health/ Developmental Services, rural funding to libraries, Secondary Roads, and Court Services. Property taxes and state and federal grants fund most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds, not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law. The Board of Supervisors establishes other funds to control and manage money for particular purposes or to show that the County is meeting legal responsibilities for using certain revenues. The County has three kinds of funds:

Governmental funds - Most of the County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for future use. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information following the governmental fund statements that explains the relationship (or differences) between them. Funds included are the General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Funds (Rural Services, Mental Health Fund, Secondary Roads Fund). The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

Fiduciary funds – the County is the trustee, or fiduciary, for assets that belong to others. Fiduciary funds for Johnson County include the E-911 Fund, the Empowerment Fund, The Iowa City & Johnson County Assessor Funds, the Emergency Management Fund, the Precinct Atlas Consortium Fund, and the Abandoned Storage Fund. The County is responsible for ensuring that assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the County-wide financial statements because the County cannot use the assets to finance its operations. The required financial statements for fiduciary funds include a statement of fiduciary assets and liabilities.

Proprietary funds – The County has an internal service fund set up for the administration of its self-funded employee health insurance plans. Funds are paid into the health insurance fund from other county funds for payment of premiums, claims and administration costs. The internal service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. The required statements include a statement of net position, a statement of revenues, expenses, and changes in fund net position, and a statement of cash flows.

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

FINANCIAL ANALYSIS OF JOHNSON COUNTY -- Net Position

The County's combined net position increased from \$131,069,932 to \$143,231,784. See Table 1. Analysis will focus on changes in net position for governmental activities.

Table 1:
Net Position

	<i>Governmental Activities</i>		Total Percentage Change
	2017	2016, as restated	2016-2017
Assets			
Current Assets	\$106,516,651	\$ 101,203,121	5.2%
Non-current Assets	150,000	-	100.0
Capital Assets, Net of Accumulated Depreciation	<u>127,284,458</u>	<u>117,821,206</u>	8.0
TOTAL ASSETS	233,951,109	219,024,327	6.8
<i>Deferred outflow of resources</i>	<u>7,084,413</u>	<u>3,054,300</u>	131.9
Liabilities			
Current Liabilities	5,505,147	4,679,266	17.6
Long Term Liabilities	<u>35,421,600</u>	<u>31,612,705</u>	12.4
TOTAL LIABILITIES	40,926,747	36,291,971	12.8
<i>Deferred inflows of resources</i>	<u>56,876,991</u>	<u>54,716,724</u>	3.9
Net Position			
Net Investment in Capital Assets	122,677,790	105,131,206	16.7
Restricted	12,882,011	25,423,792	(97.4)
Unrestricted	<u>7,671,983</u>	<u>514,934</u>	1389.9
TOTAL NET POSITION	<u>\$143,231,784</u>	<u>\$131,069,932</u>	9.3

Changes in Net Position

Net Position may serve as an indicator of government's financial position. The total net position of governmental activities increased by 9.3% compared to fiscal year 2016. The increase in total liabilities for fiscal year 2017 is primarily due to increases in the reported pension liability as required by GASB Statement No. 68. Additionally, the increase to current assets was primarily a result of increases in both the County's cash position and succeeding year taxes receivable. The largest portion of the County's net position is invested in capital assets (land, buildings, equipment), net of related debt. The debt related to investment in capital assets is liquidated with sources other than capital assets. Restricted net position represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted net position increased from \$514,934 in fiscal year 2016 to \$7,671,983 in fiscal year 2017 an increase of 1389.9%, due primarily to the effect of the County's increase in total assets exceeding the increases seen in the County's liabilities, deferred inflows, net investment in capital assets and restricted net position at fiscal year-end.

Table 2:

Changes in Net Position

	Governmental Activities		Total Percentage
	2017	2016, as restated	Change
			2016-2017
Revenues			
Program Revenues			
Charges for Services	\$9,396,176	\$ 8,682,276	8.2 %
Operating Grants and Contributions	14,088,732	14,620,176	(3.6)
Capital Grants and Contributions	1,071,177	393,674	172.1
Property and other taxes levied for:			
General Purpose	37,142,354	36,740,708	1.1
Debt Service	15,382,510	12,621,187	21.9
Other County Taxes	966,735	1,005,973	(3.9)
Penalties and Interest on Taxes	502,716	718,558	(30.0)
State tax credits	3,346,375	3,433,072	(2.5)
Unrestricted investment earnings	410,706	352,970	16.3
Gain (loss) on disposal of capital assets	54,092	(3,766)	107.0
Miscellaneous	<u>442,070</u>	<u>144,895</u>	205.1
TOTAL REVENUES	82,803,643	78,709,723	5.2
Expenditures			
Public Safety and Legal Services	22,517,620	21,681,544	3.9
Physical Health and Social Services	10,094,498	9,096,966	10.9
Mental Health, ID & DD	7,221,045	7,383,813	(2.3)
County Environment and Education	5,618,841	4,181,307	34.4
Roads & Transportation	13,191,877	11,193,377	17.8
Governmental Services to Residents	2,647,086	2,259,982	17.1
Administration	9,002,956	8,591,357	4.8
Nonprogram Current	6,534	5,107	27.9
Interest on long-term debt	<u>341,334</u>	<u>374,881</u>	(9.8)
TOTAL EXPENDITURES	70,641,791	64,768,334	9.1
INCREASE/(DECREASE) IN NET POSITION	12,161,852	13,941,389	(14.6)
Beginning, as restated	<u>131,069,932</u>	<u>117,128,543</u>	11.9
Ending	<u>\$143,231,784</u>	<u>\$131,069,932</u>	9.3

The County increased property taxes levied for fiscal year 2017 by 6.0%. This increase raised the County's property tax revenue by \$3,136,480. Based on increases in the tax levies and total assessed valuation, property tax revenue is budgeted to increase by an additional \$3.6 million, an increase of ~6.6% for fiscal year 2018.

The cost of all government services this year was \$70,641,791 compared to \$64,768,334 last year. The amount financed by taxpayers was \$46,085,706 (See Statement of Activities). Some of this cost was paid for by those who benefited from programs or other government grants and contributions. The County's program revenues increased from \$23,696,126 to \$24,556,085 from fiscal year 2016 to 2017, due to an increase in capital grants and contributions and operating grants and contributions and charges for service.

MAJOR FUND ANALYSIS

Governmental funds reported a combined fund balance of \$39,444,360 a decrease of \$693,252 compared to the prior year.

- General fund revenues had an overall increase of \$179,685 due to an increase in property and other County tax revenue of \$15,478, a decrease in interest and penalty on property tax of \$217,301, an increase in intergovernmental revenue of \$464,826, a decrease in licenses and permits revenue of \$58,886, an increase in charges for services revenue of \$633,949, an increase in use of money and property revenue of \$48,868, and a decrease in miscellaneous revenue of \$676,293. Total General fund expenditures increased \$2,575,026 due to an increase in public safety and legal services expenses of \$634,535, an increase in physical health and social services expenses of \$769,077, an increase in county environment and education expenses of \$948,323, an increase in governmental services to residents expenses of \$243,975 an increase in administration expenses of \$142,031, an increase in debt service principal of \$15,000, and an increase in capital projects expenses of \$41,428. These expense increases were offset by a decrease in mental health expenses of \$207,282, a decrease in non-program expenses of \$510, and a decrease in debt service interest expense of \$11,551.
- Rural Services fund revenues increased by \$371,649 largely as a result of an increase in property tax revenue of \$364,693 and an increase in intergovernmental revenue of \$6,956. Expenditures decreased \$116,671 and the transfer out to the Secondary Roads fund increased \$334,108 compared to the prior year. The ending fund balance showed an increase of \$54,747 from the prior year to a year-end total of \$412,636.
- Secondary Roads fund revenues increased by \$90,590 compared to the prior year, largely due to an increase in intergovernmental revenues of \$64,367 and an increase in miscellaneous revenue of \$25,260. Expenditures increased in the Secondary Roads fund by \$2,282,331 due to an increase in capital projects of \$1,514,146 and an increase in roads & transportation expenses of \$768,185. Interfund transfers into the Secondary Roads fund increased by \$418,310 compared to the prior fiscal year. The ending fund balance showed a decrease of \$517,481 from the prior year to a year-end total of \$4,100,553.
- Mental Health fund revenues decreased by \$109,353 from the prior year, due largely to a decrease in intergovernmental revenue of \$111,019. Expenditures increased by \$23,677 compared to the prior year largely due to increased administrative expenditures. The Mental Health fund balance decreased by \$1,361,218 to \$2,328,301 during fiscal year 2017.
- Capital Projects fund revenues, transfers in and other financing sources decreased by \$251,274 and expenditures increased by \$3,894,036. The fund balance decreased from \$13,462,731 to \$11,496,859 in fiscal year 2017. The revenues and expenditures of this class of fund will vary depending on the timing of projects.
- Debt Service fund revenues and transfers in increased by \$2,720,634 and expenditures and transfers out also increased by \$2,623,292 compared to the prior fiscal year. The fund balance increased by \$13,122 during FY17, ending the year with a balance of \$187,059.

General Fund Budgetary Highlights

Johnson County amended the county budget twice during the 2017 fiscal year. The first amendment occurred in November 2016 and was necessary to recognize additional grant revenues and grant program expenditures, increases to the mental health and case-management program expenditures, make budgetary adjustments for elected officials and their deputies compensation levels and establish sufficient budgetary authority for the fiscal year's planned and ongoing capital projects expenditure activity. The second amendment occurred in May 2017. Budgetary adjustments were made for new programming grant revenues and associated expenditures, capital project expenses, secondary roads' bridge repairs, increased program expenses in medical examiner and adjustments for merit pay, retirement payouts and other payroll related expenses.

Amendment and other budgetary information is available in the Johnson County Auditor's Office or by visiting the Johnson County Iowa Finance department's webpage.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

For fiscal year 2017 the County had a net increase of \$9,463,252 in a broad range of capital assets, including land, intangible assets, equipment, vehicles, and infrastructure. Significant expenditures were related to Secondary Roads infrastructure projects, acquisition of technology assets, purchases of vehicles and equipment, renovation of existing County buildings, several conservation and recreational related projects and land acquisitions, and the construction of a new Ambulance/Medical Examiner facility. See Table 3. More detailed information about the County's capital assets is presented in the notes to the financial statements.

Table 3

Capital Assets

	Value of Capital Assets		Total Percentage
	2017	2016, as restated	Change
Non-Depreciated			
Land	\$16,017,498	\$15,626,331	2.5 %
Intangible Assets	522,891	197,926	164.2
Construction in Progress	<u>12,427,632</u>	<u>16,196,889</u>	(23.3)
Total Not Being Depreciated	28,968,021	32,021,146	(9.5)
Depreciable			
Buildings & Improvements	48,002,748	44,856,812	7.0
Machinery and Equipment	18,459,284	16,849,871	9.6
Infrastructure	<u>99,862,609</u>	<u>88,086,049</u>	13.4
Total Depreciable Assets	166,324,641	149,792,732	11.0
Total Accumulated Depreciation	<u>68,008,204</u>	<u>63,992,672</u>	6.3
NET CAPITAL ASSETS	<u>\$127,284,458</u>	<u>\$117,821,206</u>	8.0

The County had depreciation expense of \$5,078,849 in fiscal year 2017 and total accumulated depreciation of \$68,008,204 on June 30, 2017.

The County's fiscal year 2018 amended budget projects spending of \$31,034,925 for Secondary Roads work for the IWV Road project and other road related infrastructure, a number of conservation and recreational related infrastructure projects and enhancements, the County's technology needs, vehicle and equipment acquisitions for many county departments, and the continuing repair, renovation, enhancement, acquisition and construction of various County buildings and sites. The County annually completes a Five Year Road Plan and Capital Improvement Plan (CIP). Both can be viewed by contacting management or are available on the County's web site www.johnson-county.com.

For more detailed information on the County's capital assets please see Note 4 in the financial statements.

Long-Term Liabilities

At fiscal year end, the County had \$35,421,600 in long-term liabilities, consisting of general obligation capital notes, compensated absences, net pension liability, and net OPEB liability (Table 4). In 2017, the County issued \$15,000,000 in new general obligation capital loan notes with \$10,200,000 being a 107 day short term note that was paid back in the same fiscal year, and \$4,800,000 in a three year note. During fiscal year 2017 the County retired \$6,520,000 not associated with the short term notes mentioned above. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

Table 4

Long-Term Liabilities

	Total Year End Fiscal Year 2016		Total Percentage
	Long-Term Liabilities		Change
	6/30/2017	6/30/2016	2016-2017
General Obligation Capital Notes	\$10,970,000	\$12,690,000	(13.6) %
Compensated Absences	3,172,226	3,079,881	3.0
Net pension liability	19,180,490	13,781,545	39.2
Net OPEB Liability	<u>2,098,884</u>	<u>2,061,279</u>	1.8
TOTAL LONG TERM LIABILITIES	<u>\$35,421,600</u>	<u>\$31,612,705</u>	12.0%

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits (\$11,883,538,587). Johnson County, Iowa's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$583 million.

For more detailed information on the County's long-term debt please see Note 6 in the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the County was aware of several circumstances that could affect its future financial health:

- Johnson County continues to be one of the fastest-growing counties in Iowa. Johnson County's population grew from 130,882 residents in 2010 to an estimated 146,547 in 2016.
- Johnson County continues to enjoy a strong and vibrant economy. Johnson County's October 2017 unemployment rate of 1.9% is below the State average of 2.4% and well below the national average of 4.1%.
- Johnson County's taxable valuation growth of 4.7% for the FY 2018 budget year is an indication of the County's overall economic stability and continuing financial viability.
- Recent legislative changes in the taxation of commercial property will continue to cause a significant shift of the property tax burden from commercial properties to residential properties and will present an ongoing challenge to local government funding now and into the near future. We expect that the State of Iowa's current budgetary challenges will perhaps significantly affect local government funding in the future.
- The use of tax increment financing (TIF) by most cities in Johnson County continues to pose challenges for other local governments, including Johnson County. Johnson County has the ability to tax the incremental growth in the value of these TIF districts only through the use of the debt service levy, which the County has deliberately utilized to lower the tax impact on their County's residential property owners.
- Reorganization of Mental Health and Disability Services from a county-based system to a regional system as implemented by the State of Iowa will continue to significantly affect the provision of services and how these services are funded locally.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, stakeholders, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact:

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BASIC FINANCIAL STATEMENTS

JOHNSON COUNTY, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2017

Governmental
Activities

ASSETS:

Cash, cash equivalents and pooled investments	\$ 45,401,254
Receivables:	
Property tax:	
Delinquent	124,632
Succeeding year	56,232,427
Accounts	1,727,721
Notes Receivable	250,000
Due from other governments	2,118,680
Inventories	227,557
Prepaid expenses	434,380
Non-current Assets:	
Notes Receivable	150,000
Land, construction in progress and intangible assets	28,968,021
Other capital assets, net of accumulated depreciation	<u>98,316,437</u>
Total assets	<u>233,951,109</u>

DEFERRED OUTFLOWS OF RESOURCES:

Pension related deferred outflows	<u>7,084,413</u>
-----------------------------------	------------------

LIABILITIES:

Accounts payable	3,068,018
Accrued interest payable	20,963
Salaries and benefits payable	1,196,751
Due to other governments	375,187
Contracts payable	840,799
Unearned revenue	3,429
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes	5,130,000
Compensated absences	3,172,226
Portion due or payable after one year:	
General obligation notes	5,840,000
Net pension liability	19,180,490
Net OPEB liability	<u>2,098,884</u>
Total liabilities	<u>40,926,747</u>

DEFERRED INFLOWS OF RESOURCES:

Succeeding year property tax revenue	56,232,427
Pension related deferred inflows	<u>644,564</u>
	<u>56,876,991</u>

NET POSITION:

Net investment in capital assets	122,677,790
Restricted for:	
Rural services purposes	412,636
Supplemental levy purposes	4,192,885
Secondary roads purposes	4,100,553
Mental health purposes	2,328,301
Debt service	187,059
Other purposes	1,660,577
Unrestricted	<u>7,671,983</u>
Total net position	<u>\$ 143,231,784</u>

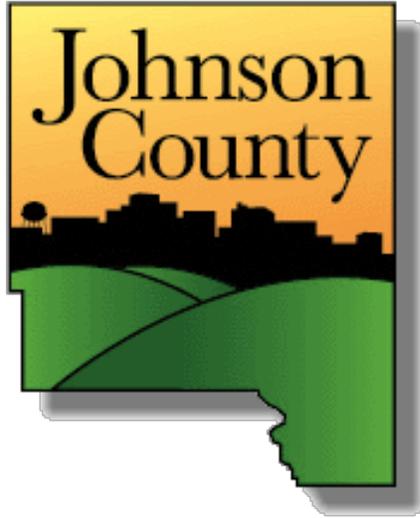
JOHNSON COUNTY, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	
<u>FUNCTIONS/PROGRAMS:</u>					
Governmental activities:					
Public safety and legal services	\$ 22,517,620	\$ 3,478,952	\$ 1,242,263	\$ 1,050	\$ (17,795,355)
Physical health and social services	10,094,498	944,182	4,110,795	-	(5,039,521)
Mental health	7,221,045	804,875	2,188,915	-	(4,227,255)
County environment and education	5,618,841	452,191	160,664	309,581	(4,696,405)
Roads and transportation	13,191,877	112,023	6,186,947	760,546	(6,132,361)
Governmental services to residents	2,647,086	2,229,568	55,481	-	(362,037)
Administration	9,002,956	1,374,385	143,667	-	(7,484,904)
Non-program	6,534	-	-	-	(6,534)
Interest on long-term debt	341,334	-	-	-	(341,334)
Total	<u>\$ 70,641,791</u>	<u>\$ 9,396,176</u>	<u>\$ 14,088,732</u>	<u>\$ 1,071,177</u>	<u>(46,085,706)</u>
General revenues:					
Property and other County tax levied for:					
General purposes					37,142,354
Debt service					15,382,510
Other County taxes					966,735
Penalty and interest on property tax					502,716
State tax credits and replacements					3,346,375
Unrestricted investment earnings					410,706
Gain on sale of capital assets					54,092
Miscellaneous					<u>442,070</u>
Total general revenues					<u>58,247,558</u>
Change in net position					12,161,852
<u>NET POSITION</u> - Beginning of year, as restated					<u>131,069,932</u>
<u>NET POSITION</u> - End of year					<u>\$ 143,231,784</u>

See notes to the financial statements.

<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 13,344,160	\$ 186,073	\$ 1,686,806	\$ 40,411,336
-	17,304	-	124,632
-	17,202,147	-	56,232,427
201,088	-	3,487	1,284,829
-	-	-	400,000
-	-	-	2,118,680
-	-	-	227,557
<u>241,204</u>	<u>-</u>	<u>101</u>	<u>434,380</u>
\$ <u>13,786,452</u>	\$ <u>17,405,524</u>	\$ <u>1,690,394</u>	\$ <u>101,233,841</u>
\$ 1,379,297	\$ -	\$ 15,866	\$ 2,054,285
-	-	-	1,196,751
820,377	-	13,951	840,799
89,919	-	-	375,187
<u>2,289,593</u>	<u>-</u>	<u>29,817</u>	<u>4,467,022</u>
-	17,202,147	-	56,232,427
-	16,318	-	1,090,032
<u>-</u>	<u>17,218,465</u>	<u>-</u>	<u>57,322,459</u>
-	-	-	227,557
241,204	-	101	434,380
-	-	-	4,110,541
-	-	-	2,328,301
-	-	-	412,636
-	-	-	3,862,843
-	187,059	-	187,059
6,363,332	-	-	6,363,332
-	-	1,660,476	1,660,476
4,892,323	-	-	4,892,323
-	-	-	14,964,912
<u>11,496,859</u>	<u>187,059</u>	<u>1,660,577</u>	<u>39,444,360</u>
\$ <u>13,786,452</u>	\$ <u>17,405,524</u>	\$ <u>1,690,394</u>	\$ <u>101,233,841</u>



JOHNSON COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

JUNE 30, 2017

TOTAL GOVERNMENTAL FUND BALANCES \$ 39,444,360

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$195,292,662 and the accumulated depreciation/amortization is \$68,008,204.

Land	\$	16,017,498	
Intangible assets		522,891	
Construction in progress		12,427,632	
Infrastructure		59,523,687	
Buildings and improvements		32,817,055	
Machinery and equipment		<u>5,975,695</u>	
Total capital assets, net			127,284,458

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows in the governmental funds. 1,086,603

The Internal Service Fund is used by the County to charge the costs of partial self-funding of the County's health insurance benefit plan to the individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 4,419,077

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

Deferred outflows of resources		7,084,413	
Deferred inflows of resources		<u>(644,564)</u>	6,439,849

Long-term liabilities, including capital loan notes payable, accrued interest payable, compensated absences payable, net pension liability, and net OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.

General obligation capital loan notes payable		(10,970,000)	
Accrued interest on capital loan notes		(20,963)	
Compensated absences		(3,172,226)	
Net pension liability		(19,180,490)	
Net OPEB liability		<u>(2,098,884)</u>	
Total long-term liabilities			<u>(35,442,563)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 143,231,784

JOHNSON COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

		<u>Special Revenue</u>		
	<u>General</u>	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Mental Health</u>
REVENUES:				
Property and other County tax	\$ 29,491,635	\$ 5,353,141	\$ -	\$ 3,035,820
Interest and penalty on property tax	495,683	-	-	-
Intergovernmental	11,335,964	230,596	6,199,674	1,006,098
Licenses and permits	682,316	-	8,150	-
Charges for service	5,004,657	-	-	-
Use of money and property	366,862	-	-	-
Miscellaneous	701,383	-	89,624	5,906
Total revenues	<u>48,078,500</u>	<u>5,583,737</u>	<u>6,297,448</u>	<u>4,047,824</u>
EXPENDITURES:				
Operating:				
Public safety and legal services	21,631,409	-	-	-
Physical health and social services	9,786,384	-	-	-
Mental health	1,926,307	-	-	5,409,122
County environment and education	3,889,825	970,267	-	-
Roads and transportation	-	-	9,610,535	-
Governmental services to residents	2,430,623	-	-	-
Administration	7,870,598	-	-	-
Non-program	2,673	-	-	-
Debt service:				
Principal	400,000	-	-	-
Interest	61,932	-	-	-
Capital projects	144,429	-	3,031,660	-
Total expenditures	<u>48,144,180</u>	<u>970,267</u>	<u>12,642,195</u>	<u>5,409,122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(65,680)</u>	<u>4,613,470</u>	<u>(6,344,747)</u>	<u>(1,361,298)</u>
Other financing sources (uses):				
Capital loan notes issued	3,250,000	-	-	-
Sale of capital assets	4,936	-	80,000	80
Transfers in	10,220,000	-	5,747,266	-
Transfers out	(11,106,569)	(4,558,723)	-	-
Total other financing sources (uses)	<u>2,368,367</u>	<u>(4,558,723)</u>	<u>5,827,266</u>	<u>80</u>
Change in fund balances	2,302,687	54,747	(517,481)	(1,361,218)
FUND BALANCES - Beginning of year	<u>16,955,688</u>	<u>357,889</u>	<u>4,618,034</u>	<u>3,689,519</u>
FUND BALANCES - End of year	\$ <u>19,258,375</u>	\$ <u>412,636</u>	\$ <u>4,100,553</u>	\$ <u>2,328,301</u>

<u>Capital Projects</u>	<u>Debt Service</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
\$ -	\$ 15,606,023	\$ -	\$ 53,486,619
-	-	-	495,683
159,139	1,008,403	303,362	20,243,236
-	-	-	690,466
-	-	29,896	5,034,553
29,856	-	22,492	419,210
<u>361,110</u>	-	<u>19,026</u>	<u>1,177,049</u>
<u>550,105</u>	<u>16,614,426</u>	<u>374,776</u>	<u>81,546,816</u>
-	-	33,247	21,664,656
-	-	-	9,786,384
-	-	-	7,335,429
-	-	-	4,860,092
-	-	-	9,610,535
-	-	4,233	2,434,856
-	-	-	7,870,598
-	-	-	2,673
-	6,120,000	-	6,520,000
-	281,304	-	343,236
<u>12,475,315</u>	-	<u>1,045,221</u>	<u>16,696,625</u>
<u>12,475,315</u>	<u>6,401,304</u>	<u>1,082,701</u>	<u>87,125,084</u>
<u>(11,925,210)</u>	<u>10,213,122</u>	<u>(707,925)</u>	<u>(5,578,268)</u>
1,550,000	-	-	4,800,000
-	-	-	85,016
9,091,294	20,000	1,488,688	26,567,248
<u>(681,956)</u>	<u>(10,220,000)</u>	-	<u>(26,567,248)</u>
<u>9,959,338</u>	<u>(10,200,000)</u>	<u>1,488,688</u>	<u>4,885,016</u>
(1,965,872)	13,122	780,763	(693,252)
<u>13,462,731</u>	<u>173,937</u>	<u>879,814</u>	<u>40,137,612</u>
\$ <u>11,496,859</u>	\$ <u>187,059</u>	\$ <u>1,660,577</u>	\$ <u>39,444,360</u>

JOHNSON COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (693,252)

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 outlays expenditures and contributed capital assets exceeded depreciation/amortization expense in the current year as follows:

Expenditures for capital assets	\$ 13,825,207	
Capital assets contributed by the Iowa Department of Transportation	747,819	
Depreciation/amortization expense	<u>(5,078,849)</u>	9,494,177

In the Statement of Activities, the gain on disposal of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (30,925)

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

Issued	(4,800,000)	
Repaid	<u>6,520,000</u>	1,720,000

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows in the governmental funds. 454,917

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 governmental funds, as follows:

Compensated absences	(92,345)	
Interest on long-term debt	1,902	
Pension expense	110,304	
Net OPEB liability	<u>(37,605)</u>	(17,744)

The Internal Service Fund is used by the County to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 1,234,679

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 12,161,852

JOHNSON COUNTY, IOWASTATEMENT OF NET POSITIONPROPRIETARY FUNDJUNE 30, 2017Internal Service -
Employee Group
HealthCURRENT ASSETS:

Cash and cash equivalents

\$ 4,989,918

Receivables:

Accounts

442,892

Total assets

5,432,810CURRENT LIABILITIES:

Claims payable

1,013,733NET POSITION:

Unrestricted

\$ 4,419,077

See Notes to Financial Statements

JOHNSON COUNTY, IOWA

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2017

Internal Service -
Employee
Group Health

OPERATING REVENUES:

Reimbursements from operating funds	\$ 6,886,171
Reimbursements from employees and others	<u>1,036,454</u>
Total operating revenues	<u>7,922,625</u>

OPERATING EXPENSES:

Medical and health services	5,153,439
Accounting, auditing and clerical	1,550,041
Miscellaneous	<u>100</u>
Total operating expenses	<u>6,703,580</u>

Operating income	1,219,045
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NON-OPERATING REVENUES:

Interest income	<u>15,634</u>
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Net income	1,234,679
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<u>NET POSITION</u> - Beginning of year	<u>3,184,398</u>
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<u>NET POSITION</u> - End of year	\$ <u>4,419,077</u>
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See Notes to Financial Statements

JOHNSON COUNTY, IOWA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2017

Internal Service -
Employee Group
Health

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from operating fund reimbursements	\$ 6,602,183
Cash received from employees and others	1,036,454
Cash paid for administrative fees and miscellaneous	(1,528,601)
Cash paid for medical claims and insurance premiums	<u>(5,355,244)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 754,792

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest on investments	<u>15,634</u>
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NET INCREASE IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS 770,426

CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - Beginning of year 4,219,492

CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - End of year \$ 4,989,918

RECONCILIATION OF OPERATING INCOME TO NETCASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 1,219,045
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts receivable	(284,560)
Decrease in accounts payable	<u>(179,693)</u>

Net cash provided by operating activities \$ 754,792

JOHNSON COUNTY, IOWA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES-
AGENCY FUNDS
JUNE 30, 2017

ASSETS

Cash, cash equivalents and pooled investments:		
County Treasurer	\$	6,459,001
Other County officials		486,428
Receivables:		
Accounts receivable		96,809
Property tax:		
Delinquent		206,943
Succeeding year		228,055,155
Special Assessments		39,403
Due from other governments		100,948
Prepaid items		61,175
	TOTAL ASSETS	<u>235,505,862</u>

LIABILITIES

Accounts payable		355,394
Salaries and benefits payable		59,074
Compensated absences		127,680
Due to other governments		234,748,396
Trusts payable		215,318
	TOTAL LIABILITIES	<u>235,505,862</u>
	NET POSITION	\$ <u><u>-</u></u>

See Notes to Financial Statements

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Johnson County, Iowa 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, Johnson County, Iowa 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 the 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. The County has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

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

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

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

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

The County reports the following major governmental funds:

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

Special Revenue

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

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

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

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

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

Proprietary Fund

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds

Fiduciary 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. The County's agency funds consist of the following:

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Ag Extension, Schools, Community Colleges, Corporations, Townships and State Levies: To account for the property taxes collected by the County for the Districts.

City Special Assessments: To account for the special assessment taxes collected by the County on behalf of the corporations of Johnson County.

County Sheriff Agency Fund: To account for the funds received for court services performed by the Sheriff's department.

County Recorder, Motor Vehicle Fees and Use Tax: To account for fees and taxes collected by the county for the state.

Tax Sale Redemptions: To account for the tax sale proceeds collected by the County.

Precinct Atlas Consortium: To be the fiscal agent for the Precinct Atlas Consortium.

E911 Surcharge: To account for the collections of the continued operations of E911.

Emergency Management Services: To account for the funds held to on behalf of the Emergency Management Board.

Empowerment Board: To account for the funds held on behalf of the Empowerment Board.

County Assessor: To account for the funds held on behalf of the County Assessor Board.

City Assessor: To account for the funds held on behalf of the City Assessor Board.

County Auditor: To account for the fund activity in the County Auditor cash box.

Flood Control: To account for the fund activity of monies received to mitigate flood risks within the taxing districts.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary 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.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting(Continued)

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are

reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

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

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2016.

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 intangible assets 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. 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. Capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Intangibles	25,000
Other capital assets	5,000

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

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Buildings	15-40
Improvements other than buildings	10-40
Infrastructure	20-65
Intangibles	2-30
Furnishings and equipment	2-30

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary

fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2017, disbursements did not exceed the amounts budgeted.

F. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2017 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 insure 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 held no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 2: CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS (Continued)

Interest Rate Risk – The County’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit Risk – The County’s investment policy limits investment in commercial paper and other corporate debt to the top two highest classifications. The County did not invest in any commercial paper or other corporate debt during the year.

Concentration of Credit Risk – The County’s investment policy does not allow for a prime bankers acceptance or commercial paper and other corporate debt balances to be greater than 10% of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to 5% of its total deposits and investments. The County held no such investments during the year.

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County did not hold any such investments during the year.

NOTE 3: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

<u>Transfer To</u>	<u>Amount</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	\$ 5,747,266	General Fund Special Revenue: Rural Basic	\$ 1,188,543 <u>4,558,723</u> 5,747,266
		General Fund	9,091,294
Capital Projects	9,091,294	General Fund	806,732
Special Revenue: Conservation Trust	1,488,688	Capital Expenditures	681,956
General Basic	10,220,000	Debt Service	10,220,000
Debt Service	<u>20,000</u>	General Basic	<u>20,000</u>
	\$ <u>26,567,248</u>		\$ <u>26,567,248</u>

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

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 was as follows:

	<u>Balance Beginning of Year, as Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 15,626,331	\$ 391,167	\$ -	\$ 16,017,498
Intangible assets	197,926	324,965	-	522,891
Construction in progress	<u>16,196,889</u>		<u>15,414,110</u>	<u>12,427,632</u>
		<u>11,644,853</u>		
Total capital assets not being depreciated	<u>32,021,146</u>	<u>12,360,985</u>	<u>15,414,110</u>	<u>28,968,021</u>
Capital assets being depreciated:				
Buildings	43,512,649	3,328,596	182,660	46,658,585
Improvements other than buildings	1,344,163	-	-	1,344,163
Furnishings and equipment	16,849,871	2,520,995	911,582	18,459,284
Infrastructure	<u>88,086,049</u>	<u>11,776,560</u>	-	<u>99,862,609</u>
Total capital assets being depreciated	<u>149,792,732</u>	<u>17,626,151</u>	<u>1,094,242</u>	<u>166,324,641</u>
Less accumulated depreciation for:				
Buildings	13,775,133	1,354,492	151,735	14,977,890
Improvements other than buildings	157,183	50,620	-	207,803
Furnishings and equipment	12,262,820	1,132,351	911,582	12,483,589
Infrastructure	<u>37,797,536</u>	<u>2,541,386</u>	-	<u>40,338,922</u>
Total accumulated depreciation	<u>63,992,672</u>	<u>5,078,849</u>	<u>1,063,317</u>	<u>68,008,204</u>
Total capital assets being depreciated, net	<u>85,800,060</u>	<u>12,547,302</u>	<u>30,925</u>	<u>98,316,437</u>
Governmental activities capital assets, net	\$ <u>117,821,206</u>	\$ <u>24,908,287</u>	\$ <u>15,445,035</u>	\$ <u>127,284,458</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 694,443
Physical health and social services	447,713
Mental health	4,980
County environment and education	311,008
Roads and transportation	3,196,863
Governmental services to residents	17,510
Administration	402,471
Non-program	<u>3,861</u>
Total depreciation expense - governmental activities	\$ <u>5,078,849</u>

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 5: 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, 2017 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 275,738
Special Revenue:		
Rural Services	Services	2,076
Secondary Roads	Services	7,399
Mental Health	Services	55
Capital Projects	Services	<u>89,919</u>
Total for governmental funds		\$ <u>375,187</u>
Agency:		
County Assessor	Collections	\$ 1,627,702
City Assessor		1,145,107
Schools		105,154,894
Community Colleges		8,249,195
Corporations		111,836,421
Townships		1,021,738
E911 Surcharge		368,776
Auto License and Use Tax		3,284,729
Other		<u>2,059,834</u>
Total for agency funds		\$ <u>234,748,396</u>
Total		<u>235,128,583</u>

NOTE 6: LONG-TERM LIABILITIES

The County issues general obligation capital loan notes to provide funds for the acquisition, improvement, and construction of major capital facilities and for the purchase of technology and related equipment. General obligation capital loan notes have been issued for these types of governmental activities.

General obligation capital loan notes are direct obligations and pledge the full faith and credit of the County. These notes are generally issued as serial notes with varying amounts of principal maturing annually and with interest payable semi-annually. General obligation capital loan notes outstanding at June 30, 2017, are as follows:

General Obligation Notes

<u>Purpose</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding End of Year</u>
County Improvements	03/2009	06/2020	2.00% - 3.85%	\$ 4,100,000	\$ 1,315,000
County Improvements	03/2009	06/2021	3.00% - 4.00%	11,000,000	4,355,000
County Improvements	12/2015	06/2018	0.40% - 0.85%	6,300,000	2,100,000
County Improvements	12/2016	06/2019	0.65% - 1.00%	<u>4,800,000</u>	<u>3,200,000</u>
				\$ <u>26,200,000</u>	\$ <u>10,970,000</u>

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 6: LONG-TERM LIABILITIES(Continued)

A summary of the County's June 30, 2017 general obligation capital loan notes is as follows:

<u>Year Ending June 30,</u>	<u>General Obligation Capital Loan Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 5,130,000	\$ 269,658	\$ 5,399,658
2019	3,095,000	185,422	3,280,422
2020	1,575,000	109,110	1,684,110
2021	<u>1,170,000</u>	<u>46,800</u>	<u>1,216,800</u>
Total	\$ <u>10,970,000</u>	\$ <u>610,990</u>	\$ <u>11,580,990</u>

During the year ended June 30, 2017, the County retired \$6,520,000 and issued \$4,800,000 of general obligation capital loan notes.

A summary of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	<u>General Obligation Capital Loan Notes</u>	<u>Net Pension Liability</u>	<u>Net OPEB Liability</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance beginning of year	\$ 12,690,000	\$ 13,781,545	\$ 2,061,279	\$ 3,079,881	\$ 31,612,705
Increases	4,800,000	5,398,945	37,605	3,172,226	13,408,776
Decreases	<u>6,520,000</u>	<u>-</u>	<u>-</u>	<u>3,079,881</u>	<u>9,599,881</u>
Balance end of year	\$ <u>10,970,000</u>	\$ <u>19,180,490</u>	\$ <u>2,098,884</u>	\$ <u>3,172,226</u>	\$ <u>35,421,600</u>
Due within one year	\$ <u>5,130,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,172,226</u>	\$ <u>8,302,226</u>

NOTE 7: SHORT-TERM LIABILITIES

In December 2016, the County issued \$5,000,000 of General Obligation County Purpose Bonds, Series 2016A, and \$5,200,000 of General Obligation County Purpose Bonds, Series 2016B, both are short-term 120 day issues to acquire computer equipment and technology to be used in County buildings, and for various County building improvements and various County insurance programs. The Series 2016A was repaid on April 13, 2017 for \$5,008,174 and the Series 2016B was repaid on April 13, 2017 for \$5,208,501.

NOTE 8: 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 Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 8: PENSION PLAN (Continued)

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. Sheriff and deputy and protection occupation members may retire anytime after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff and deputy and protection occupation members' 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 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 that 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 that 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 that 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 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll for a total rate of 14.88%. The Sheriff, deputies and the County both contributed 9.63% of covered payroll for a total rate of 19.26%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2017 totaled \$2,627,326.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 8: PENSION PLAN (Continued)

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the County reported a liability of \$19,180,490 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the County's collective proportion was .3047756% which was an increase of .025824% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$2,616,608. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 152,370	\$ 468,148
Changes of assumptions	263,032	116,943
Net difference between projected and actual earnings on IPERS investments	3,836,177	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	205,508	59,473
County contributions subsequent to the measurement date	<u>2,627,326</u>	<u>-</u>
Total	\$ <u>7,084,413</u>	\$ <u>644,564</u>

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$2,627,326 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2018	\$ 360,809
2019	360,809
2020	1,959,596
2021	1,144,159
2022	<u>(12,849)</u>
	\$ <u>3,812,524</u>

There were no non-employer contributing entities at IPERS.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 8: PENSION PLAN (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core plus fixed income	28 %	1.90 %
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	<u>100</u> %	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that 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 of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 8: PENSION PLAN (Continued)

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

	1% Decrease <u>(6.50%)</u>	Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
County's proportionate share of the net pension liability	\$ 35,137,143	\$ 19,180,490	\$ 5,730,335

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, 2017.

NOTE 9: RISK MANAGEMENT

Johnson County, Iowa is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 753 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2017 were \$518,661.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 9: RISK MANAGEMENT (Continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2017, no liability has been recorded in the County's financial statements. As of June 30, 2017, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10: EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. Health benefits were self-insured up to a specific stop loss limitation of \$50,000 and an aggregate annual stop-loss amount of approximately \$7,905,499 for fiscal year 2017. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop-loss amount.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2017 was \$6,886,171.

Amounts payable from the Employee Group Health Fund at June 30, 2017 total \$1,013,733 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$4,419,077 at June 30, 2017 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 10: EMPLOYEE HEALTH INSURANCE PLAN (Continued)

A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 997,174
Incurred claims (including claims incurred but not reported at June 30, 2016)	5,153,439
Payments:	
Payment on claims during the fiscal year	<u>(5,136,880)</u>
Unpaid claims end of year	\$ <u>1,013,733</u>

NOTE 11: CONDUIT DEBT OBLIGATIONS

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2017, there was one issue of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$270,007.

NOTE 12: CONSTRUCTION COMMITMENTS

The County has entered into seven contracts totaling \$13,678,431 for building, road and other construction projects. As of June 30, 2017, costs of \$9,552,894 on the projects have been incurred. The balance remaining on the projects at June 30, 2017, \$4,125,537 will be paid as work on the projects progress.

NOTE 13: LITIGATION

The County Attorney reported that as of June 30, 2017, various claims and lawsuits were on file against the County. The probability of loss, if any, is undeterminable. In most cases, any losses as a result of these claims and lawsuits would be covered by the County's insurance policies, less their deductible.

NOTE 14: NOTES RECEIVABLE

The County entered into an agreement with the City of Shueyville to assist in the resurfacing of 120th street. The agreement dated July 15, 2014, has a total repayment amount of \$1,600,000. Currently the City of Shueyville is scheduled to repay the County \$250,000 during fiscal year 2018, with a final payment in fiscal year 2019 of \$150,000.

NOTE 15: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 445 active and 33 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits, are provided through a partially self-funded medical plan administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 15: OTHER POSTEMPLOYMENT BENEFITS (OPEB)(Continued)

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

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

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 136,276
Interest on net OPEB obligation	92,758
Adjustment to annual required contribution	<u>(126,544)</u>
Annual OPEB cost	102,490
Contributions made	<u>(64,885)</u>
Increase in net OPEB obligation	37,605
Net OPEB obligation beginning of year	<u>2,061,279</u>
Net OPEB obligation end of year	\$ <u>2,098,884</u>

For calculation of the net OPEB obligation, the actuary has set the transition date as of July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

For the year ended June 30, 2017, the County contributed \$64,885 to the medical plan. Plan members eligible for benefits contributed \$237,971 or 78.6% of the premium costs.

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

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 197,512	44.57 %	\$ 1,952,060
June 30, 2016	200,878	45.63	2,061,279
June 30, 2017	102,490	63.28	2,098,884

Funded Status and Funding Progress – As of April 1, 2017, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$1,479,180, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,479,180. The covered payroll (annual payroll of active employees covered by the plan) was \$25,991,647 and the ratio of the UAAL to covered payroll was 5.70%. As of June 30, 2017, there were no trust assets.

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

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 15: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

As of the April 1, 2017 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 5.0%. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RR2014 scale MP-2016, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the Actuary's Pension Handbook and applying the termination factors used in Scale T-7.

Projected claim costs of the medical plan are \$584 per month for retirees and \$1,619 per month for retirees electing family coverage. The salary increase rate was assumed to be 3.00% per year. The UAAL is being amortized as a level dollar percentage of projected payroll expense on an open basis over 30 years.

NOTE 16: TAX ABATEMENTS

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

COUNTY TAX ABATEMENTS

The County provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the County enters into agreements with developers which require the County, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers as economic development grantor to pay the developers a predetermined dollar amount. No other commitments were made by the County as part of these agreements.

For the year ended June 30, 2017, the County did not abate any property tax under the urban renewal and economic development projects.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 16: TAX ABATEMENTS (Continued)

TAX ABATEMENTS OF OTHER ENTITIES

Property tax revenues of the County were reduced by the following amount for the year ended June 30, 2017 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Tiffin	Urban renewal and economic development projects	\$ 1,420
City of Solon	Urban renewal and economic development projects	10,364
	Urban revitalization tax abatement	205
City of Coralville	Urban renewal and economic development projects	282,986
City of Lone Tree	Urban renewal and economic development projects	9,530
City of North Liberty	Urban renewal and economic development projects	172,496
City of Oxford	Urban renewal and economic development projects	13,093

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 17: EARLY CHILDHOOD IOWA AREA BOARD

Johnson County, Iowa is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as an Agency Fund (Empowerment Board) because of the County's fiduciary relationship with the organization. The Area Board's financial data is for the year ended June 30, 2017 is as follows:

	<u>Early Childhood Iowa Area Board</u>			
	<u>Early Childhood State</u>	<u>School Ready Fund</u>	<u>Other</u>	<u>Total</u>
Additions:				
State grants:				
Early childhood	\$ 228,865	\$ -	\$ -	\$ 228,865
Family support & parent education	-	388,270	-	388,270
Preschool support for low-income families	-	144,942	-	144,942
Quality improvement	-	60,121	-	60,121
Allocation for administration	12,046	20,430	-	32,476
Other program services	-	42,155	7,010	49,165
Total State of Iowa grants	<u>240,911</u>	<u>655,918</u>	<u>7,010</u>	<u>903,839</u>
Interest	366	871	-	1,237
Total additions	<u>241,277</u>	<u>656,789</u>	<u>7,010</u>	<u>905,076</u>
Deductions:				
Program services:				
Early childhood	246,380	-	-	246,380
Family support & parent education	-	316,638	-	316,638
Preschool support for low-income families	-	190,674	-	190,674
Quality improvement	-	60,121	-	60,121
Other program services	-	44,470	6,144	50,614
Total program services	<u>246,380</u>	<u>611,903</u>	<u>6,144</u>	<u>864,427</u>
Administration	8,556	19,864	-	28,420
Total deductions	<u>254,936</u>	<u>631,767</u>	<u>6,144</u>	<u>892,847</u>
Net change	(13,659)	25,022	866	12,229
Balances – beginning of year	<u>34,699</u>	<u>96,696</u>	<u>234</u>	<u>131,629</u>
Balances – end of year	\$ <u>21,040</u>	\$ <u>121,718</u>	\$ <u>1,100</u>	\$ <u>143,858</u>

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 18: JOHNSON COUNTY, IOWA FINANCIAL INFORMATION INCLUDED IN THE EAST CENTRAL REGION

The East Central Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which was signed by the County October 13, 2013, includes the following member counties: Benton, Bremer, Buchanan, Delaware, Dubuque, Iowa, Linn, Jones, and Johnson County, Iowa. The financial activity of Johnson County, Iowa's Special Revenue, Mental Health Fund is included in the East Central Region for the year ended June 30, 2017 as follows:

Revenues:		
Property and other county tax	\$	3,035,820
Intergovernmental revenues:		
State tax credits	\$	197,146
Other intergovernmental revenues	<u>808,952</u>	1,006,098
Miscellaneous		<u>5,906</u>
Total revenues		<u>4,047,824</u>
Expenditures:		
Services to persons with:		
Mental illness	428,649	
Intellectual disability	37,932	
Other developmental disabilities	<u>54,190</u>	520,771
General administration:		
Direct administration	316,668	
Distribution to regional fiscal agent	<u>4,571,683</u>	<u>4,888,351</u>
Total expenditures		<u>5,409,122</u>
Deficiency of revenues under expenditures		(1,361,298)
Other financing sources:		
Sale of capital assets		<u>80</u>
Change in fund balance		(1,361,218)
Fund balance - Beginning of the year		<u>3,689,519</u>
Fund balance - End of the year		<u>\$2,328,301</u>

NOTE 19: RESTATEMENT

During the year ended June 30, 2017, it was determined that some of the additions to construction in progress, furnishings and equipment, and accumulated depreciation had not been properly recorded for the year ended June 30, 2016:

	Governmental Activities
Government Wide net position June 30, 2016, as previously reported	\$130,856,579
Adjustments to construction in progress	(115,797)
Adjustments to land	288,625
Adjustments to furnishings & equipment	245
Adjustments to accumulated depreciation	<u>40,280</u>
Government Wide net position June 30, 2016, as restated	<u>\$131,069,932</u>

Net Position of the Governmental Activities increased by \$213,353 as a result of the capital asset adjustments. No Adjustments were made to the fund balances.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 20: NEW ACCOUNTING PRONOUNCEMENT

The County adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about the County's tax abatements and tax abatements of other entities which impact the County.

NOTE 21: PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's other postemployment benefits.

NOTE 22: SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 23, 2018, the date the financial statements were available to be issued.

In December 2017, the County issued \$8,162,000 of General Obligation County Purpose Bonds Series 2017A (Taxable) and \$2,800,000 of General Obligation County Purpose Bonds Series 2017B. Both are short term bonds with a maturity of April 16, 2018. Also in December 2017, the County issued \$7,200,000 of General Obligation County Purpose Bonds, Series 2017C. These bonds will mature during the next 3 fiscal years. The bonds will help fund improvements to County buildings, computer equipment, software and various other projects for the construction, reconstruction, improvement and repair of infrastructure, clean up following a disaster, vehicles for the County sheriff and emergency services, land purchase and engineering costs for various County projects.

REQUIRED SUPPLEMENTARY INFORMATION

JOHNSON COUNTY, IOWA

BUDGETARY COMPARISON STATEMENT OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017

	Governmental		Final to	
	Fund Types	Budgeted Amounts		Actual
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	<u>Variance</u>
RECEIPTS:				
Property and other County tax	\$ 53,485,400	\$ 53,418,147	\$ 53,418,147	\$ 67,253
Interest and penalty on property tax	324,004	329,000	329,000	(4,996)
Intergovernmental	20,129,237	20,128,213	20,312,937	(183,700)
Licenses and permits	692,860	700,925	710,925	(18,065)
Charges for service	4,991,576	4,323,487	4,349,787	641,789
Use of money and property	415,919	239,704	253,704	162,215
Miscellaneous	998,782	2,811,978	2,996,978	(1,998,196)
Total receipts	<u>81,037,778</u>	<u>81,951,454</u>	<u>82,371,478</u>	<u>(1,333,700)</u>
DISBURSEMENTS:				
Public safety and legal services	21,661,805	23,615,540	23,770,334	2,108,529
Physical health and social services	9,483,296	10,256,294	10,546,002	1,062,706
Mental health	7,355,898	8,489,374	8,461,433	1,105,535
County environment and education	4,829,270	5,000,280	5,038,686	209,416
Roads and transportation	9,598,853	9,567,031	9,743,229	144,376
Governmental services to residents	2,432,236	2,777,889	2,819,605	387,369
Administration	7,806,882	9,080,432	9,058,608	1,251,726
Non-program	2,869	4,500	4,500	1,631
Debt service	17,063,236	17,107,388	17,107,388	44,152
Capital projects	15,526,960	16,570,205	25,775,586	10,248,626
Total disbursements	<u>95,761,305</u>	<u>102,468,933</u>	<u>112,325,371</u>	<u>16,564,066</u>
Excess (deficiency) of receipts over (under) disbursements	(14,723,527)	(20,517,479)	(29,953,893)	15,230,366
Other financing sources, net	<u>15,085,016</u>	<u>15,209,500</u>	<u>15,209,500</u>	<u>(124,484)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	361,489	(5,307,979)	(14,744,393)	15,105,882
BALANCE - Beginning of year	<u>40,049,847</u>	<u>27,859,318</u>	<u>40,038,006</u>	<u>11,841</u>
BALANCE - End of year	\$ <u>40,411,336</u>	\$ <u>22,551,339</u>	\$ <u>25,293,613</u>	\$ <u>15,117,723</u>

JOHNSON COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE - BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017

	Governmental Funds		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 81,037,778	\$ 509,038	\$ 81,546,816
Expenditures	<u>95,761,305</u>	<u>(8,675,204)</u>	<u>87,125,084</u>
Net	(14,723,527)	9,184,242	(5,578,268)
Other financing sources, net	15,085,016	(10,200,000)	4,885,016
Beginning fund balances	<u>40,049,847</u>	<u>87,765</u>	<u>40,137,612</u>
Ending fund balances	\$ <u>40,411,336</u>	\$ <u>(927,993)</u>	\$ <u>39,444,360</u>

JOHNSON COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2017

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund 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, two budget amendments increased budgeted disbursements by \$9,856,438. 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 E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2017, disbursements did not exceed the amounts budgeted.

JOHNSON COUNTY, IOWA

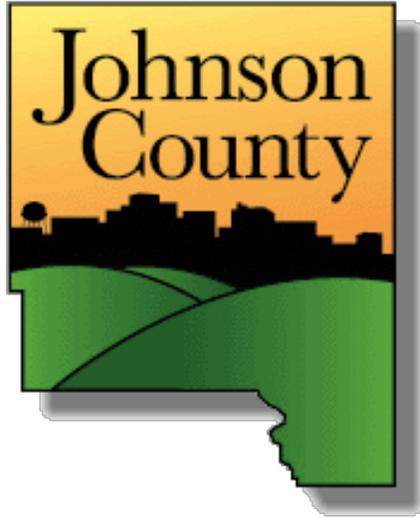
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST THREE FISCAL YEARS*

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's collective proportion of the net pension liability	0.3048 %	0.279 %	0.257 %
County's collective proportionate share of the net pension liability	\$ 19,180,490	\$ 13,781,545	\$ 10,195,102
County's covered payroll	\$ 27,523,506	\$ 26,348,638	\$ 25,531,199
County's collective proportionate share of the net pension liability as a percentage of its covered payroll	69.69 %	52.30 %	39.93 %
IPERS' net position as a percentage of the total pension liability	81.82 %	85.19 %	87.61 %

* In accordance with GASB 68, the amounts presented for each fiscal year were determined as of June 30 of the preceeding fiscal year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is



JOHNSON COUNTY, IOWA

SCHEDULE OF COUNTY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 2,627,326	\$ 2,531,417	\$ 2,432,140
Contributions in relation to the statutorily required contribution	<u>(2,627,326)</u>	<u>(2,531,417)</u>	<u>(2,432,140)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
County's covered payroll	\$ 28,708,219	\$ 27,523,506	\$ 26,348,638
Contributions as a percentage of covered payroll	9.15 %	9.20 %	9.23 %

See Accompanying Independent Auditor's Report

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 2,356,804	\$ 2,235,527	\$ 2,141,091	\$ 1,780,910	\$ 1,615,053	\$ 1,534,007	\$ 1,320,757
<u>(2,356,804)</u>	<u>(2,235,527)</u>	<u>(2,141,091)</u>	<u>(1,780,910)</u>	<u>(1,615,053)</u>	<u>(1,534,007)</u>	<u>(1,320,757)</u>
\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
\$ 25,531,199	\$ 24,678,980	\$ 24,938,736	\$ 23,381,703	\$ 22,869,595	\$ 21,665,183	\$ 18,845,611
9.23 %	9.06 %	8.59 %	7.62 %	7.06 %	7.08 %	7.01 %

JOHNSON COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

YEAR ENDED JUNE 30, 2017

Changes of benefit terms:

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

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

Changes of assumptions:

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

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

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

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

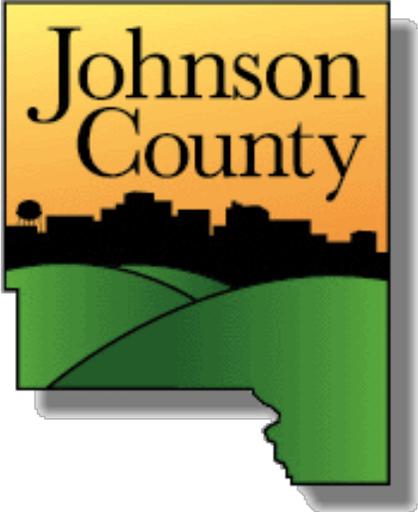
JOHNSON COUNTY, IOWA

SCHEDULE OF FUNDING PROGRESS FOR
THE RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2009	July 1, 2008	\$ <u>-</u>	\$ <u>7,697,775</u>	\$ <u>7,697,775</u>	0.00%	\$ <u>19,902,352</u>	38.70%
2010	July 1, 2008	\$ <u>-</u>	\$ <u>7,697,775</u>	\$ <u>7,697,775</u>	0.00%	\$ <u>21,279,121</u>	36.18%
2011	July 1, 2010	\$ <u>-</u>	\$ <u>4,216,188</u>	\$ <u>4,216,188</u>	0.00%	\$ <u>21,084,632</u>	20.00%
2012	July 1, 2010	\$ <u>-</u>	\$ <u>4,216,188</u>	\$ <u>4,216,188</u>	0.00%	\$ <u>21,769,883</u>	19.37%
2013	July 1, 2012	\$ <u>-</u>	\$ <u>2,248,620</u>	\$ <u>2,248,620</u>	0.00%	\$ <u>22,583,570</u>	9.96%
2014	July 1, 2012	\$ <u>-</u>	\$ <u>2,248,620</u>	\$ <u>2,248,620</u>	0.00%	\$ <u>23,317,536</u>	9.64%
2015	July 1, 2014	\$ <u>-</u>	\$ <u>2,249,340</u>	\$ <u>2,249,340</u>	0.00%	\$ <u>23,682,012</u>	9.50%
2016	July 1, 2014	\$ <u>-</u>	\$ <u>2,249,340</u>	\$ <u>2,249,340</u>	0.00%	\$ <u>24,392,472</u>	9.22%
2017	April 1, 2017	\$ <u>-</u>	\$ <u>1,479,180</u>	\$ <u>1,479,180</u>	0.00%	\$ <u>25,991,647</u>	5.69%

See Note 15 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.



SUPPLEMENTARY INFORMATION

JOHNSON COUNTY, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Law Enforcement <u>Proceeds</u>	Prosecutor Forfeiture <u>Proceeds</u>	Special Resource <u>Enhancement</u>
<u>ASSETS</u>			
Cash, cash equivalents and pooled investments	\$ 57,622	\$ 47,497	\$ 354,551
Receivables:			
Accounts	-	-	-
Prepaid items	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>57,622</u>	\$ <u>47,497</u>	\$ <u>354,551</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES:</u>			
Nonspendable	-	-	-
Restricted for:			
Other purposes	<u>57,622</u>	<u>47,497</u>	<u>354,551</u>
TOTAL FUND BALANCES	<u>57,622</u>	<u>47,497</u>	<u>354,551</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>57,622</u>	\$ <u>47,497</u>	\$ <u>354,551</u>

See Accompanying Independent Auditor's Report

Road Construction <u>Escrow</u>	Recorder's Records <u>Management</u>	Conservation <u>Trust</u>	<u>Total</u>
\$ 5,660	\$ 139,470	\$ 1,082,006	\$ 1,686,806
-	3,287	200	3,487
<u>-</u>	<u>101</u>	<u>-</u>	<u>101</u>
\$ <u>5,660</u>	\$ <u>142,858</u>	\$ <u>1,082,206</u>	\$ <u>1,690,394</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>29,817</u>	\$ <u>29,817</u>
<u>-</u>	<u>-</u>	<u>29,817</u>	<u>29,817</u>
-	101	-	101
<u>5,660</u>	<u>142,757</u>	<u>1,052,389</u>	<u>1,660,476</u>
<u>5,660</u>	<u>142,858</u>	<u>1,052,389</u>	<u>1,660,577</u>
\$ <u>5,660</u>	\$ <u>142,858</u>	\$ <u>1,082,206</u>	\$ <u>1,690,394</u>

JOHNSON COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Law Enforcement <u>Proceeds</u>	Prosecutor Forfeiture <u>Proceeds</u>	Special Resource <u>Enhancement</u>
<u>REVENUES:</u>			
Intergovernmental	\$ 9,412	\$ -	\$ 51,826
Charges for service	-	-	-
Use of money and property	171	-	1,211
Miscellaneous	<u>1,000</u>	<u>5,937</u>	<u>-</u>
Total revenues	<u>10,583</u>	<u>5,937</u>	<u>53,037</u>
<u>EXPENDITURES:</u>			
Operating:			
Public safety and legal services	28,957	4,290	-
Governmental services to residents	-	-	-
Capital projects	<u>-</u>	<u>-</u>	<u>69,495</u>
Total expenditures	<u>28,957</u>	<u>4,290</u>	<u>69,495</u>
Excess (deficiency) of revenues over (under) expenditures	(18,374)	1,647	(16,458)
Other financing sources:			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(18,374)	1,647	(16,458)
<u>FUND BALANCES</u> - Beginning of year	<u>75,996</u>	<u>45,850</u>	<u>371,009</u>
<u>FUND BALANCES</u> - End of year	\$ <u><u>57,622</u></u>	\$ <u><u>47,497</u></u>	\$ <u><u>354,551</u></u>

Road Construction <u>Escrow</u>	Recorder's Records <u>Management</u>	Conservation <u>Trust</u>	<u>Total</u>
\$ -	\$ -	\$ 242,124	\$ 303,362
-	29,896	-	29,896
-	417	20,693	22,492
-	-	12,089	19,026
<u>-</u>	<u>30,313</u>	<u>274,906</u>	<u>374,776</u>
-	-	-	33,247
-	4,233	-	4,233
-	-	975,726	1,045,221
<u>-</u>	<u>4,233</u>	<u>975,726</u>	<u>1,082,701</u>
-	26,080	(700,820)	(707,925)
-	-	1,488,688	1,488,688
-	26,080	787,868	780,763
<u>5,660</u>	<u>116,778</u>	<u>264,521</u>	<u>879,814</u>
\$ <u>5,660</u>	\$ <u>142,858</u>	\$ <u>1,052,389</u>	\$ <u>1,660,577</u>



JOHNSON COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>COUNTY AUDITOR:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
Other County Officials	\$ 3,959	\$ 69,866	\$ (71,299)	\$ 2,526
Receivables:				
Accounts Receivable	<u>-</u>	<u>48</u>	<u>-</u>	<u>48</u>
Total Assets	\$ <u>3,959</u>	\$ <u>69,914</u>	\$ <u>(71,299)</u>	\$ <u>2,574</u>
<u>LIABILITIES</u>				
Liabilities, Due to Other Governments	\$ <u>3,959</u>	\$ <u>2,574</u>	\$ <u>(3,959)</u>	\$ <u>2,574</u>
<u>COUNTY RECORDER:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
Other County Officials	\$ 214,830	\$ 2,826,365	\$ (2,851,000)	\$ 190,195
Receivables:				
Accounts Receivable	<u>47,415</u>	<u>21,594</u>	<u>(47,415)</u>	<u>21,594</u>
Total Assets	\$ <u>262,245</u>	\$ <u>2,847,959</u>	\$ <u>(2,898,415)</u>	\$ <u>211,789</u>
<u>LIABILITIES</u>				
Liabilities, Due to Other Governments	\$ <u>262,245</u>	\$ <u>211,789</u>	\$ <u>(262,245)</u>	\$ <u>211,789</u>
<u>COUNTY SHERIFF:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
Other County Officials	\$ <u>305,809</u>	\$ <u>4,801,095</u>	\$ <u>(4,813,197)</u>	\$ <u>293,707</u>
Total Assets	\$ <u>305,809</u>	\$ <u>4,801,095</u>	\$ <u>(4,813,197)</u>	\$ <u>293,707</u>
<u>LIABILITIES</u>				
Due to Other Governments	\$ 144,859	\$ 354,014	\$ (464,187)	\$ 34,686
Trusts Payable	<u>160,950</u>	<u>4,447,081</u>	<u>(4,349,010)</u>	<u>259,021</u>
Total Liabilities	\$ <u>305,809</u>	\$ <u>4,801,095</u>	\$ <u>(4,813,197)</u>	\$ <u>293,707</u>

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JOHNSON COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>AGRICULTURAL EXTENSION:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 2,103	\$ 564,520	\$ (564,682)	\$ 1,941
Receivables:				
Property Tax:				
Delinquent	625	670	(625)	670
Succeeding Year	<u>521,263</u>	<u>533,547</u>	<u>(521,263)</u>	<u>533,547</u>
Total Assets	\$ <u>523,991</u>	\$ <u>1,098,737</u>	\$ <u>(1,086,570)</u>	\$ <u>536,158</u>
<u>LIABILITIES</u>				
Liabilities, Due to Other Governments	\$ <u>523,991</u>	\$ <u>536,158</u>	\$ <u>(523,991)</u>	\$ <u>536,158</u>
<u>COUNTY ASSESSOR:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 588,830	\$ 1,118,837	\$ (1,172,045)	\$ 535,622
Receivables:				
Property Tax:				
Delinquent	2,049	1,852	(2,049)	1,852
Succeeding Year	1,031,668	1,173,132	(1,031,668)	1,173,132
Prepaid Items	<u>12,511</u>	<u>7,229</u>	<u>(12,511)</u>	<u>7,229</u>
Total Assets	\$ <u>1,635,058</u>	\$ <u>2,301,050</u>	\$ <u>(2,218,273)</u>	\$ <u>1,717,835</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 2,869	\$ 7,376	\$ (2,869)	\$ 7,376
Salaries and Benefits Payable	26,448	30,320	(26,448)	30,320
Compensated Absences	40,510	52,437	(40,510)	52,437
Due to Other Governments	<u>1,565,231</u>	<u>1,627,702</u>	<u>(1,565,231)</u>	<u>1,627,702</u>
Total Liabilities	\$ <u>1,635,058</u>	\$ <u>1,717,835</u>	\$ <u>(1,635,058)</u>	\$ <u>1,717,835</u>
<u>CITY ASSESSOR:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 395,693	\$ 838,858	\$ (827,727)	\$ 406,824
Receivables:				
Property Tax:				
Delinquent	465	562	(465)	562
Succeeding Year	775,770	830,622	(775,770)	830,622
Prepaid Items	<u>8,237</u>	<u>4,338</u>	<u>(8,237)</u>	<u>4,338</u>
Total Assets	\$ <u>1,180,165</u>	\$ <u>1,674,380</u>	\$ <u>(1,612,199)</u>	\$ <u>1,242,346</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 7,020	\$ 6,038	\$ (7,020)	\$ 6,038
Salaries and Benefits Payable	19,530	22,715	(19,530)	22,715
Compensated Absences	64,035	68,486	(64,035)	68,486
Due to Other Governments	<u>1,089,580</u>	<u>1,145,107</u>	<u>(1,089,580)</u>	<u>1,145,107</u>
Total Liabilities	\$ <u>1,180,165</u>	\$ <u>1,242,346</u>	\$ <u>(1,180,165)</u>	\$ <u>1,242,346</u>

See Accompanying Independent Auditor's Report

JOHNSON COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>EMERGENCY MANAGEMENT:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 93,219	\$ 3,883,796	\$ (3,790,038)	\$ 186,977
Receivables:				
Accounts Receivable	48	717	(48)	717
Due From Other Governments	49,259	7,886	(49,259)	7,886
Prepaid Items	<u>14,550</u>	<u>10,058</u>	<u>(14,550)</u>	<u>10,058</u>
Total Assets	\$ <u>157,076</u>	\$ <u>3,902,457</u>	\$ <u>(3,853,895)</u>	\$ <u>205,638</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 28,657	\$ 38,053	\$ (28,657)	\$ 38,053
Salaries and Benefits Payable	5,541	6,039	(5,541)	6,039
Compensated Absences	11,999	6,757	(11,999)	6,757
Due to Other Governments	<u>110,879</u>	<u>154,789</u>	<u>(110,879)</u>	<u>154,789</u>
Total Liabilities	\$ <u>157,076</u>	\$ <u>205,638</u>	\$ <u>(157,076)</u>	\$ <u>205,638</u>
<u>STATE LEVIES:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 85	\$ 217,380	\$ (217,383)	\$ 82
Receivables:				
Property Tax:				
Delinquent	25	28	(25)	28
Succeeding Year	<u>215,545</u>	<u>266,298</u>	<u>(215,545)</u>	<u>266,298</u>
Total Assets	\$ <u>215,655</u>	\$ <u>483,706</u>	\$ <u>(432,953)</u>	\$ <u>266,408</u>
<u>LIABILITIES</u>				
Liabilities, Due to Other Governments	\$ <u>215,655</u>	\$ <u>266,408</u>	\$ <u>(215,655)</u>	\$ <u>266,408</u>
<u>SCHOOLS:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 388,838	\$ 107,764,038	\$ (107,770,989)	\$ 381,887
Receivables:				
Property Tax:				
Delinquent	108,049	122,722	(108,049)	122,722
Succeeding Year	<u>99,525,988</u>	<u>104,650,285</u>	<u>(99,525,988)</u>	<u>104,650,285</u>
Total Assets	\$ <u>100,022,875</u>	\$ <u>212,537,045</u>	\$ <u>(207,405,026)</u>	\$ <u>105,154,894</u>
<u>LIABILITIES</u>				
Liabilities, Due to Other Governments	\$ <u>100,022,875</u>	\$ <u>105,154,894</u>	\$ <u>(100,022,875)</u>	\$ <u>105,154,894</u>

See Accompanying Independent Auditor's Report

JOHNSON COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>COMMUNITY COLLEGES:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 28,729	\$ 8,052,328	\$ (8,053,079)	\$ 27,978
Receivables:				
Property Tax:				
Delinquent	8,153	9,309	(8,153)	9,309
Succeeding Year	<u>7,439,408</u>	<u>8,211,908</u>	<u>(7,439,408)</u>	<u>8,211,908</u>
Total Assets	\$ <u>7,476,290</u>	\$ <u>16,273,545</u>	\$ <u>(15,500,640)</u>	\$ <u>8,249,195</u>
<u>LIABILITIES</u>				
Liabilities, Due to Other Governments	\$ <u>7,476,290</u>	\$ <u>8,249,195</u>	\$ <u>(7,476,290)</u>	\$ <u>8,249,195</u>
<u>CORPORATIONS:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 413,196	\$ 115,364,368	\$ (115,385,531)	\$ 392,033
Receivables:				
Property Tax:				
Delinquent	60,444	70,186	(60,444)	70,186
Succeeding Year	<u>106,840,530</u>	<u>111,374,202</u>	<u>(106,840,530)</u>	<u>111,374,202</u>
Total Assets	\$ <u>107,314,170</u>	\$ <u>226,808,756</u>	\$ <u>(222,286,505)</u>	\$ <u>111,836,421</u>
<u>LIABILITIES</u>				
Liabilities, Due to Other Governments	\$ <u>107,314,170</u>	\$ <u>111,836,421</u>	\$ <u>(107,314,170)</u>	\$ <u>111,836,421</u>
<u>TOWNSHIPS:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 4,036	\$ 1,006,303	\$ (1,005,376)	\$ 4,963
Receivables:				
Property Tax:				
Delinquent	1,498	1,614	(1,498)	1,614
Succeeding Year	<u>945,286</u>	<u>1,015,161</u>	<u>(945,286)</u>	<u>1,015,161</u>
Total Assets	\$ <u>950,820</u>	\$ <u>2,023,078</u>	\$ <u>(1,952,160)</u>	\$ <u>1,021,738</u>
<u>LIABILITIES</u>				
Liabilities, Due to Other Governments	\$ <u>950,820</u>	\$ <u>1,021,738</u>	\$ <u>(950,820)</u>	\$ <u>1,021,738</u>

See Accompanying Independent Auditor's Report

JOHNSON COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>CITY SPECIAL ASSESSMENTS:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 12,330	\$ 58,245	\$ (57,123)	\$ 13,452
Receivables:				
Accounts	198	1,916	(198)	1,916
Special Assessments	<u>42,708</u>	<u>39,403</u>	<u>(42,708)</u>	<u>39,403</u>
Total Assets	\$ <u>55,236</u>	\$ <u>99,564</u>	\$ <u>(100,029)</u>	\$ <u>54,771</u>
<u>LIABILITIES</u>				
Trusts Payable	\$ <u>55,236</u>	\$ <u>54,771</u>	\$ <u>(55,236)</u>	\$ <u>54,771</u>
Total Liabilities	\$ <u>55,236</u>	\$ <u>54,771</u>	\$ <u>(55,236)</u>	\$ <u>54,771</u>
<u>E911 SURCHARGE:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 98,522	\$ 847,810	\$ (777,775)	\$ 168,557
Receivables:				
Accounts Receivable	76,037	72,534	(76,037)	72,534
Due from Other Governments	180,169	93,062	(180,169)	93,062
Prepaid Items	<u>30,434</u>	<u>39,550</u>	<u>(30,434)</u>	<u>39,550</u>
Total Assets	\$ <u>385,162</u>	\$ <u>1,052,956</u>	\$ <u>(1,064,415)</u>	\$ <u>373,703</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 101,974	\$ 4,927	\$ (101,974)	\$ 4,927
Due to Other Governments	<u>283,188</u>	<u>368,776</u>	<u>(283,188)</u>	<u>368,776</u>
Total Liabilities	\$ <u>385,162</u>	\$ <u>373,703</u>	\$ <u>(385,162)</u>	\$ <u>373,703</u>
<u>AUTO, LICENSE AND USE TAX:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ <u>3,136,838</u>	\$ <u>37,547,273</u>	\$ <u>(37,399,382)</u>	\$ <u>3,284,729</u>
Total Assets	\$ <u>3,136,838</u>	\$ <u>37,547,273</u>	\$ <u>(37,399,382)</u>	\$ <u>3,284,729</u>
<u>LIABILITIES</u>				
Liabilities, Due to Other Governments	\$ <u>3,136,838</u>	\$ <u>3,284,729</u>	\$ <u>(3,136,838)</u>	\$ <u>3,284,729</u>

See Accompanying Independent Auditor's Report

JOHNSON COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>PRECINCT ATLAS CONSORTIUM:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 95,590	\$ 440,851	\$ (287,794)	\$ 248,647
Due from Other Governments	<u>10,756</u>	<u>-</u>	<u>(10,756)</u>	<u>-</u>
Total Assets	\$ <u>106,346</u>	\$ <u>440,851</u>	\$ <u>(298,550)</u>	\$ <u>248,647</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 10,588	\$ 248,647	\$ (10,588)	\$ 248,647
Due to Other Governments	<u>95,758</u>	<u>-</u>	<u>(95,758)</u>	<u>-</u>
Total Liabilities	\$ <u>106,346</u>	\$ <u>248,647</u>	\$ <u>(106,346)</u>	\$ <u>248,647</u>
<u>EMPOWERMENT BOARD:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 201,217	\$ 901,067	\$ (879,630)	\$ 222,654
Receivables:				
Accounts Receivable	1,012	-	(1,012)	-
Prepaid Items	1,069	-	(1,069)	-
Due From Other Governments	<u>11,916</u>	<u>-</u>	<u>(11,916)</u>	<u>-</u>
Total Assets	\$ <u>215,214</u>	\$ <u>901,067</u>	\$ <u>(893,627)</u>	\$ <u>222,654</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 47,972	\$ 50,353	\$ (47,972)	\$ 50,353
Due to Other Governments	<u>167,242</u>	<u>172,301</u>	<u>(167,242)</u>	<u>172,301</u>
Total Liabilities	\$ <u>215,214</u>	\$ <u>222,654</u>	\$ <u>(215,214)</u>	\$ <u>222,654</u>
<u>TAX SALES:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ <u>201,356</u>	\$ <u>1,551,595</u>	\$ <u>(1,170,296)</u>	\$ <u>582,655</u>
Total Assets	\$ <u>201,356</u>	\$ <u>1,551,595</u>	\$ <u>(1,170,296)</u>	\$ <u>582,655</u>
<u>LIABILITIES</u>				
Due to Other Governments	\$ <u>201,356</u>	\$ <u>582,655</u>	\$ <u>(201,356)</u>	\$ <u>582,655</u>
Total Liabilities	\$ <u>201,356</u>	\$ <u>582,655</u>	\$ <u>(201,356)</u>	\$ <u>582,655</u>

See Accompanying Independent Auditor's Report

JOHNSON COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>TOTAL COMBINED FUNDS:</u>				
<u>ASSETS</u>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 5,660,582	\$ 280,157,269	\$ (279,358,850)	\$ 6,459,001
Other County Officials	524,598	7,697,326	(7,735,496)	486,428
Receivables:				
Property Tax:				
Delinquent	181,308	206,943	(181,308)	206,943
Succeeding Year	217,295,458	228,055,155	(217,295,458)	228,055,155
Accounts Receivable	124,710	96,809	(124,710)	96,809
Special Assessments	42,708	39,403	(42,708)	39,403
Due from Other Governments	252,100	100,948	(252,100)	100,948
Prepaid items	<u>66,801</u>	<u>61,175</u>	<u>(66,801)</u>	<u>61,175</u>
Total Assets	\$ <u>224,148,265</u>	\$ <u>516,415,028</u>	\$ <u>(505,057,431)</u>	\$ <u>235,505,862</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 203,039	\$ 355,394	\$ (203,039)	\$ 355,394
Salaries and Benefits Payable	51,519	59,074	(51,519)	59,074
Due to Other Governments	223,560,977	234,748,396	(223,560,977)	234,748,396
Trust Payable	216,186	215,318	(216,186)	215,318
Compensated Absences	<u>116,544</u>	<u>127,680</u>	<u>(116,544)</u>	<u>127,680</u>
Total Liabilities	\$ <u>224,148,265</u>	\$ <u>235,505,862</u>	\$ <u>(224,148,265)</u>	\$ <u>235,505,862</u>

JOHNSON COUNTY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Pass-through program from:			
Iowa Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5887A093	42,297
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5887A051	<u>634,354</u>
			<u>676,651</u>
SNAP Cluster			
Iowa Department of Human Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	<u>51,023</u>
Total U.S. Department of Agriculture			<u>727,674</u>
U. S. Department of Defense:			
Pass-through program from:			
Iowa State Treasurer:			
Payments to States in Lieu of Real Estate Taxes	12.112	N/A	<u>33,609</u>
U.S. Department of the Interior:			
Direct program:			
Payments in Lieu of Taxes	15.226		<u>64,679</u>
U.S. Department of Justice:			
Pass-through program from:			
Iowa Department of Justice:			
Crime Victim Assistance	16.575	VA-17-39-16	<u>19,040</u>
Office of Justice Programs, Bureau of Justice Assistance:			
Drug Court Discretionary Grant Program	16.585	2014-DC-BX-0045	<u>24,066</u>
Direct program:			
State Criminal Alien Assistance Program	16.606		<u>49,771</u>
Pass-through program from:			
Governor's Office of Drug Control Policy:			
Public Safety Partnership and Community Policing Grants	16.710	15-CAMP-03	<u>672</u>
Pass-through program from:			
City of Iowa City:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0589	13,657
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14-JAG-158322	<u>30,772</u>
			<u>44,429</u>
Total U.S. Department of Justice			<u>137,978</u>
U. S. Department of Transportation:			
Direct program:			
Highway Planning and Construction Cluster:			
Recreational Trails Program	20.219		<u>150,443</u>
Pass-through program from:			
East Central Iowa Council of Governments:			
Formula Grants for Rural Areas	20.509	TF-2000-XXX	<u>61,027</u>
Highway Safety Cluster:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP-16-402-MOPT	<u>14,705</u>
Iowa Homeland Security and Emergency Management:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0475-15-01-00	<u>3,231</u>
Total U.S. Department of Transportation			<u>229,406</u>

JOHNSON COUNTY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

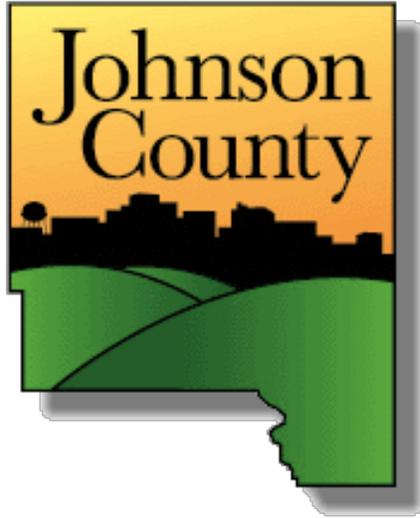
<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of the Treasury:			
Pass-through program from:			
Iowans for Social and Economic Development:			
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	17VITA0082	2,956
U.S. Department of Health and Human Services			
Pass-through program from:			
Iowa Department of Public Health:			
Hospital preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5885BT452	110,686
Hospital preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5887BT31	167,039
			277,725
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2017-TB03	3,613
Immunization Cooperative Agreements	93.268	5886I487	22,170
Refugee and Entrant Assistance - State Administered Programs	93.566	N/A	151
Iowa Department of Human Services:			
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	14,350
Foster Care - Title IV-E	93.658	N/A	18,910
Adoption Assistance	93.659	N/A	5,800
Social Services Block Grant	93.667	N/A	15,018
Iowa Department of Public Health:			
Preventative Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF)	93.758	5886PHM41	13,975
Iowa Department of Human Services:			
Children's Health Insurance Program	93.767	N/A	404
Medicaid Cluster:			
Medical Assistance Program	93.778	N/A	88,824
Iowa Department of Public Health:			
HIV Prevention Activities - Health Department Based	93.940	5886AP08	100,331
Maternal and Child Health Services Block Grant to the States	93.994	5887MH10	158,675
Maternal and Child Health Services Block Grant to the States	93.994	5886DH11	131
			158,806
Total U.S. Department of Health and Human Services			720,077
Total			\$ 1,916,379

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Johnson County, Iowa under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Johnson County, Iowa, it is not intended to and does not present the financial position, changes in financial position or cash flows of Johnson County, Iowa. The County received federal awards both directly from federal agencies and indirectly through pass-through entities.

Summary of Significant Accounting Policies - Governmental and proprietary fund types account for the County's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis - when they become a demand on current available financial resources in the governmental fund types and on the full accrual basis - when expenditures are incurred in the proprietary fund types. The County's summary of significant accounting policies is presented in Note 1 in the County's basic financial statements.

The County has not elected to use the 10% de minimis cost rate.

See Accompanying Independent Auditor's Report



STATISTICAL SECTION

JOHNSON COUNTY, IOWA

STATISTICAL SECTION

This part of Johnson County, Iowa's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	79-87
Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	88-98
Debt Capacity These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	99-103
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	104-107
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	108-113

All tables in this section are for the last ten fiscal years unless otherwise noted.

JOHNSON COUNTY, IOWA

NET POSITION BY COMPONENT
FOR THE LAST TEN FISCAL YEARS
UNAUDITED
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	2016, as <u>Restated</u>	<u>2015</u>	<u>2014</u>
Governmental Activities:				
Net investment in capital assets	\$ 116,314,458	\$ 105,131,206	\$ 99,270,214	\$ 82,451,458
Restricted	24,378,870	25,423,792	22,194,269	24,495,898
Unrestricted	<u>2,538,456</u>	<u>514,934</u>	<u>(3,691,292)</u>	<u>7,923,601</u>
Total governmental activities net position	\$ <u>143,231,784</u>	\$ <u>131,069,932</u>	\$ <u>117,773,191</u>	\$ <u>114,870,957</u>

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 74,178,929	\$ 71,665,882	\$ 64,703,796	\$ 56,404,229	\$ 41,327,037	\$ 47,337,924
24,635,844	17,119,728	13,075,522	14,468,481	17,876,926	5,723,302
<u>5,551,352</u>	<u>4,588,757</u>	<u>5,169,333</u>	<u>5,061,024</u>	<u>11,198,015</u>	<u>18,987,315</u>
\$ <u>104,366,125</u>	\$ <u>93,374,367</u>	\$ <u>82,948,651</u>	\$ <u>75,933,734</u>	\$ <u>70,401,978</u>	\$ <u>72,048,541</u>

JOHNSON COUNTY, IOWA
 CHANGES IN NET POSITION
 FOR THE LAST TEN FISCAL YEARS
 UNAUDITED
 (ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses:			
Governmental activities:			
Public safety and legal services	\$ 22,517,620	\$ 21,681,544	\$ 21,423,137
Physical health and social services	10,094,498	9,096,966	8,462,069
Mental health	7,221,045	7,383,813	5,897,981
County environment and education	5,618,841	4,181,307	3,930,143
Roads and transportation	13,191,877	11,406,730	12,708,805
Governmental services to residents	2,647,086	2,259,982	2,043,747
Administration	9,002,956	8,591,357	8,355,864
Non-program	6,534	5,107	6,375
Interest on long-term debt	341,334	374,881	412,638
Total governmental expenses	<u>70,641,791</u>	<u>64,981,687</u>	<u>63,240,759</u>
Program revenues:			
Governmental activities:			
Charges for services:			
Public safety and legal services	3,478,952	3,063,034	3,024,693
Physical health and social services	944,182	551,161	469,889
Mental health	804,875	934,351	887,449
County environment and education	452,191	525,305	459,665
Roads and transportation	112,023	54,048	63,726
Governmental services to residents	2,229,568	2,159,040	2,041,891
Administration	1,374,385	1,395,337	1,239,492
Interest on long-term debt	-	-	-
Operating grants and contributions	14,088,732	14,620,176	16,389,081
Capital grants and contributions	1,071,177	393,674	5,851,362
Total governmental program revenues	<u>24,556,085</u>	<u>23,696,126</u>	<u>30,427,248</u>
Total primary government net expense	\$ <u>(46,085,706)</u>	\$ <u>(41,285,561)</u>	\$ <u>(32,813,511)</u>
General revenues and other changes in net position			
Governmental Activities:			
Property and other County taxes	\$ 52,524,864	\$ 49,361,895	\$ 47,684,945
Other County taxes	966,735	1,005,973	985,548
Penalty and interest on property taxes	502,716	718,558	163,223
State tax credits	3,346,375	3,433,072	2,137,897
Unrestricted investment earnings	410,706	352,970	284,516
Gain (loss) on sales of capital assets	54,092	(3,766)	5,700
Miscellaneous	442,070	144,895	160,220
Total governmental activities	<u>58,247,558</u>	<u>55,013,597</u>	<u>51,422,049</u>
Change in net position governmental activities	\$ <u>12,161,852</u>	\$ <u>13,728,036</u>	\$ <u>18,608,538</u>

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$	21,713,703	\$ 20,188,789	\$ 19,869,844	\$ 20,543,834	\$ 26,287,797	\$ 25,889,961	\$ 14,985,807
	8,814,694	8,630,946	8,093,343	8,269,892	8,500,652	7,790,846	7,560,966
	7,977,750	6,484,037	12,976,475	12,768,105	11,402,968	12,115,555	13,025,061
	3,679,768	3,526,150	3,411,529	3,394,472	3,109,458	3,054,765	2,899,061
	10,806,794	10,141,639	10,310,104	10,407,294	10,545,409	12,232,833	10,490,863
	2,124,814	2,492,299	2,056,765	1,964,072	2,128,061	2,108,543	2,085,166
	8,462,602	7,780,572	7,644,148	7,454,214	7,162,914	6,599,152	6,667,379
	39,694	5,027	-	7,267	2,845	4,098	21,899
	451,979	488,309	536,360	631,058	750,027	369,150	52,015
	<u>64,071,798</u>	<u>59,737,768</u>	<u>64,898,568</u>	<u>65,440,208</u>	<u>69,890,131</u>	<u>70,164,903</u>	<u>57,788,217</u>
	2,800,091	2,984,302	2,363,822	2,642,627	2,432,821	2,336,386	2,128,451
	469,102	405,637	392,608	379,857	342,012	283,240	361,852
	3,250	91	115,816	25,045	69,511	1,660	8,540
	448,173	459,684	424,858	322,500	311,537	326,823	421,995
	90,612	86,068	106,711	58,923	210,414	50,651	50,796
	1,985,278	2,210,050	2,032,933	1,905,298	1,821,457	1,789,628	1,660,951
	1,099,596	2,023,086	661,129	556,442	738,297	623,397	581,152
	-	-	-	-	-	-	-
	17,493,399	12,840,306	21,446,809	15,770,350	18,849,113	19,994,108	20,902,680
	1,839,719	4,462,371	2,037,591	6,656,717	7,855,275	2,121,626	2,605,031
	<u>26,229,220</u>	<u>25,471,595</u>	<u>29,582,277</u>	<u>28,317,759</u>	<u>32,630,437</u>	<u>27,527,519</u>	<u>28,721,448</u>
\$	<u>(37,842,578)</u>	<u>(34,266,173)</u>	<u>(35,316,291)</u>	<u>(37,122,449)</u>	<u>(37,259,694)</u>	<u>(42,637,384)</u>	<u>(29,066,769)</u>
\$	45,376,991	\$ 43,060,882	\$ 42,106,709	\$ 41,877,173	\$ 40,147,711	\$ 38,143,161	\$ 31,865,731
	950,917	932,776	962,913	925,093	927,481	1,023,547	845,312
	408,283	344,982	575,376	394,528	486,976	324,254	411,761
	1,027,037	823,125	677,451	712,382	747,147	768,528	697,094
	285,224	263,505	269,894	306,885	435,754	679,216	1,339,621
	(346,498)	(276,882)	(13,531)	(183,591)	(11,036)	166,471	15,571
	139,387	109,543	1,163,195	104,896	150,580	174,925	110,452
	<u>47,841,341</u>	<u>45,257,931</u>	<u>45,742,007</u>	<u>44,137,366</u>	<u>42,884,613</u>	<u>41,280,102</u>	<u>35,285,542</u>
\$	<u>9,998,763</u>	<u>10,991,758</u>	<u>10,425,716</u>	<u>7,014,917</u>	<u>5,624,919</u>	<u>(1,357,282)</u>	<u>6,218,773</u>

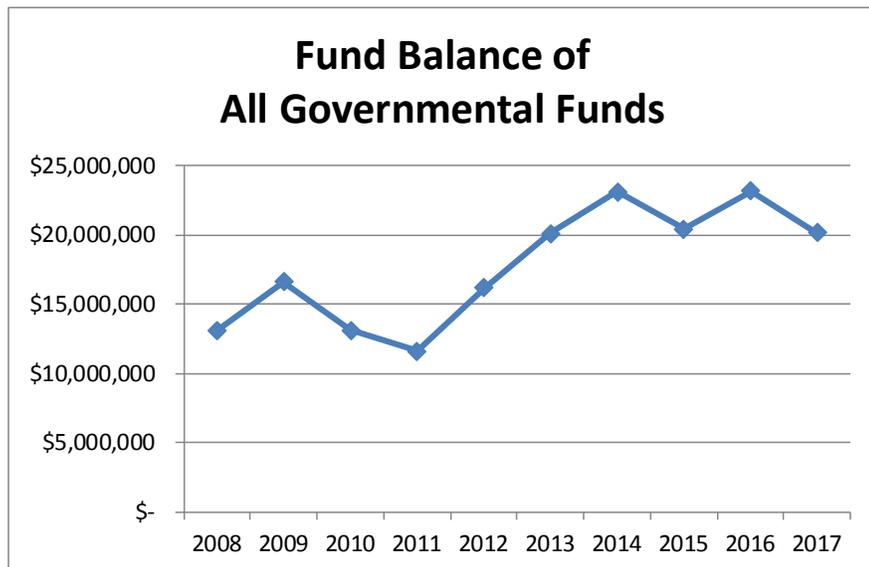
JOHNSON COUNTY, IOWA
FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
UNAUDITED
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund:					
Nonspendable	\$ 182,922	\$ 214,385	\$ 203,911	\$ 426,916	\$ 380,248
Restricted	4,110,541	2,141,961	1,585,708	934,199	760,182
Unassigned	<u>14,964,912</u>	<u>14,599,342</u>	<u>11,619,718</u>	<u>9,039,309</u>	<u>5,827,582</u>
Total general fund	<u>\$ 19,258,375</u>	<u>\$ 16,955,688</u>	<u>\$ 13,409,337</u>	<u>\$ 10,400,424</u>	<u>\$ 6,968,012</u>
All other governmental funds					
Nonspendable	\$ 479,015	\$ 528,678	\$ 414,356	\$ 347,039	\$ 523,589
Restricted	14,814,647	12,696,268	11,812,274	11,455,613	16,322,720
Committed	-	-	-	-	3,239,899
Assigned	-	9,956,978	8,179,074	11,332,131	-
Unassigned	<u>4,892,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 20,185,985</u>	<u>\$ 23,181,924</u>	<u>\$ 20,405,704</u>	<u>\$ 23,134,783</u>	<u>\$ 20,086,208</u>

* Prior to the year ended June 30, 2011, nonspendable, committed and assigned fund balances were not separated from restricted and unassigned fund balances.

Fund Balance of all Governmental Funds

2008	\$ 13,107,219
2009	\$ 16,597,248
2010	\$ 13,142,148
2011	\$ 11,625,242
2012	\$ 16,174,892
2013	\$ 20,086,208
2014	\$ 23,134,783
2015	\$ 20,405,704
2016	\$ 23,181,924
2017	\$ 20,185,985

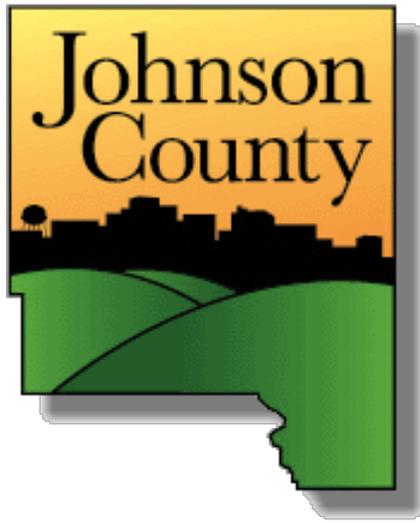


	<u>2012</u>	<u>2011</u>	<u>2010*</u>	<u>2009*</u>	<u>2008*</u>
\$	317,072	\$ 365,387	\$ -	\$ -	\$ -
	684,053	1,261,820	1,326,333	654,429	352,581
	5,138,114	5,806,419	6,079,241	11,517,043	9,718,164
\$	<u>6,139,239</u>	<u>7,433,626</u>	<u>7,405,574</u>	<u>12,171,472</u>	<u>10,070,745</u>
\$	344,283	\$ 393,260	\$ -	\$ -	\$ -
	5,081,094	4,412,155	13,142,148	16,597,248	13,107,219
	10,749,515	7,008,287	-	-	-
	-	-	-	-	-
	-	(188,460)	-	-	-
\$	<u>16,174,892</u>	<u>11,625,242</u>	<u>13,142,148</u>	<u>16,597,248</u>	<u>13,107,219</u>

JOHNSON COUNTY, IOWA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
 UNAUDITED
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:				
Property taxes and other county taxes	\$ 53,486,619	\$ 50,364,750	\$ 48,667,704	\$ 46,330,012
Interest and penalty on taxes	495,683	712,984	169,549	417,092
Intergovernmental	20,243,236	20,256,459	20,813,839	19,937,570
Licenses and permits	690,466	748,102	677,670	646,331
Charges for service	5,034,553	4,399,571	4,169,605	4,118,569
Use of money and property	419,210	352,742	300,809	284,731
Miscellaneous	<u>1,177,049</u>	<u>1,544,628</u>	<u>1,429,284</u>	<u>1,481,530</u>
Total revenues	<u>81,546,816</u>	<u>78,379,236</u>	<u>76,228,460</u>	<u>73,215,835</u>
Expenditures:				
Current:				
Public safety and legal services	21,664,656	21,009,727	20,735,683	20,536,016
Physical health and social services	9,786,384	9,017,307	8,474,153	8,410,932
Mental health	7,335,429	7,519,034	5,989,761	7,887,238
County environment and education	4,860,092	4,028,440	3,684,968	3,507,160
Roads and transportation	9,610,535	8,842,350	9,083,591	8,528,073
Governmental services to residents	2,434,856	2,197,423	2,015,947	2,018,025
Administration	7,870,598	7,728,567	7,490,403	7,384,293
Non-program	2,673	3,183	4,432	37,827
Capital projects	16,696,625	11,212,474	16,445,471	10,197,459
Debt service:				
Principal	6,520,000	6,440,000	5,965,000	4,395,000
Interest	<u>343,236</u>	<u>376,495</u>	<u>415,861</u>	<u>454,144</u>
Total expenditures	<u>87,125,084</u>	<u>78,375,000</u>	<u>80,305,270</u>	<u>73,356,167</u>
Excess (deficiency) of revenues over (under) expenditures	(5,578,268)	4,236	(4,076,810)	(140,332)
Other financing sources (uses):				
Sale of capital assets	85,016	6,300,000	6,644	62,113
Proceeds from long-term debt	4,800,000	18,335	4,350,000	3,150,000
Transfers in	26,567,248	22,905,120	21,455,078	12,741,210
Transfers out	<u>(26,567,248)</u>	<u>(22,905,120)</u>	<u>(21,455,078)</u>	<u>(12,741,210)</u>
Total other financing sources (uses)	<u>4,885,016</u>	<u>6,318,335</u>	<u>4,356,644</u>	<u>3,212,113</u>
Net change in fund balances	\$ <u>(693,252)</u>	\$ <u>6,322,571</u>	\$ <u>279,834</u>	\$ <u>3,071,781</u>
Debt Service as a percentage of noncapital expenditures	9.36%	10.10%	11.10%	7.68%

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$	43,994,487	\$ 43,064,225	\$ 42,807,106	\$ 41,076,815	\$ 39,070,345	\$ 32,672,807
	346,337	566,085	395,959	490,122	324,254	432,445
	18,001,226	24,161,443	20,933,586	21,216,527	21,999,336	22,164,502
	676,912	579,650	505,578	489,658	490,984	596,826
	4,155,377	4,068,724	3,785,002	3,581,173	3,480,681	3,250,980
	274,123	280,324	334,429	465,921	673,363	1,354,192
	2,232,974	2,128,204	777,200	1,019,237	780,778	560,066
	<u>69,681,436</u>	<u>74,848,655</u>	<u>69,538,860</u>	<u>68,339,453</u>	<u>66,819,741</u>	<u>61,031,818</u>
	19,651,404	19,266,352	19,737,412	25,319,933	25,195,898	14,341,229
	8,349,705	8,046,818	8,121,773	8,498,353	7,686,737	7,541,627
	6,419,857	12,999,800	12,743,965	11,375,172	12,068,767	13,027,696
	3,530,073	3,321,442	3,230,084	3,244,086	2,991,567	2,791,688
	8,735,455	7,592,330	7,212,691	7,129,285	7,590,893	7,884,688
	2,450,684	1,932,431	1,892,552	1,934,739	2,051,121	1,881,126
	7,141,290	6,803,964	6,564,119	6,465,719	6,264,547	5,803,518
	3,160	3,005	5,400	978	2,320	2,400
	5,728,384	7,716,047	9,814,804	6,935,520	15,657,116	8,312,991
	4,046,000	3,386,000	7,368,000	5,540,000	2,370,000	755,000
	491,316	540,300	639,726	842,036	245,773	37,902
	<u>66,547,328</u>	<u>71,608,489</u>	<u>77,330,526</u>	<u>77,285,821</u>	<u>82,124,739</u>	<u>62,379,865</u>
	3,134,108	3,240,166	(7,791,666)	(8,946,368)	(15,304,998)	(1,348,047)
	15,187	15,097	17,812	19,713	236,757	15,571
	5,000,000	-	6,285,000	-	20,760,708	7,275,000
	13,072,326	10,741,317	13,183,733	11,340,449	20,962,962	11,253,729
	<u>(13,072,326)</u>	<u>(10,741,317)</u>	<u>(13,183,733)</u>	<u>(11,340,449)</u>	<u>(20,962,962)</u>	<u>(11,253,729)</u>
	<u>5,015,187</u>	<u>15,097</u>	<u>6,302,812</u>	<u>19,713</u>	<u>20,997,465</u>	<u>7,290,571</u>
\$	<u>8,149,295</u>	<u>3,255,263</u>	<u>(1,488,854)</u>	<u>(8,926,655)</u>	<u>5,692,467</u>	<u>5,942,524</u>
	8.06%	6.55%	13.46%	9.98%	8.01%	1.49%



GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
FOR THE LAST TEN FISCAL YEARS
UNAUDITED
(ACCRUAL BASIS OF ACCOUNTING)

<u>Fiscal</u> <u>Year</u>	<u>Property</u> <u>Taxes</u>	<u>Other</u> <u>County</u> <u>Taxes</u>	<u>Total</u>
2008	\$ 31,865,731	\$ 845,312	\$ 32,711,043
2009	38,143,161	1,023,547	39,166,708
2010	40,147,711	927,481	41,075,192
2011	41,877,173	925,093	42,802,266
2012	42,106,709	962,913	43,069,622
2013	43,060,882	932,776	43,993,658
2014	45,376,991	950,917	46,327,908
2015	47,684,945	985,548	48,670,493
2016	49,361,895	1,005,973	50,367,868
2017	52,524,864	966,735	53,491,599

JOHNSON COUNTY, IOWA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
UNAUDITED
 (Amounts Expressed in Thousands)

<u>Year</u>	<u>Residential</u>	<u>Agriculture</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Multi-Residential</u>	<u>Railroad</u>
2008	\$ 2,704,445	\$ 214,239	\$ 1,405,591	\$ 74,515	\$ 0	\$ 16,080
2009	2,857,798	215,186	1,509,657	86,798	0	22,933
2010	3,073,177	217,956	1,604,842	95,839	0	18,381
2011	3,243,429	217,052	1,682,951	99,609	0	13,290
2012	3,430,150	226,215	1,687,596	98,555	0	14,878
2013	3,721,050	216,624	1,704,187	99,326	0	22,353
2014	3,944,913	226,308	1,639,062	97,793	0	27,268
2015	4,216,011	226,308	1,609,114	98,844	0	30,813
2016	4,525,712	236,105	1,485,635	87,086	0	30,461
2017	4,906,094	263,495	1,134,366	85,652	449,228	30,994

Note: Property is assessed at actual value, therefore, the assessed values are equal to the actual values.

Source: Iowa Department of Management, Taxing District Recap Property Valuation Report (Non TIF, District 52900)

* Rate per \$1,000 of taxable valuation

	Utility, Incl Gas & <u>Electric</u>		Military <u>Exemption</u>		Total Taxable <u>Value</u>		TIF <u>Valuation</u>		Total Direct Tax Rate, <u>Urban *</u>
\$	159,731	\$	(7,232)	\$	4,567,369	\$	667,489	\$	6.49448
	165,505		(7,265)		4,850,612		748,490		7.49147
	167,646		(7,215)		5,170,626		721,632		7.39359
	168,066		(7,162)		5,417,235		732,609		7.23173
	179,442		(7,125)		5,629,711		758,896		6.99776
	184,958		(7,065)		5,941,433		739,098		6.74909
	186,503		(7,017)		6,114,830		838,664		6.73712
	190,642		(6,889)		6,364,843		988,091		6.74169
	186,026		(6,782)		6,544,243		992,789		6.90337
	179,946		(6,560)		7,043,215		999,085		6.77140

JOHNSON COUNTY, IOWA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
FOR THE LAST TEN FISCAL YEARS
UNAUDITED
(rate per \$1,000 of taxable value)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Countywide service rates:				
General basic	\$ 3.50000	\$ 3.50000	\$ 3.50000	\$ 3.50000
General supplemental	0.81752	1.14707	0.68976	1.11314
MH/DS	0.44559	0.47957	0.49284	0.51324
Debt service	<u>2.00829</u>	<u>1.77673</u>	<u>2.05908</u>	<u>1.61074</u>
Johnson County urban rate	6.77140	6.90337	6.74168	6.73712
Johnson County rural rate	<u>3.46939</u>	<u>3.46939</u>	<u>3.40746</u>	<u>3.33826</u>
Total Direct Rate	<u>10.24079</u>	<u>10.37276</u>	<u>10.14914</u>	<u>10.07538</u>
City Rates:				
Coralville	13.52779	13.52771	13.52771	13.52770
Hills	8.10000	8.10000	8.10000	8.10000
Iowa City	16.58305	16.65096	16.70520	16.80522
Lone Tree	9.19724	9.22462	9.23483	9.27730
North Liberty	11.03264	11.03264	11.03264	11.03264
Oxford	9.72063	10.82201	9.38055	10.84265
Shueyville	7.09997	7.09995	7.09991	7.09994
Solon	10.82552	10.83300	10.97205	10.88627
Swisher	8.10000	8.10000	8.10000	8.10000
Tiffin	11.80265	11.80309	11.97177	10.62359
University Heights	11.08828	11.05210	10.88143	10.90073
West Branch	12.59382	12.59382	12.04382	12.04382
School District Rates:				
Clear Creek Amana	16.75419	15.62084	15.06516	15.11055
College Community	16.06203	15.81016	14.80342	15.08387
Iowa City	13.98935	13.86773	13.69999	13.68792
Solon	16.11521	16.15171	16.35337	15.99708
West Branch	14.12945	14.17879	14.10551	13.97611

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$	3.50000	\$ 3.50000	\$ 3.50000	\$ 3.50000	\$ 3.50000	\$ 3.50000
	2.09274	2.46627	2.55706	2.58982	2.99953	2.14864
	0.52822	0.55747	0.57934	0.60697	0.64701	0.68713
	<u>0.62813</u>	<u>0.47402</u>	<u>0.59533</u>	<u>0.69680</u>	<u>0.34493</u>	<u>0.15870</u>
	6.74909	6.99776	7.23173	7.39359	7.49147	6.49447
	<u>3.08914</u>	<u>3.08925</u>	<u>3.16899</u>	<u>2.57634</u>	<u>2.79269</u>	<u>3.26207</u>
	<u>9.83823</u>	<u>10.08701</u>	<u>10.40072</u>	<u>9.96993</u>	<u>10.28416</u>	<u>9.75654</u>
	13.52767	13.52770	13.52770	13.41766	13.41977	13.28643
	8.10000	8.10000	8.10000	8.10000	7.00899	6.36948
	17.26864	17.84150	17.75655	17.85262	17.71674	17.29662
	9.31760	9.40564	9.49379	9.58125	9.44575	10.80003
	11.03264	11.03264	11.20264	10.90993	11.33731	10.96599
	10.93746	11.03538	11.40053	10.80329	10.85061	10.85241
	7.10000	7.09995	6.44673	7.10000	7.10000	7.10000
	10.71190	10.71202	10.76817	10.66992	10.65204	10.34474
	8.10000	8.10000	8.10000	8.10000	8.10000	7.09995
	11.97391	11.97391	10.35130	12.05957	12.88590	12.88625
	10.94865	11.06390	11.04972	10.94654	11.08593	10.52988
	12.04382	12.04382	12.04382	11.90420	12.13993	11.37246
	15.31063	15.54876	15.71002	15.67097	15.79090	16.98860
	15.80308	16.55788	17.20361	17.21168	16.84626	17.33832
	14.07327	14.59055	14.68972	14.19136	14.19219	13.85189
	16.95781	16.97452	17.18631	16.99654	16.97473	16.92507
	13.96841	14.05544	14.30683	13.96421	14.02275	13.44012

JOHNSON COUNTY, IOWA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
UNAUDITED

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2017</u>			<u>2008</u>		
		<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Taxable Value</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Taxable Value</u>
University of Iowa Community Credit Union	Financial Institution	\$ 104,636,067	1	1.49 %	\$ -	-	- %
Coral Ridge Mall LLC.	Retail Property	103,242,570	2	1.47	115,788,860	1	2.21
Mid American Energy	Energy Company	36,986,921	3	0.52	80,442,396	2	1.54
City of Coralville	City	34,832,954	4	0.49	22,010,239	6	0.42
TKG Coral North LLC.	Commercial Property Leasing	29,516,670	5	0.42	-	-	-
Cedar Rapids and Iowa City Railroad	Railroad	22,748,756	6	0.32	16,354,223	10	0.31
ARC LLC	Manufacturing	17,686,618	7	0.25	-	-	-
Integrated DNA Technologies	Research	17,539,830	8	0.25	-	-	-
Costco Wholesale Corp.	Retailer	17,460,000	9	0.25	-	-	-
Wal-Mart Real Estate Business Trust	Retailer	15,224,310	10	0.22	-	-	-
American College Testing (ACT)	Standarized Testing	-	-	-	37,536,409	3	0.72
Russell A Gerdin, Trustee	Commerical/Industrial Leasing	-	-	-	25,037,829	4	0.48
Inland Western Iowa City	Commerical Property Leasing	-	-	-	22,305,373	5	0.43
Northridge Group 1	Commerical Property Managemen	-	-	-	20,522,500	7	0.39
Qwest	Utility	-	-	-	18,852,708	8	0.36
National Computer Systems Inc (NCS)	Standardized Testing	-	-	-	16,430,230	9	0.31
		<u>\$ 399,874,696</u>		<u>5.68 %</u>	<u>\$ 375,280,767</u>		<u>7.17 %</u>
Total Taxable Value		<u>\$ 7,043,217,201</u>			<u>\$ 5,234,857,845</u>		

JOHNSON COUNTY, IOWA
PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Year</u>	<u>Property Taxes Collected in the Fiscal Year</u>	<u>% of Levy</u>	<u>Delinquent Tax Collections</u>	<u>Property Taxes Collected to Date</u>	<u>% of Levy</u>
2008	\$183,648,925	\$181,022,444	98.57 %	\$56,559	\$181,079,003	98.60 %
2009	204,014,342	201,119,977	98.58	69,918	201,189,895	98.62
2010	213,709,328	211,462,878	98.95	50,316	211,513,194	98.97
2011	225,676,348	223,034,146	98.83	97,707	223,131,853	98.87
2012	232,467,081	229,574,883	98.76	99,491	229,674,374	98.80
2013	237,360,406	234,276,345	98.70	75,783	234,352,128	98.73
2014	242,485,620	237,667,339	98.01	25,413	237,692,752	98.02
2015	257,827,389	249,774,467	96.88	81,661	249,856,128	96.91
2016	273,996,983	254,096,465	92.74	56,491	254,152,956	92.76
2017	288,034,843	273,268,221	94.87	55,663	273,323,884	94.89

Includes all taxing governments for which Johnson County, Iowa serves as an agent for tax collections. The year for which delinquent payments relate is not readily available information.

JOHNSON COUNTY, IOWA
NET TAXABLE PROPERTY VALUATIONS
FOR THE LAST TWO YEARS
UNAUDITED

	2015 Valuations For FY2017 Tax Levies		
	<u>Rural</u>	<u>Urban</u>	<u>Grand Total</u>
<u>JOHNSON COUNTY BASE</u>			
Ag dwellings	\$ 120,438,392	\$ 1,866,723	\$ 122,305,115
Non-ag residential	989,088,254	3,788,209,382	4,777,297,636
Residential (including Ag dwellings)	1,109,526,646	3,790,076,105	4,899,602,751
Agricultural land	243,202,735	6,918,326	250,121,061
Agricultural buildings	13,247,418	126,883	13,374,301
Commercial property	96,379,492	1,037,918,454	1,134,297,946
Industrial property	10,644,300	75,008,154	85,652,454
Multiresidential	22,827,325	426,401,123	449,228,448
Reserved	-	-	-
Railroads	13,418,439	17,575,902	30,994,341
Utilities (Without gas & elec.)	52,215,992	28,319,594	80,535,586
Total val. for comp. pr. taxes	1,561,462,347	5,382,344,541	6,943,806,888
Gas & electric utilities	28,212,777	71,197,536	99,410,313
Total val. for comp. levies	\$ 1,589,675,124	\$ 5,453,542,077	\$ 7,043,217,201
<u>COUNTY TIF INCREMENT</u>			
Ag dwellings			
Non-ag residential	\$ -	\$ -	\$ -
Residential (including Ag dwellings)	-	193,524,541	193,524,541
Agricultural land	-	193,524,541	193,524,541
Agricultural building	-	592,524	592,524
Commercial property	-	9,842	9,842
Industrial property	-	736,885,478	736,885,478
Multiresidential	-	47,404,624	47,404,624
Reserved	-	24,585,181	24,585,181
Total val. for comp. pr. taxes	-	1,003,002,190	1,003,002,190
Total val. for comp. levies	\$ -	\$ 1,003,002,190	\$ 1,003,002,190
<u>CO. DEBT SERVICE TOTAL</u>			
Ag dwellings	\$ 120,438,392	\$ 1,866,723	\$ 122,305,115
Non-ag residential	989,088,254	3,981,733,923	4,970,822,177
Residential (including Ag dwellings)	1,109,526,646	3,983,600,646	5,093,127,292
Agricultural land	243,202,735	7,510,850	250,713,585
Agricultural buildings	13,247,418	136,725	13,384,143
Commercial property	96,379,492	1,774,803,932	1,871,183,424
Industrial property	10,644,300	122,412,778	133,057,078
Multiresidential	22,827,325	450,986,304	473,813,629
Reserved	-	-	-
Railroads	13,418,439	17,575,902	30,994,341
Utilities (Without gas & elec.)	52,215,992	28,319,594	80,535,586
Total val. for comp. pr. taxes	1,561,462,347	6,385,346,731	7,946,809,078
Gas & electric utilities	28,212,777	71,197,536	99,410,313
Total val. for comp. levies	\$ 1,589,675,124	\$ 6,456,544,267	\$ 8,046,219,391

Note: Rollbacks applied and military exemptions deducted.

2014 Valuations
For FY2016 Tax Levies

<u>Rural</u>	<u>Urban</u>	<u>Grand Total</u>
\$ 111,820,046	\$ 1,825,703	\$ 113,645,749
<u>922,697,971</u>	<u>3,482,624,713</u>	<u>4,405,322,684</u>
1,034,518,017	3,484,450,416	4,518,968,433
215,416,773	6,194,622	221,611,395
14,357,077	136,719	14,493,796
110,560,794	1,375,035,682	1,485,596,476
10,421,280	76,664,732	87,086,012
-	-	-
-	-	-
13,166,806	17,294,335	30,461,141
<u>52,754,619</u>	<u>30,388,189</u>	<u>83,142,808</u>
1,451,195,366	4,990,164,695	6,441,360,061
<u>29,275,151</u>	<u>73,607,674</u>	<u>102,882,825</u>
<u>\$ 1,480,470,517</u>	<u>\$ 5,063,772,369</u>	<u>\$ 6,544,242,886</u>

\$ -	\$ -	\$ -
-	183,931,351	183,931,351
-	183,931,351	183,931,351
-	807,876	807,876
-	7,870	7,870
-	768,181,050	768,181,050
-	39,861,164	39,861,164
-	-	-
-	992,789,311	992,789,311
<u>\$ -</u>	<u>\$ 992,789,311</u>	<u>\$ 992,789,311</u>

\$ 111,820,046	\$ 1,825,703	\$ 113,645,749
<u>922,697,971</u>	<u>3,666,556,064</u>	<u>4,589,254,035</u>
1,034,518,017	3,668,381,767	4,702,899,784
215,416,773	7,002,498	222,419,271
14,357,077	144,589	14,501,666
110,560,794	2,143,216,732	2,253,777,526
10,421,280	116,525,896	126,947,176
-	-	-
-	-	-
13,166,806	17,294,335	30,461,141
<u>52,754,619</u>	<u>30,388,189</u>	<u>83,142,808</u>
1,451,195,366	5,982,954,006	7,434,149,372
<u>29,275,151</u>	<u>73,607,674</u>	<u>102,882,825</u>
<u>\$ 1,480,470,517</u>	<u>\$ 6,056,561,680</u>	<u>\$ 7,537,032,197</u>

JOHNSON COUNTY, IOWA
NET TAXABLE PROPERTY VALUATIONS
FOR THE LAST TEN FISCAL YEARS
UNAUDITED

	Percentage change in Taxable Grand Total Valuations			
	2017	2016	2015	2014
<u>JOHNSON COUNTY BASE</u>				
Ag dwellings	7.6 %	3.1 %	4.6 %	11.9 %
Non-ag residential	8.4	7.5	6.9	5.9
Residential (including Ag dwellings)	8.4	7.4	6.9	6.0
Agricultural land	12.9	2.7	2.6	4.2
Agricultural buildings	(7.7)	7.1	(15.3)	8.4
Commercial property	(23.6)	(7.7)	(1.8)	(3.8)
Industrial property	(1.6)	(11.9)	1.1	(1.5)
Railroads	1.8	(1.1)	13.0	22.0
Utilities (Without gas & elec.)	(3.1)	(3.8)	3.4	3.3
Total val. for comp. pr. taxes	7.8	2.8	4.2	3.0
Gas & electric utilities	(3.4)	(1.3)	1.3	(1.1)
Total val. for comp. levies	7.6 %	2.8 %	4.1 %	2.9 %
<u>COUNTY TIF INCREMENT</u>				
Ag dwellings				
Non-ag residential	5.2 %	(7.0) %	8.2 %	28.4 %
Residential (including Ag dwellings)	5.2	(7.0)	8.2	28.4
Agricultural land	(26.7)	36.9	16.1	6.1
Agricultural buildings	25.1	(31.4)	11.7	(9.1)
Commercial property	(4.1)	1.8	21.2	9.8
Industrial property	18.9	12.8	6.9	11.0
Total val. for comp. pr. taxes	1.0	17.8	13.5	(2.6)
Total val. for comp. levies	1.0 %	17.8 %	13.5 %	(2.6) %
<u>CO. DEBT SERVICE TOTAL</u>				
Ag dwellings	7.6 %	3.1 %	4.6 %	11.9 %
Non-ag residential	8.3	6.8	7.0	6.7
Residential (including Ag dwellings)	8.3	6.7	6.9	6.9
Agricultural land	12.7	2.8	2.7	4.2
Agricultural buildings	(7.7)	7.0	(15.3)	8.4
Commercial property	(17.0)	(4.6)	4.5	(0.4)
Industrial property	4.8	(5.4)	2.5	1.4
Railroads	1.8	(1.1)	13.0	22.0
Utilities (Without gas & elec.)	(3.1)	(3.8)	3.4	3.3
Total val. for comp. pr. taxes	6.9	2.5	5.9	4.2
Gas & electric utilities	(3.4)	(1.3)	1.3	(1.1)
Total val. for comp. levies	6.8 %	2.5 %	5.8 %	4.1 %

Note: Rollbacks applied and military exemptions deducted.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
8.4 %	5.3 %	6.9 %	5.1 %	1.7 %	0.3 %
8.5	5.8	5.5	7.6	5.8	3.6
8.5	5.8	5.6	7.6	5.7	3.5
(3.9)	3.9	1.4	3.1	11.2	(0.3)
(8.7)	8.3	(19.8)	(15.0)	(45.9)	5.3
1.0	0.3	4.9	6.3	7.4	4.9
0.8	(1.1)	3.9	10.4	16.5	3.4
50.2	11.9	(27.7)	(19.9)	42.6	54.9
<u>10.8</u>	<u>4.6</u>	<u>0.8</u>	<u>(0.4)</u>	<u>(0.4)</u>	<u>(4.5)</u>
5.7	3.8	4.9	6.7	6.2	3.8
<u>(2.2)</u>	<u>8.3</u>	<u>(0.2)</u>	<u>2.5</u>	<u>6.7</u>	<u>(1.3)</u>
<u>5.5 %</u>	<u>3.9 %</u>	<u>4.8 %</u>	<u>6.6 %</u>	<u>6.2 %</u>	<u>3.7 %</u>
(5.2) %	17.7 %	(1.8) %	4.4 %	23.8 %	14.6 %
(5.4)	17.7	(1.8)	4.3	23.8	14.6
39.3	7.2	255.1	(4.5)	862.8	(47.6)
11.5	32.3	67.4	(32.0)	181.5	-
(1.9)	0.5	2.0	(4.7)	11.9	8.1
<u>(3.7)</u>	<u>2.2</u>	<u>6.2</u>	<u>(14.8)</u>	<u>(14.3)</u>	<u>33.1</u>
<u>3.6</u>	<u>1.5</u>	<u>(3.6)</u>	<u>12.2</u>	<u>10.3</u>	<u>34.3</u>
<u>3.6 %</u>	<u>1.5 %</u>	<u>(3.6) %</u>	<u>12.2 %</u>	<u>10.3 %</u>	<u>34.3 %</u>
8.1 %	5.3 %	6.9 %	5.0 %	1.8 %	0.3 %
7.9	6.2	5.2	7.5	6.5	4.0
7.9	6.2	5.3	7.4	6.3	3.9
(3.8)	3.9	1.5	3.1	11.3	(0.3)
(8.7)	8.3	(19.8)	(15.1)	(45.9)	5.3
0.3	0.3	4.1	3.2	8.6	5.8
(0.3)	(0.3)	4.5	3.4	5.9	12.0
50.2	11.9	(27.7)	(19.9)	42.6	54.9
<u>10.8</u>	<u>4.6</u>	<u>0.8</u>	<u>(0.4)</u>	<u>(0.4)</u>	<u>(4.5)</u>
4.7	3.8	4.4	5.3	7.0	4.6
<u>(2.2)</u>	<u>8.3</u>	<u>(0.2)</u>	<u>2.5</u>	<u>6.7</u>	<u>(1.3)</u>
<u>4.6 %</u>	<u>3.9 %</u>	<u>4.4 %</u>	<u>5.2 %</u>	<u>7.0 %</u>	<u>4.5 %</u>

JOHNSON COUNTY, IOWA
RATIO OF OUTSTANDING DEBT BY TYPE
FOR THE LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>General Obligation Capital Loan Notes</u>	<u>Percentage of Personal Income</u>	<u>Debt Per Capita</u>
2008	\$ 6,520,000	%	\$ 51.29
2009	24,745,000	0.464	190.55
2010	19,205,000	0.354	146.28
2011	18,122,000	0.311	135.51
2012	14,736,000	0.239	107.62
2013	15,690,000	0.242	112.19
2014	14,445,000	0.223	101.42
2015	12,830,000	0.199	90.09
2016	12,690,000	0.187	87.97
2017	10,970,000	0.158	74.86

Source: Johnson County Finance Department
Use of General Obligation debt started in 2008.

JOHNSON COUNTY, IOWA
RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING
FOR THE LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>General Obligation Capital Loan Notes Outstanding (1)</u>	<u>Percent Debt to Assessed Value</u>	<u>Outstanding Debt Per Capita*</u>
2008	\$ 6,520,000	%	\$ 50.88
2009	24,745,000	0.26	188.89
2010	19,205,000	0.20	146.28
2011	18,122,000	0.18	135.70
2012	14,736,000	0.14	108.10
2013	15,690,000	0.15	115.52
2014	14,445,000	0.13	106.35
2015	12,830,000	0.12	90.17
2016	12,690,000	0.12	89.19
2017	10,970,000	0.10	74.87

*Population from State Data Center of Iowa and US Census Bureau

(1) For the purposes of this schedule, the County's net general bonded debt is equal to the County's total general bonded debt as the debt obligations are retired through the use of the County's general resources.

Source: Johnson County Finance Department
 Use of General Obligation debt started in 2008

JOHNSON COUNTY, IOWA
LEGAL DEBT MARGIN
FOR THE LAST TEN FISCAL YEARS
UNAUDITED

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt limit	\$ 594,176,929	\$ 537,498,905	\$ 566,370,725	\$ 546,388,412
Total Net Debt Applicable to the limit	<u>(10,970,000)</u>	<u>(12,690,000)</u>	<u>(14,445,000)</u>	<u>(15,690,000)</u>
Legal Debt Margin	<u>\$ 583,206,929</u>	<u>\$ 524,808,905</u>	<u>\$ 551,925,725</u>	<u>\$ 530,698,412</u>
% of Debt Limit to Total Net Debt	1.85%	2.36%	2.55%	2.87%

Legal Debt Margin Calculation for Fiscal Year 2017:

2017 actual valuation	\$ 11,883,538,587
Multiply by 5%	<u>5 %</u>
Debt Limit	594,176,929
Less: Outstanding GO Debt	<u>(10,970,000)</u>
Legal Debt Margin	<u>\$ 583,206,929</u>

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 535,586,818	\$ 520,003,745	\$ 508,645,689	\$ 489,943,369	\$ 472,773,450	\$ 431,695,113
<u>(14,736,000)</u>	<u>(18,122,000)</u>	<u>(19,205,000)</u>	<u>(24,745,000)</u>	<u>(6,520,000)</u>	<u>-</u>
\$ <u>520,850,818</u>	\$ <u>501,881,745</u>	\$ <u>489,440,689</u>	\$ <u>465,198,369</u>	\$ <u>466,253,450</u>	\$ <u>431,695,113</u>
2.75%	3.48%	3.78%	5.05%	1.38%	0.00 %

JOHNSON COUNTY, IOWA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Percent</u> <u>Applicable</u>	<u>Amount</u> <u>Applicable to</u> <u>Johnson County</u>
Direct Debt:			
Johnson County	\$ 10,970,000	100.00 %	\$ 10,970,000
Overlapping Debt:			
School Districts:			
Clear Creek-Amana School (Clear Creek)	58,795,000	99.51	58,508,043
College Community School	80,680,000	13.29	10,718,357
Highland School	735,000	3.83	28,124
Iowa City School	3,205,000	100.00	3,205,000
Lisbon School	1,105,000	4.18	46,226
Lone Tree School	3,565,000	97.89	3,489,728
Mid-Prairie School	9,105,000	24.80	2,257,681
Mt. Vernon School	3,955,000	0.13	4,962
Solon School	27,275,000	99.53	27,147,730
West Branch School	365,000	27.75	101,304
West Liberty School	2,255,000	1.97	44,350
Williamsburg School	6,900,000	0.99	68,025
Eastern Iowa Community College	11,630,000	0.04	4,647
Kirkwood Community College	79,468,000	33.29	26,451,641
Cities:			
Coralville	228,004,193	100.00	228,004,193
Hills	758,000	100.00	758,000
Iowa City	51,645,000	100.00	51,645,000
Lone Tree	568,000	100.00	568,000
North Liberty	25,380,000	100.00	25,380,000
Oxford	1,323,000	100.00	1,323,000
Shueyville	3,000,000	100.00	3,000,000
Solon	4,817,000	100.00	4,817,000
Swisher	-	100.00	-
Tiffin	7,910,000	100.00	7,910,000
University Heights	1,245,000	100.00	1,245,000
West Branch	2,735,000	3.42	93,446
Subtotal Overlapping Debt			<u>456,819,457</u>
Total Direct and Overlapping Debt			\$ <u><u>467,789,457</u></u>

Source: Johnson County Auditor (Current Debt Summary for all Taxing Districts)

JOHNSON COUNTY, IOWA
DEMOGRAPHIC AND ECONOMIC STATISTICS
FOR THE LAST TEN CALENDAR YEARS
UNAUDITED

<u>Year</u>	<u>County Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment (3)</u>	<u>Labor Force (4)</u>	<u>Unemployment Rate (4)</u>
2007	124,541	\$ 4,837,965,000	\$ 38,846.36	11,144	76,700	2.8 %
2008	127,113	5,142,501,000	40,456.14	11,628	78,600	2.9
2009	129,864	5,133,292,000	39,528.21	11,654	80,200	4.3
2010	131,291	5,195,104,000	39,569.38	11,788	78,700	4.4
2011	133,733	5,649,310,000	42,243.65	11,771	79,100	4.2
2012	136,923	5,957,758,000	43,511.74	12,189	79,400	3.8
2013	139,851	6,162,583,000	44,065.35	12,489	82,700	3.3
2014	142,421	6,492,971,000	45,589.98	12,889	84,000	3.2
2015	144,251	6,770,087,000	46,932.69	13,033	83,100	3.2
2016	146,547	6,954,522,000	47,455.92	13,671	83,200	3.1

(1) Population from State Data Center of Iowa and US Census Bureau

(2) Personal Income from US Bureau of Economic Analysis

(3) School enrollment from Iowa Department of Education

(4) Unemployment/Labor Force data from Iowa Workforce Development

* Note: 2017 Calendar year information not available at time of publication



JOHNSON COUNTY, IOWA
PRINCIPAL EMPLOYERS
FOR THE CURRENT FISCAL YEAR AND NINE YEARS AGO
UNAUDITED

Employer:	Fiscal Year 2017			Fiscal Year 2008		
	Number of Employees	Rank	% of Total County Employment	Number of Employees	Rank	% of Total County Employment
University of Iowa	19,651	1	23.7 %	25,493	1	33.6 %
University of Iowa Hospital and Clinics	10,459	2	12.6	-	-	-
Veterans Health Administration	2,300	3	2.8	1,232	4	1.6
Iowa City Community School District	1,844	4	2.2	1,200	5	1.6
Mercy Iowa City	1,347	5	1.6	1,262	3	1.7
ACT, Inc.	1,244	6	1.5	1,426	2	1.9
Hy-Vee, Inc.	1,222	7	1.5	977	7	1.3
Pearson Educational Measurement	1,150	8	1.4	1,101	6	1.5
Proctor & Gamble	1,130	9	1.4	514	10	0.7
City of Iowa City	942	10	1.1	625	9	0.8
Systems Unlimited	890	11	1.1	-	-	-
Lear Corp.	-	-	-	772	8	1.0
United Technologies Automotive	-	-	-	511	11	0.7
Gillette Canada (Oral B Laboratories)	-	-	-	500	12	0.7
Total Employees in Johnson County	<u>42,179</u>		<u>50.9 %</u>	<u>35,613</u>		<u>47.1 %</u>
Total Employees in Johnson County	<u>82,800</u>			<u>75,900</u>		

Source: Iowa Areas Development Group and Iowa City Iowa CAFR, Iowa Workforce Development

JOHNSON COUNTY, IOWA
COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/DEPARTMENT (FTE)
FOR THE LAST TEN FISCAL YEARS
UNAUDITED

	<u>Change</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Function/Department:					
Public Safety and Legal Services:					
Ambulance	2.1	43.4	41.3	40.3	40.3
County Attorney	1.3	32.2	30.9	30.1	29.1
Sheriff	0.7	98.6	97.9	93.2	92.1
Physical Health and Social Services:					
Medical Examiner	0.9	6.1	5.2	5.2	5.0
Health	1.1	37.5	36.4	36.4	37.5
SEATS	3.6	39.7	36.1	36.1	34.8
Human Services	1.0	9.5	8.5	8.5	8.5
Veterans Affairs	-	1.0	1.0	1.0	1.0
Mental Health:					
MH/DS	(3.0)	34.0	37.0	37.0	36.0
County Environment and Education:					
Zoning	1.0	13.0	12.0	11.5	11.5
Conservation	3.2	25.0	21.8	20.8	18.8
Roads and Transportation:					
Secondary Roads	0.7	50.5	49.8	49.8	48.8
Government Services:					
Recorder	-	8.0	8.0	8.0	8.0
Auditor/Elections	6.1	19.8	13.7	13.7	12.9
Treasurer	1.0	15.0	14.0	14.0	14.1
Administration:					
Auditor/Accounting	(1.0)	16.1	17.1	17.1	17.6
Board of Supervisors	-	6.8	6.8	6.8	6.8
Human Resources	1.3	5.0	3.7	3.7	3.7
Information Services	1.5	13.0	11.5	11.5	11.1
Finance	-	3.0	3.0	3.0	3.0
Physical Plant	-	10.0	10.0	10.0	8.0
Total	21.5	487.2	465.7	457.7	448.6

Source: Johnson County Finance Department

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
39.9	40.0	39.9	37.9	38.5	36.5
33.8	34.1	33.1	33.6	33.6	33.6
92.1	91.2	103.2	101.0	101.0	96.9
4.6	4.6	3.0	3.0	2.4	2.5
37.5	36.5	38.9	38.1	38.4	37.3
34.9	32.3	29.9	31.2	29.8	28.2
8.5	9.6	9.6	9.3	9.3	9.3
0.8	0.8	1.0	0.6	0.6	0.6
37.0	35.5	41.0	40.5	40.5	37.5
11.5	10.0	9.2	9.0	10.2	10.5
18.8	17.7	17.4	16.9	16.2	16.5
48.8	48.8	49.8	49.5	50.5	50.7
8.0	9.0	9.0	9.0	9.0	9.0
18.9	13.9	14.0	14.8	16.6	15.9
15.0	15.0	15.0	16.0	16.0	16.0
19.1	19.0	18.5	18.5	18.5	18.5
7.3	7.3	6.8	6.8	8.0	8.0
3.7	3.6	3.6	3.6	3.6	3.6
11.6	11.6	11.6	11.6	11.6	12.0
-	-	-	-	-	-
<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	<u>6.0</u>
<u><u>459.8</u></u>	<u><u>448.5</u></u>	<u><u>462.5</u></u>	<u><u>458.9</u></u>	<u><u>462.3</u></u>	<u><u>449.1</u></u>

JOHNSON COUNTY, IOWA
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS
UNAUDITED

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Function/Program:				
Public Safety and Legal Services:				
Ambulance:				
# of service calls	11,439	10,348	9,569	9,210
County Attorney:				
# of felonies and aggravated misdemeanor cases	1,133	1,095	1,251	944
County Sheriff:				
# of jail booking	5,555	5,393	5,428	6,222
# of service calls	32,665	31,192	20,689	25,515
Medical Examiner (Department started in 2009):				
# of cases investigated	1,671	1,648	1,466	663
Physical Health and Social Services:				
Public Health:				
# children receiving health services	13,771	12,393	13,511	10,999
# of hours spent on disease investigation	3,130	2,075	3,246	1,004
# of food inspections	1,063	1,209	1,147	1,803
SEATS:				
# of trips	128,840	128,064	132,389	133,379
# of vehicles serviced	138			
Social Services:				
# of applications for general assistance	1,091	1,080	1,028	1,168
Veteran Affairs:				
# of local assistance claims	131	187	185	128
# of federal assistance claims (started tracking FY15)	343	574	350	N/A
Mental Health/Disability Services:				
# of clients served	553	547	611	1,333
County Environment and Education:				
Planning and Zoning:				
# of building permits issued	440	342	289	245
Conservation:				
# of camper nights	6,075	5,620	4,706	4,679
# of acres managed	2,227	2,185	1,805	1,642
Roads and Transportation:				
Secondary roads:				
# miles of roads plowed	21,945	22,709	33,149	71,223
# of structures repaired	64	47	51	47
Governmental Services to Residents:				
Recorder:				
# of documents recorded	30,558	28,882	27,483	28,674
Treasurer:				
# of titles issued	35,800	34,830	33,003	32,507
# of Registrations Issued (metric started FY14)	163,277	158,168	156,913	153,429
Elections:				
# of registered voters	92,138	83,395	88,333	86,966
Administration:				
Auditor:				
# of claims processed	19,400	19,000	19,755	28,919
Information Technology:				
# of PC's	770	738	732	694

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
8,718	7,785	7,379	7,124	7,347	7,276
1,709	1,776	1,906	1,693	1,795	1,769
6,455	6,972	7,043	6,681	7,242	7,363
19,374	18,160	15,756	14,519	13,829	12,411
699	625	584	576	558	N/A
10,457	13,132	10,083	7,309	13,921	10,234
2,001	2,073	860	450	585	212
1,786	1,522	1,132	1,077	1,269	1,001
133,037	124,368	112,558	104,312	103,543	99,605
1,330	1,366	1,503	1,373	1,355	942
171	235	244	243	233	230
N/A	N/A	N/A	N/A	N/A	N/A
2,559	2,115	2,224	1,948	2,054	1,684
317	295	210	238	249	213
5,472	5,259	4,929	5,270	4,879	4,488
1,642	1,561	1,561	1,561	1,474	1,474
39,494	35,113	52,078	72,855	67,735	61,655
16	47	33	56	33	29
37,617	31,957	32,726	31,315	31,076	32,843
31,761	31,657	29,642	28,701	29,758	30,152
N/A	N/A	N/A	N/A	N/A	N/A
91,682	91,383	92,260	92,610	88,086	92,222
30,131	30,986	31,402	31,911	32,353	30,087
690	667	571	600	504	468

JOHNSON COUNTY, IOWA
CAPITAL ASSET STATISTICS BY ACTIVITY
FOR THE LAST TEN FISCAL YEARS
UNAUDITED

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 16,017,498	\$ 15,337,706	\$ 13,919,180	\$ 12,858,301
Intangible assets	522,891	197,926	63,845	63,845
Construction in progress	<u>12,427,632</u>	<u>16,312,686</u>	<u>24,092,064</u>	<u>8,527,438</u>
Total capital assets not being depreciated	<u>28,968,021</u>	<u>31,848,318</u>	<u>38,075,089</u>	<u>21,449,584</u>
Capital assets being depreciated:				
Buildings	46,658,585	43,512,649	38,089,044	37,859,957
Improvements other than buildings	1,344,163	1,344,163	1,121,352	1,121,352
Furnishings and equipment	18,459,284	16,849,626	16,091,962	15,258,472
Infrastructure	<u>99,862,609</u>	<u>88,086,049</u>	<u>77,826,460</u>	<u>77,197,637</u>
Total capital assets being depreciated	<u>166,324,641</u>	<u>149,792,487</u>	<u>133,128,818</u>	<u>131,437,418</u>
Less accumulated depreciation for:				
Buildings	14,977,890	13,775,133	12,470,288	11,503,647
Improvements other than buildings	207,803	157,183	114,345	72,953
Furnishings and equipment	12,483,589	12,303,100	11,868,776	11,409,424
Infrastructure	<u>40,338,922</u>	<u>37,797,536</u>	<u>35,294,932</u>	<u>33,004,520</u>
Total accumulated depreciation	<u>68,008,204</u>	<u>64,032,952</u>	<u>59,748,341</u>	<u>55,990,544</u>
Total capital assets being depreciated, net	<u>98,316,437</u>	<u>85,759,535</u>	<u>73,380,477</u>	<u>75,446,874</u>
Governmental activities capital assets, net	\$ <u>127,284,458</u>	\$ <u>117,607,853</u>	\$ <u>111,455,566</u>	\$ <u>96,896,458</u>

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$	12,707,628	\$ 12,770,898	\$ 12,187,273	\$ 9,069,933	\$ 8,750,607	\$ 8,184,568
	-	-	-	-	-	-
	<u>8,709,739</u>	<u>12,149,802</u>	<u>26,383,357</u>	<u>28,347,067</u>	<u>17,639,607</u>	<u>6,500,079</u>
	<u>21,417,367</u>	<u>24,920,700</u>	<u>38,570,630</u>	<u>37,417,000</u>	<u>26,390,214</u>	<u>14,684,647</u>
	38,653,053	38,181,220	22,177,093	15,043,550	14,944,068	14,244,494
	1,089,033	60,204	-	-	-	-
	14,250,702	14,241,701	14,206,099	13,868,340	13,611,863	13,221,591
	<u>67,904,042</u>	<u>59,598,105</u>	<u>55,766,584</u>	<u>54,342,496</u>	<u>53,458,245</u>	<u>51,042,302</u>
	<u>121,896,830</u>	<u>112,081,230</u>	<u>92,149,776</u>	<u>83,254,386</u>	<u>82,014,176</u>	<u>78,508,387</u>
	11,501,923	10,837,082	10,056,015	9,622,401	9,309,260	9,047,616
	31,830	3,558	-	-	-	-
	11,047,698	10,983,123	10,760,151	10,188,983	9,519,646	8,821,611
	<u>30,863,817</u>	<u>28,776,284</u>	<u>27,078,445</u>	<u>25,157,610</u>	<u>23,214,166</u>	<u>21,465,883</u>
	<u>53,445,268</u>	<u>50,600,047</u>	<u>47,894,611</u>	<u>44,968,994</u>	<u>42,043,072</u>	<u>39,335,110</u>
	<u>68,451,562</u>	<u>61,481,183</u>	<u>44,255,165</u>	<u>38,285,392</u>	<u>39,971,104</u>	<u>39,173,277</u>
\$	<u>89,868,929</u>	\$ <u>86,401,883</u>	\$ <u>82,825,795</u>	\$ <u>75,702,392</u>	\$ <u>66,361,318</u>	\$ <u>53,857,924</u>

JOHNSON COUNTY, IOWA
CAPITAL ASSET STATISTICS BY FUNCTION/DEPARTMENT
LAST TEN FISCAL YEARS
UNAUDITED

Function/Department:	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Public Safety and Legal Services:				
Ambulance:				
# vehicles	8	7	7	8
# buildings	1	1	1	1
Sheriff:				
# vehicles	65	58	57	51
# buildings	1	1	1	1
Medical Examiner:				
# vehicles	2	2	2	2
Physical Health and Social Services:				
Public Health:				
# vehicles	9	8	8	9
SEATS:				
# vehicles	24	24	24	24
# buildings	2	2	1	1
Mental Health:				
MH/DS:				
# vehicles	3	3	3	3
County Environment and Education:				
Planning and Zoning:				
# vehicles	5	5	5	5
Conservation:				
# vehicles	22	21	21	21
# buildings	31	31	27	27
Roads and Transportation:				
Secondary Roads:				
# vehicles	90	92	92	88
# buildings	20	20	19	21
Government Services:				
Auditor/Elections:				
# vehicles	3	3	3	3
Administration:				
Information Services:				
# vehicles	-	-	-	1
Physical Plant				
# vehicles	4	4	4	5
# buildings	5	11	11	13

Source: Johnson County Finance Department

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
8	8	7	9	7	6
1	1	1	1	1	1
60	52	48	54	52	43
1	1	1	1	1	1
2	2	2	-	-	-
9	9	9	9	9	9
24	24	24	23	27	20
1	1	1	1	1	1
3	4	4	4	3	3
5	5	5	5	5	5
21	19	17	15	15	18
27	27	26	23	23	22
89	87	87	85	87	83
18	18	19	19	18	18
3	3	3	3	3	2
1	1	1	1	1	1
5	4	3	3	3	4
13	14	15	13	10	11



COMPLIANCE SECTION



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 Johnson County, Iowa

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 Johnson County, Iowa, (County) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 23, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2017-A to be a material weakness.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County and are reported in Part IV of the accompanying Schedule of Findings and Questioned Costs. 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.

County's Response to the Finding

The County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Dubuque, Iowa
February 23, 2018



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

To the Officials of Johnson County, Iowa

Report on Compliance for Each Major Federal Program

We have audited Johnson County, Iowa's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Dubuque, Iowa
February 23, 2018

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

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

Name of Federal Program	CFDA Number
Special Supplemental Nutrition Program for Women, Infants and Children	10.557
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
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Auditee qualified as low-risk auditee?	No
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Part II: Findings Related to the Financial Statements:

Material Weakness

2017-A Material Audit Adjustments

Criteria – A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – During the course of our engagement, we proposed material audit adjustments to the Comprehensive Annual Financial Report (CAFR), which are necessary in order present accurate financial information.

Cause – There is a limited number of office employees with varying levels of experience with reporting requirements. This significantly limits the County’s review procedures.

Effect – The effect of this condition was financial data not in accordance with generally accepted accounting principles.

Recommendation – We recommend the finance staff continue to receive relevant training and that additional review procedures be implemented in preparing the financial statements.

Views of Responsible Officials – We agree with these findings. The procedures in place in prior fiscal years were materially misrepresenting financial resources & receivables and we are confident that procedural changes have been made to correct this problem in the current and future fiscal years’ reports.

Part III: Findings and Questioned Costs for Federal Awards:

**2017 - 001 U.S. Department of Health and Human Services
Passed-through Iowa Department of Public Health
CFDA 93.074, 5885BT452 and 5887BT31, Year Ended June 30, 2017
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)
Aligned Cooperative Agreements**

**Procurement and Suspension and Debarment
Significant Deficiency in Internal Control over Compliance**

Criteria – The Uniform Guidance, Section 200.303 Internal Controls, requires the non-Federal entity must establish and maintain effective internal controls over Federal awards that provide reasonable assurance that awards are being managed in compliance with Federal statutes, regulations and the terms and conditions of the Federal award.

Part III: Findings and Questioned Costs for Federal Awards: (continued)

Suspension and Debarment Requirements

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/>.

Condition – We tested compliance and internal controls over suspension and debarment and noted “covered transactions”, in which there was no documentation to support that a System of Award Management (SAM) check was performed to determine if the entity was suspended or debarred.

Cause – There is a lack of effective controls over the suspension and debarment compliance requirements.

Effect – Failure to provide documentation of the SAM’s check being performed may result in disallowed cost.

Questioned Costs – None reported.

Context/Sampling – Program expenditures for the year ended June, 30, 2017, contained the tested “covered transactions”. Sampling was not used.

Repeat Finding from Prior Year(s) – No.

Recommendation – We recommend that management review and improve the approval and documentation process for program expenditures to identify “covered transactions” and ensure SAM’s checks are performed.

Views of Responsible Officials – We agree with the audit findings. The Finance department plans to offer training to departments and offices that receive federal funding to make them aware of the Compliance requirements per the Uniform Guidance.

Part IV: Other Findings Related to Required Statutory Reporting:

2017-IA-A Certified Budget – Disbursements during the year ended June 30, 2017, did not exceed the amounts budgeted by function.

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

2017-IA-B Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.

2017-IA-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2017-IA-D Business Transactions – Business transactions between the County and County Officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Sandra Heick, County employee	Services	\$ 125

According to Chapter 331.342 of the Code of Iowa, the transaction above does not appear to represent a conflict of interest since the total is less than \$1,500 during the fiscal year.

2017-IA-E Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

2017-IA-F Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

2017-IA-G Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

2017-IA-H 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).

2017-IA-I County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in the governmental funds balance sheet or statement of revenues, expenditures, and changes in fund balances.

Disbursements during the year ended June 30, 2017, for the County Extension Office did not exceed the amount budgeted.

2017-IA-J Early Childhood Iowa Area Board – Johnson County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County’s financial statements as part of the Other Agency Funds because of the County’s fiduciary relationship with the organization.

No instances of non-compliance were noted as a result of the audit procedures performed.