

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

NEWS RELEASE

FOR RELEASE

April 1, 2019

Contact: Marlys Gaston
515/281-5834

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

The County had local tax revenue of \$19,627,417 for the year ended June 30, 2018, which included \$1,543,963 in tax credits from the state. The County forwarded \$13,440,164 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,187,253 of the local tax revenue to finance County operations, a 2.2% increase over the prior year. Other revenues included charges for service of \$734,117, operating grants, contributions and restricted interest of \$4,178,486, capital grants, contributions and restricted interest of \$500,366, local option sales tax of \$343,814, unrestricted investment earnings of \$92,231 and other general revenues of \$251,419.

Expenses for County operations for the year ended June 30, 2018 totaled \$13,651,457, a 16.6% increase over the prior year. Expenses included \$7,784,430 for roads and transportation, \$2,169,290 for public safety and legal services and \$1,666,288 for administration.

The significant increase in expenses is due to an increase in road projects and equipment purchases.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

###

MONONA COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2018

Table of Contents

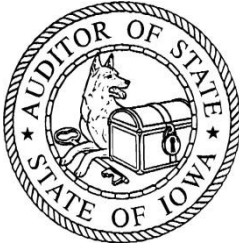
		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-7
Management’s Discussion and Analysis		9-16
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20-21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	26
Proprietary Fund Financial Statements:		
Statement of Net Position	G	27
Statement of Revenues, Expenses and Changes in Fund Net Position	H	28
Statement of Cash Flows	I	29
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	30
Notes to Financial Statements		31-50
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		52-53
Budget to GAAP Reconciliation		55
Notes to Required Supplementary Information – Budgetary Reporting		56
Schedule of the County’s Proportionate Share of the Net Pension Liability		57
Schedule of County Contributions		58-59
Notes to Required Supplementary Information – Pension Liability		60
Schedule of Changes in the County’s Total OPEB Liability, Related Ratios and Notes		61
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	64-65
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	66-67
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	68-69
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	70-71
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	72-73
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 <u>Government Auditing Standards</u>		75-76
Schedule of Findings		77-81
Staff		82

Monona County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tom Brouillette	Board of Supervisors	Jan 2019
Michael Collison	Board of Supervisors	Jan 2019
Tammy Bramley	Board of Supervisors	Jan 2021
Peggy A. Rolph	County Auditor	Jan 2021
Laura Oliver	County Treasurer	Jan 2019
Tena L. Hinkel	County Recorder	Jan 2019
Jeffrey R. Pratt	County Sheriff	Jan 2021
Ian McConeghey	County Attorney	Jan 2019
Tim Peters	County Assessor	Jan 2022

Monona County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Independent Auditor's Report

To the Officials of Monona County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona County, Iowa, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Monona County as of June 30, 2018, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 15 to the financial statements, Monona County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 9 through 16 and 52 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monona County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2019 on our consideration of Monona County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely 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 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 Monona County's internal control over financial reporting and compliance.



ROB SAND
Auditor of State

March 25, 2019

Monona County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Monona County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2018 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities was restated by \$57,010 to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- The County's governmental activities revenues decreased 15.4%, or approximately \$2,230,000, from fiscal year 2017 to fiscal year 2018. Capital grants and contributions decreased approximately \$1,672,000, operating grants and contributions decreased approximately \$196,000 and charges for service decreased approximately \$329,000.
- The County's governmental activities expenses increased approximately \$1,947,000 from fiscal year 2017 to fiscal year 2018.
- The County's net position decreased 3.6%, or approximately \$1,363,000, from the restated June 30, 2017 balance.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, and 3) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

- 2) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Monona County's combined net position decreased from a year ago, decreasing from approximately \$37.6 million to approximately \$36.2 million. The analysis that follows focuses on the changes in the net position of governmental activities, prior to restatement.

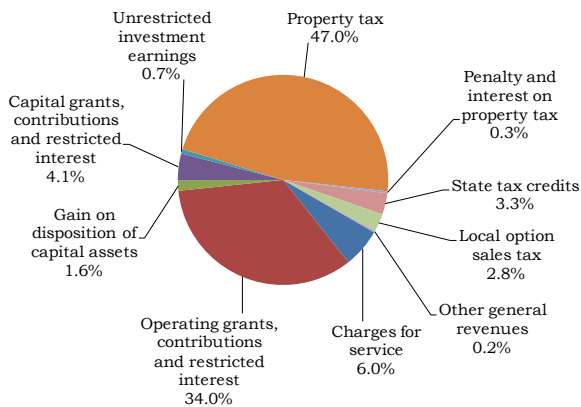
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2018	2017 (Not Restated)
Current and other assets	\$ 15,927	16,629
Capital assets	29,198	29,326
Total assets	45,125	45,955
Deferred outflows of resources	1,138	1,032
Long-term liabilities	3,560	3,235
Other liabilities	486	223
Total liabilities	4,046	3,458
Deferred inflows of resources	6,024	5,916
Net position:		
Net investment in capital assets	29,198	29,326
Restricted	6,826	8,014
Unrestricted	169	273
Total net position	\$ 36,193	37,613

Prior to restatement, net position of Monona County's governmental activities decreased 3.8% (approximately \$36.2 million compared to approximately \$37.6 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net position decreased approximately \$1,188,000 from the prior year, or 14.8%. This decrease is due primarily to an increase in road project and equipment expenses, which decreases net position. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$273,000 at June 30, 2017 to approximately \$169,000 at the end of this year due to an increase in the OPEB liability and the addition of a capital lease purchase agreement in fiscal year 2018.

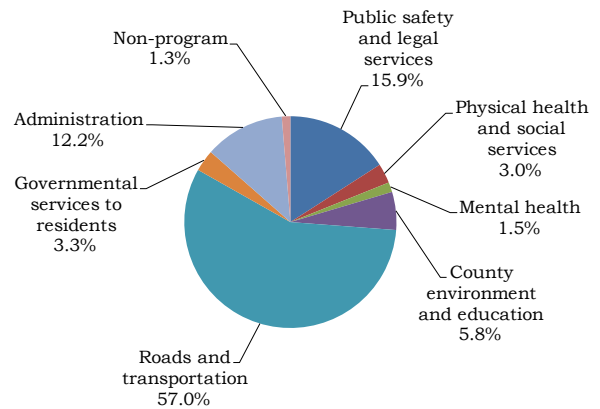
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2018	2017 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 734	1,063
Operating grants, contributions and restricted interest	4,179	4,375
Capital grants, contributions and restricted interest	500	2,172
General revenues:		
Property tax	5,787	5,669
Penalty and interest on property tax	32	36
State tax credits	401	386
Local option sales tax	344	385
Unrestricted investment earnings	92	116
Gain on disposition of capital assets	192	314
Other general revenues	27	2
Total revenues	12,288	14,518
Program expenses:		
Public safety and legal services	2,169	1,907
Physical health and social services	406	450
Mental health	207	207
County environment and education	788	856
Roads and transportation	7,784	5,982
Governmental services to residents	456	416
Administration	1,666	1,477
Non-program	171	397
Interest on long-term debt	4	12
Total expenses	13,651	11,704
Change in net position	(1,363)	2,814
Net position beginning of year, as restated	37,556	34,799
Net position end of year	\$ 36,193	37,613

Revenues by Source



Expenses by Function



Monona County's governmental activities net position decreased approximately \$1,363,000 during the year. Revenues for governmental activities decreased approximately \$2,230,000 from the prior year, with charges for service decreasing approximately \$329,000. The County's operating grants and contributions decreased approximately \$196,000. The County's capital grants and contributions decreased approximately \$1,672,000. The decrease in capital grants and contributions is primarily due to less road construction financed by the Iowa Department of Transportation.

Overall property tax rates decreased 0.07% for fiscal year 2018. Taxable valuation increased 1.93%. This resulted in an increase in the County's property tax revenue of approximately \$118,000 in fiscal year 2018.

The cost of all governmental activities this year was approximately \$13.7 million compared to approximately \$11.7 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was \$8,238,488 because some of the cost was paid by those who directly benefited from the programs (\$734,117 this year compared to \$1,063,077 last year) or by other governments and organizations which subsidized certain programs with grants and contributions (\$4,678,852 this year compared to \$6,547,157 last year). The County paid for the remaining "public benefit" portion of governmental activities with property tax and other revenues, such as local option sales tax and interest.

INDIVIDUAL MAJOR FUND ANALYSIS

As Monona County completed the year, its governmental funds reported a combined fund balance of approximately \$9.0 million, a decrease of approximately \$700,000 from last year's total of approximately \$9.7 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

The General Fund ending fund balance increased approximately \$96,000, or 3.2%, over the prior year. Overall revenues increased approximately \$67,000, or 1.4%, while expenditures increased approximately \$298,000, or 6.4%. Revenues increased primarily due to an increase in the property tax valuation.

The Special Revenue, Mental Health Fund balance increased approximately \$2,000 over the prior year to approximately \$64,000. Mental health revenues decreased \$564, or less than 1.0%, while expenditures decreased \$391.

The Special Revenue, Rural Services Fund balance increased approximately \$41,000, or 4.6%, over the prior year, primarily due to a decrease in road use tax revenues. Rural services fund revenues increased approximately \$62,000, or 3.0% over the prior year. Rural Services Fund expenditures increased approximately \$25,000, or 7.1%.

The Special Revenue, Secondary Roads Fund balance decreased approximately \$848,000, or 15.3%, from the prior year, primarily due to a decrease in road use tax revenues. Revenues decreased approximately \$622,000, or 11.3%, from the prior year. Secondary roads fund expenditures increased approximately \$1,324,000, or 21.3%, over the prior year, due primarily to road projects and equipment purchases.

BUDGETARY HIGHLIGHTS

Over the course of the year, Monona County amended its budget two times. The first amendment was approved on April 17, 2018 and resulted in an increase of \$37,306 in budgeted revenues for use of money and property for revenue received from a damaged patrol unit. Also, there was an increase of \$121,240 in budgeted disbursements for the public safety and legal services function (\$86,281), the government services to residents function (\$27,977) and the administration function (\$6,982) for replacement of a vehicle, increased jail expenses, primary election expenses and increased health insurance and wages in the Treasurer's office. The second amendment was approved on May 22, 2018 and resulted in an increase of \$7,400 in budgeted disbursements for the county environment and education function for well plugging, water testing and contractual work.

The County's overall receipts were approximately \$1,223,000 less than budgeted while disbursements were approximately \$1,290,000 less than the amended budget. Intergovernmental receipts were approximately \$1,001,000 less than budgeted. This variance is primarily due to the County not receiving reimbursed grant funds until the accrual period, during July and August 2018. Capital projects function disbursements were approximately \$957,000 less than budgeted due to lower than expected disbursements for the new heating and cooling system within the Courthouse.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, Monona County had approximately \$29.2 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$128,000, or less than 1.0%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2018	2017
Land	\$ 275	275
Construction in progress, road network	-	692
Construction in progress, other	-	69
Buildings and improvements	1,998	2,072
Equipment and vehicles	4,794	4,448
Infrastructure	22,131	21,770
Total	\$ 29,198	29,326

The County had depreciation expense of \$1,624,294 in fiscal year 2018 and total accumulated depreciation of \$15,854,325 at June 30, 2018.

More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2018, Monona County had approximately \$156,000 of debt outstanding, compared to approximately \$125,000 at June 30, 2017, as follows:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2018	2017
Drainage warrants	\$ 74	125
Capital lease purchase agreements	82	-
Total	\$ 156	125

Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Monona County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2019 budget, tax rates and fees charged for various County activities. These factors were considerations for the fiscal year 2019 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars).

	2019	2018	Percentage Change
	Dollars Certified	Dollars Certified	
General basic levy	\$ 2,468,704	2,416,111	2.18%
General supplemental levy	1,413,016	1,382,913	2.18%
Mental health levy	184,398	203,747	-9.50%
Rural services basic levy	2,078,072	2,051,149	1.31%
Total	\$ 6,144,190	6,053,920	1.49%

Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for fiscal year 2019 and fiscal year 2018 are as follows:

	2019	2018	Percentage Change
General basic levy	\$ 3.50000	\$ 3.50000	0.00%
General supplemental levy	2.00330	2.00330	0.00%
Mental health levy	0.26143	0.29515	-11.42%
Rural services basic levy	3.76486	3.76486	0.00%
Total	\$ 9.52959	\$ 9.56331	-0.35%

Budgeted disbursements in the fiscal year 2019 budget are \$14,304,969, a 3.2% increase over the fiscal year 2018 final amended budgeted disbursements. The countywide taxable valuation increased approximately \$15.1 million. Monona County has not added any major programs to the fiscal year 2019 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$1,749,000 by the close of fiscal year 2019.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Monona County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Monona County Auditor's Office, 620 Iowa Avenue, Onawa, Iowa 51040-1695 or by contacting the Monona County Auditor's Office at mocoaud1@mononacounty.org.

Basic Financial Statements

Monona County
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 7,936,574
Health Plan Trustee	226,992
Receivables:	
Property tax:	
Delinquent	4,366
Succeeding year	5,887,000
Interest and penalty on property tax	1,574
Accounts	26,373
Accrued interest	15,886
Drainage assessments	132,404
Loan	61,363
Due from other governments	993,854
Inventories	378,660
Prepaid expense	261,562
Capital assets, net of accumulated depreciation	29,197,538
Total assets	45,124,146
Deferred Outflows of Resources	
Pension related deferred outflows	1,115,774
OPEB related deferred outflows	22,037
Total deferred outflows of resources	1,137,811
Liabilities	
Accounts payable	446,280
Due to other governments	39,272
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	168,997
Portion due or payable after one year:	
Drainage warrants	73,922
Capital lease purchase agreements	81,602
Compensated absences	42,694
Net pension liability	3,073,572
Total OPEB liability	118,789
Total liabilities	4,045,128
Deferred Inflows of Resources	
Unavailable property tax revenue	5,887,000
Pension related deferred inflows	137,217
Total deferred inflows of resources	6,024,217
Net Position	
Net investment in capital assets	29,197,538
Restricted for:	
Supplemental levy purposes	865,586
Mental health purposes	64,279
Rural services purposes	945,326
Secondary roads purposes	4,630,038
Drainage purposes	174,323
Debt service	1,447
Other purposes	144,576
Unrestricted	169,499
Total net position	\$ 36,192,612

See notes to financial statements.

Monona County
Statement of Activities
Year ended June 30, 2018

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,169,290	154,091	7,885	-	(2,007,314)
Physical health and social services	406,273	6,375	277,843	-	(122,055)
Mental health	206,517	-	-	-	(206,517)
County environment and education	787,973	52,782	20,498	-	(714,693)
Roads and transportation	7,784,430	43,964	3,861,630	500,366	(3,378,470)
Governmental services to residents	456,375	190,014	-	-	(266,361)
Administration	1,666,288	63,829	10,630	-	(1,591,829)
Non-program	170,532	223,062	-	-	52,530
Interest on long-term debt	3,779	-	-	-	(3,779)
Total	\$ 13,651,457	734,117	4,178,486	500,366	(8,238,488)
General Revenues:					
Property and other county tax levied for:					
General purposes					5,786,669
Penalty and interest on property tax					32,237
State tax credits					400,584
Local option sales tax					343,814
Unrestricted investment earnings					92,231
Gain on disposition of capital assets					192,382
Miscellaneous					26,800
Total general revenues					6,874,717
Change in net position					(1,363,771)
Net position beginning of year, as restated					37,556,383
Net position end of year					\$ 36,192,612

See notes to financial statements.

Monona County
Balance Sheet
Governmental Funds

June 30, 2018

	General	Mental Health	Special Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 2,923,067	64,146	947,560
Receivables:			
Property tax:			
Delinquent	2,802	133	1,431
Succeeding year	3,701,000	176,000	2,010,000
Interest and penalty on property tax	1,574	-	-
Accounts	19,503	-	-
Accrued interest	5,633	-	-
Loan	-	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other funds	-	-	-
Due from other governments	50,348	-	-
Inventories	-	-	-
Prepaid expenditures	160,101	-	1,678
Total assets	\$ 6,864,028	240,279	2,960,669
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 50,679	-	5,343
Due to other funds	1,919	-	-
Due to other governments	32,718	-	-
Total liabilities	85,316	-	5,343
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	3,701,000	176,000	2,010,000
Other	31,569	133	1,431
Total deferred inflows of resources	3,732,569	176,133	2,011,431
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	160,101	-	1,678
Loan receivable	-	-	-
Restricted for:			
Supplemental levy purposes	782,987	-	-
Mental health purposes	-	64,146	-
Rural services purposes	-	-	942,217
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	44,888	-	-
Debt service	-	-	-
Other purposes	5,691	-	-
Assigned for:			
Jail/correction services	92,213	-	-
Drug enforcement related purposes	36,660	-	-
Courthouse heating and cooling purposes	150,000	-	-
Soil and water conservation purposes	53,431	-	-
Unassigned	1,720,172	-	-
Total fund balances	3,046,143	64,146	943,895
Total liabilities, deferred inflows of resources and fund balances	\$ 6,864,028	240,279	2,960,669

See notes to financial statements.

Revenue		
Secondary Roads	Nonmajor	Total
3,639,922	201,026	7,775,721
-	-	4,366
-	-	5,887,000
-	-	1,574
6,870	-	26,373
-	10,253	15,886
61,363	-	61,363
-	90,970	90,970
-	41,434	41,434
279	1,640	1,919
942,104	-	992,452
378,660	-	378,660
99,783	-	261,562
<u>5,128,981</u>	<u>345,323</u>	<u>15,539,280</u>
388,624	1,634	446,280
-	-	1,919
6,554	-	39,272
<u>395,178</u>	<u>1,634</u>	<u>487,471</u>
-	-	5,887,000
28,774	132,404	194,311
<u>28,774</u>	<u>132,404</u>	<u>6,081,311</u>
378,660	-	378,660
99,783	-	261,562
61,363	-	61,363
-	-	782,987
-	-	64,146
-	-	942,217
4,165,223	-	4,165,223
-	115,841	115,841
-	-	44,888
-	1,447	1,447
-	93,997	99,688
-	-	92,213
-	-	36,660
-	-	150,000
-	-	53,431
-	-	1,720,172
<u>4,705,029</u>	<u>211,285</u>	<u>8,970,498</u>
<u>5,128,981</u>	<u>345,323</u>	<u>15,539,280</u>

Monona County

Monona County

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

June 30, 2018

Total governmental fund balances (page 21) \$ 8,970,498

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$45,051,863 and the accumulated depreciation is \$15,854,325. 29,197,538

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 194,311

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 389,247

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

Deferred outflows of resources	\$ 1,137,811	
Deferred inflows of resources	<u>(137,217)</u>	1,000,594

Long-term liabilities, including drainage warrants payable, capital lease purchase agreement payable, net pension liability, total OPEB liability and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (3,559,576)

Net position of governmental activities (page 18) \$ 36,192,612

See notes to financial statements.

Monona County

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

Year ended June 30, 2018

	General	Mental Health	Special Rural Services
Revenues:			
Property and other county tax	\$ 3,608,319	193,520	1,983,006
Local option sales tax	-	-	-
Interest and penalty on property tax	34,592	-	-
Intergovernmental	769,217	15,121	103,510
Licenses and permits	7,658	-	-
Charges for service	273,308	-	-
Use of money and property	114,722	-	-
Miscellaneous	98,928	-	-
Total revenues	4,906,744	208,641	2,086,516
Expenditures:			
Operating:			
Public safety and legal services	1,954,801	-	166,513
Physical health and social services	403,155	-	-
Mental health	-	206,517	-
County environment and education	556,413	-	201,556
Roads and transportation	-	-	-
Governmental services to residents	436,502	-	3,234
Administration	1,569,073	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	3,938	-	-
Total expenditures	4,923,882	206,517	371,303
Excess (deficiency) of revenues over (under) expenditures	(17,138)	2,124	1,715,213
Other financing sources (uses):			
Transfers in	15,659	-	-
Transfers out	-	-	(1,673,796)
Capital lease purchase agreement	97,112	-	-
Drainage warrant proceeds	-	-	-
Sale of capital asset proceeds	-	-	-
Total other financing sources (uses)	112,771	-	(1,673,796)
Change in fund balances	95,633	2,124	41,417
Fund balances beginning of year	2,950,510	62,022	902,478
Fund balances end of year	\$ 3,046,143	64,146	943,895

See notes to financial statements.

<u>Revenue</u>		
<u>Secondary</u>		
<u>Roads</u>	<u>Nonmajor</u>	<u>Total</u>
-	-	5,784,845
343,814	-	343,814
-	-	34,592
4,492,262	9,513	5,389,623
2,805	-	10,463
-	1,638	274,946
16,482	599	131,803
51,480	129,077	279,485
<u>4,906,843</u>	<u>140,827</u>	<u>12,249,571</u>
-	-	2,121,314
-	-	403,155
-	-	206,517
-	23,169	781,138
7,116,238	-	7,116,238
-	2,882	442,618
398	-	1,569,471
-	104,590	104,590
-	158,995	158,995
416,385	-	420,323
<u>7,533,021</u>	<u>289,636</u>	<u>13,324,359</u>
<u>(2,626,178)</u>	<u>(148,809)</u>	<u>(1,074,788)</u>
1,658,137	-	1,673,796
-	-	(1,673,796)
-	-	97,112
-	103,951	103,951
119,769	-	119,769
<u>1,777,906</u>	<u>103,951</u>	<u>320,832</u>
<u>(848,272)</u>	<u>(44,858)</u>	<u>(753,956)</u>
<u>5,553,301</u>	<u>256,143</u>	<u>9,724,454</u>
<u>4,705,029</u>	<u>211,285</u>	<u>8,970,498</u>

Monona County

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

Year ended June 30, 2018

Net change in fund balances - Total governmental funds (page 25) \$ (753,956)

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

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

Expenditures for capital assets	\$ 1,289,992	
Capital assets contributed by the Iowa Department of Transportation	132,780	
Depreciation expense	<u>(1,624,294)</u>	(201,522)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 72,613

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

Property tax	1,824	
Other	<u>(358,754)</u>	(356,930)

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

Issued	(201,063)	
Repaid	<u>170,726</u>	(30,337)

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 374,904

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(34,564)	
OPEB expense	(9,389)	
Pension expense	<u>(471,090)</u>	(515,043)

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 46,500

Change in net position of governmental activities (page 19) \$ (1,363,771)

See notes to financial statements.

Monona County
Statement of Net Position
Proprietary Fund
June 30, 2018

	Internal Service - Employee Group Health
Assets	
Cash and cash equivalents:	
County Treasurer	\$ 160,853
Health Plan Trustee	226,992
Due from other governments	1,402
Total assets	389,247
Liabilities	
None	-
Net Position	
Unrestricted	\$ 389,247

See notes to financial statements.

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

Year ended June 30, 2018

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 1,245,384
Reimbursements from employees and others	<u>241,957</u>
Total operating revenues	1,487,341
Operating expenses:	
Insurance premiums	<u>1,442,744</u>
Operating income	44,597
Non-operating revenues:	
Interest income	<u>1,903</u>
Net income	46,500
Net position beginning of year	<u>342,747</u>
Net position end of year	<u>\$ 389,247</u>

See notes to financial statements.

Monona County
 Statement of Cash Flows
 Proprietary Fund
 Year ended June 30, 2018

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds	\$ 1,245,384
Cash received from employees and others	241,957
Cash paid to suppliers for services	(1,442,744)
Net cash provided by operating activities	44,597
Cash flows from investing activities:	
Interest on investments	1,903
Net increase in cash and cash equivalents	46,500
Cash and cash equivalents beginning of year	342,747
Cash and cash equivalents end of year	\$ 389,247
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 44,597
Net cash provided by operating activities	\$ 44,597

See notes to financial statements.

Monona County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

Assets

Cash and pooled investments:	
County Treasurer	\$ 3,468,429
Other County officials	11,204
Receivables:	
Property tax:	
Delinquent	10,098
Succeeding year	12,326,000
Special assessments	24,745
Drainage assessments:	
Current	64,526
Future	9,444
Due from other governments	126,402
Prepaid expenses	4,758
	<u>16,045,606</u>

Total assets**Liabilities**

Accounts payable	67,380
Due to other governments	15,952,308
Trusts payable	6,042
Compensated absences	19,876
	<u>16,045,606</u>

Total liabilities**Net position**

\$ -

See notes to financial statements.

Monona County

Notes to Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Monona County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

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

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Fifty-seven drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Monona County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. Those districts are included as an Agency Fund of the County. Financial information of the individual drainage districts can be obtained from the Monona County Auditor's Office.

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: Monona County Assessor’s Conference Board, Monona County Emergency Management Commission and Monona County Joint 911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the Monona County Sanitary Landfill Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa. In addition, the County is involved in the following jointly governed organizations: Siouxland Regional Transit Authority, Third Judicial District Department of Correctional Services, WESCO Industries, Region IV Local Emergency Planning Committee, Siouxland Metropolitan Planning Council and Region IV Hazmat Team. Financial transactions of these organizations are not included in the County’s financial statements.

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under 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 programs. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund 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 Inflow of Resources and Fund Balance/Net Position

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust 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, have a maturity date no longer than three months.

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2017.

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

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2018, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. 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. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	10 - 70
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	3 - 15

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

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

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 compensatory time 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 who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2018. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, 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, 2018, disbursements exceeded the amount budgeted for the roads and transportation function.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2018 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2018 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 279
Resource Enhancement and Protection	General	249
County Recorder's Records Management	General	349
Drainage Districts	General	<u>1,042</u>
Total		<u>\$ 1,919</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 274,684	-	-	274,684
Construction in progress, road network	692,692	539,630	(1,232,322)	-
Construction in progress, other	68,505	-	(68,505)	-
Total capital assets not being depreciated	<u>1,035,881</u>	<u>539,630</u>	<u>(1,300,827)</u>	<u>274,684</u>
Capital assets being depreciated:				
Buildings	3,249,128	68,505	-	3,317,633
Improvements other than buildings	675,492	-	(10,723)	664,769
Equipment and vehicles	11,655,543	976,946	(706,405)	11,926,084
Infrastructure, road network	<u>27,636,371</u>	<u>1,232,322</u>	<u>-</u>	<u>28,868,693</u>
Total capital assets being depreciated	<u>43,216,534</u>	<u>2,277,773</u>	<u>(717,128)</u>	<u>44,777,179</u>
Less accumulated depreciation for:				
Buildings	1,333,895	124,060	-	1,457,955
Improvements other than buildings	518,186	19,003	(10,723)	526,466
Equipment and vehicles	7,207,715	609,518	(685,214)	7,132,019
Infrastructure, road network	<u>5,866,172</u>	<u>871,713</u>	<u>-</u>	<u>6,737,885</u>
Total accumulated depreciation	<u>14,925,968</u>	<u>1,624,294</u>	<u>(695,937)</u>	<u>15,854,325</u>
Total capital assets being depreciated, net	<u>28,290,566</u>	<u>653,479</u>	<u>(21,191)</u>	<u>28,922,854</u>
Governmental activities capital assets, net	<u>\$ 29,326,447</u>	<u>1,193,109</u>	<u>(1,322,018)</u>	<u>29,197,538</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 73,429
County environment and education	23,790
Roads and transportation	1,440,960
Governmental services to residents	7,448
Administration	<u>78,667</u>
Total depreciation expense - governmental activities	<u>\$ 1,624,294</u>

(5) Loan Receivable

The County entered into a 28E agreement with the City of Blencoe to pave a county highway within Blencoe City limits. The County will assess the City for all costs to be reimbursed to the County's Secondary Road Fund. The City reimbursed 20% of the City's share of costs for the project to the County's Secondary Road Fund prior to July 15, 2017. The City is required to reimburse the County's Secondary Road Fund for the remaining 80% of the City's share of costs over a period of four years, with equal payments of 20% of the total cost of the project due on or before July 15th of 2018, 2019, 2020 and 2021. As of June 30, 2018, \$15,341 has been received and the outstanding loan receivable is \$61,363.

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2018 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 32,718
Special Revenue:		
Secondary Roads	Services	6,554
Total for governmental funds		<u>\$ 39,272</u>
Agency:		
County Offices	Collections	\$ 5,162
Agricultural Extension Education		189,320
County Assessor		840,465
Schools		8,750,911
Community Colleges		654,955
Corporations		2,167,133
Townships		262,170
Special Assessments		25,329
Auto License and Use Tax		239,613
Drainage Districts		2,131,336
Other		685,914
Total for agency funds		<u>\$ 15,952,308</u>

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Rural Services	\$ 15,659
Special Revenue: Secondary Roads	Special Revenue: Rural Services	1,658,137
Total		<u>\$ 1,673,796</u>

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

(8) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

	Drainage Warrants	Capital Lease Purchase Agreement	Compensated Absences	Net Pension Liability	Other Post-employment Benefits	Total
Balance beginning of year, as restated	\$ 125,187	-	177,127	2,902,585	87,363	3,292,262
Increases	103,951	97,112	198,289	170,987	39,767	610,106
Decreases	155,216	15,510	163,725	-	8,341	342,792
Balance end of year	\$ 73,922	81,602	211,691	3,073,572	118,789	3,559,576
Due within one year	\$ -	-	168,997	-	-	168,997

Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue, Drainage Districts Fund solely from drainage assessments against benefited properties.

Capital Lease Purchase Agreement

On December 29, 2017, the County entered into a capital lease purchase agreement to lease police radios. The agreement is for a period of 7 years at an interest rate of 3.89% per annum and expires in fiscal year 2025. The police radios do not meet the capitalization threshold and are not capitalized.

The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments for the agreement:

Year Ending June 30,	Police Radios
2019	\$ -
2020	15,510
2021	15,511
2022	15,511
2023	15,511
2024-2025	31,022
Total minimum lease payments	\$ 93,065
Less amount representing interest	(11,463)
Present value of net minimum lease payments	\$ 81,602

During the year ended June 30, 2018, the County paid principal of \$15,510 and no interest on the agreement.

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 775 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 Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2018 were \$282,117.

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.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2018, no liability has been recorded in the County's financial statements. As of June 30, 2018, settled claims have not exceeded 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 \$200,000, 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.

(10) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2018, 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 each contributed 9.38% of covered payroll, for a total rate of 18.76%. 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, 2018 were \$374,904.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the County reported a liability of \$3,073,572 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the County's collective proportion was 0.046141%, which was an increase of 0.000019% from its collective proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$471,090. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,753	40,824
Changes of assumptions	636,696	5,631
Net difference between projected and actual earnings on IPERS' investments	-	40,391
Changes in proportion and differences between County contributions and its proportionate share of contributions	65,421	50,371
County contributions subsequent to the measurement date	374,904	-
Total	<u>\$ 1,115,774</u>	<u>137,217</u>

\$374,904 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2019	\$ 74,525
2020	282,648
2021	181,057
2022	21,247
2023	44,176
Total	<u>\$ 603,653</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	<u>100.0%</u>	

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability 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 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 5,502,179	3,073,572	1,034,847

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, 2018.

(11) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Active employees 89

Total OPEB Liability – The County’s total OPEB liability of \$118,789 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	2.60% per annum.
Rates of salary increase (effective June 30, 2018)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.87% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	9.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2018 total dataset mortality table fully generational using Scale MP-2018. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year, as restated	\$ 87,363
Changes for the year:	
Service cost	8,922
Interest	3,299
Differences between expected and actual experiences	19,110
Changes in assumptions	8,436
Benefit payments	<u>(8,341)</u>
Net changes	<u>31,426</u>
Total OPEB liability end of year	<u>\$ 118,789</u>

Changes of assumptions reflect a change in the discount rate from 3.58% in fiscal year 2017 to 3.87% in fiscal year 2018.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate.

	<u>1% Decrease (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB liability	\$ 124,856	118,789	112,768

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (8.00%) or 1% higher (10.00%) than the current healthcare cost trend rates.

	<u>1% Decrease (8.00%)</u>	<u>Healthcare Cost Trend Rate (9.00%)</u>	<u>1% Increase (10.00%)</u>
Total OPEB liability	\$ 104,984	118,789	135,199

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2018, the County recognized OPEB expense of \$17,730. At June 30, 2018, the County reported deferred outflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 15,288
Changes in assumptions	<u>6,749</u>
Total	<u>\$ 22,037</u>

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

Year ending June 30,	Amount
2019	\$ 5,509
2020	5,509
2021	5,509
2022	5,510
	<u>\$ 22,037</u>

(12) Employee Health Insurance Plan

The County, in conjunction with other organizations, entered into an agreement as authorized in Chapter 28E of the Code of Iowa for health insurance which is funded through employer and employee contributions. The counties, cities and the other participating organizations are contingently liable with respect to medical claims made by the participants in the plan. Employee Benefit Systems/Cobra Administrator (EBS) provides a service designed to administer compliance requirements. All claims handling procedures are performed by an independent claims administrator. Settled claims have not exceeded the plan coverage during any of the past three years.

The cash balance of the Monona County Health Care Plan was \$226,992 at June 30, 2018.

(13) County Financial Information Included in the Southwest Iowa MHDS Region

Southwest Iowa MHDS Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Cass County, Fremont County, Harrison County, Mills County, Monona County, Montgomery County, Page County, Pottawattamie County and Shelby County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Southwest Iowa MHDS Region for the year ended June 30, 2018, as follows:

Revenues:	
Property and other county tax	\$ 193,520
Intergovernmental revenues:	
State tax credits	<u>15,121</u>
Total revenues	<u>208,641</u>
Expenditures:	
Distribution to regional fiscal agent	<u>206,517</u>
Excess of revenues over expenditures	2,124
Fund balance beginning of the year	<u>62,022</u>
Fund balance end of the year	<u>\$ 64,146</u>

(14) Tax Abatements

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

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2018 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Onawa	Urban renewal and economic development projects	\$ 56,901

(15) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental Activities
Net position June 30, 2017, as previously reported	\$ 37,613,393
Net OPEB obligation measured under previous standards	30,353
Total OPEB liability at June 30, 2017	(87,363)
Net position July 1, 2017, as restated	<u>\$ 37,556,383</u>

Required Supplementary Information

Monona County

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

Required Supplementary Information

Year ended June 30, 2018

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 6,129,353	-	6,129,353
Interest and penalty on property tax	34,592	-	34,592
Intergovernmental	4,904,568	-	4,904,568
Licenses and permits	10,463	-	10,463
Charges for service	274,960	-	274,960
Use of money and property	138,098	-	138,098
Miscellaneous	277,556	111,981	165,575
Total receipts	11,769,590	111,981	11,657,609
Disbursements:			
Public safety and legal services	2,034,884	-	2,034,884
Physical health and social services	406,296	-	406,296
Mental health	206,517	-	206,517
County environment and education	779,743	-	779,743
Roads and transportation	6,760,196	-	6,760,196
Governmental services to residents	441,636	-	441,636
Administration	1,512,832	-	1,512,832
Non-program	103,951	103,951	-
Debt service	158,995	158,995	-
Capital projects	426,178	-	426,178
Total disbursements	12,831,228	262,946	12,568,282
Excess (deficiency) of receipts over (under) disbursements	(1,061,638)	(150,965)	(910,673)
Other financing sources, net	223,720	103,951	119,769
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(837,918)	(47,014)	(790,904)
Balance beginning of year	8,613,639	153,194	8,460,445
Balance end of year	\$ 7,775,721	106,180	7,669,541

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
6,277,794	6,277,794	(148,441)
15,300	15,300	19,292
5,905,789	5,905,789	(1,001,221)
7,100	7,100	3,363
218,092	218,092	56,868
169,350	206,656	(68,558)
250,086	250,086	(84,511)
12,843,511	12,880,817	(1,223,208)
2,050,777	2,137,058	102,174
528,933	528,933	122,637
206,517	206,517	-
895,337	902,737	122,994
6,418,097	6,418,097	(342,099)
499,864	527,841	86,205
1,746,717	1,753,699	240,867
-	-	-
-	-	-
1,383,092	1,383,092	956,914
13,729,334	13,857,974	1,289,692
(885,823)	(977,157)	66,484
-	-	119,769
(885,823)	(977,157)	186,253
6,167,350	6,167,350	2,293,095
5,281,527	5,190,193	2,479,348

Monona County

Monona County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2018

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 11,769,590	479,981	12,249,571
Expenditures	12,831,228	493,131	13,324,359
Net	(1,061,638)	(13,150)	(1,074,788)
Other financing sources, net	223,720	97,112	320,832
Beginning fund balances	8,613,639	1,110,815	9,724,454
Ending fund balances	<u>\$ 7,775,721</u>	<u>1,194,777</u>	<u>8,970,498</u>

See accompanying independent auditor's report.

Monona County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2018

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 and the Debt Service 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 receipts by \$37,306 and budgeted disbursements by \$128,640. 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 E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2018, disbursements exceeded the amount budgeted by the roads and transportation function.

Monona County

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

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

Required Supplementary Information

	2018	2017	2016	2015
County's proportion of the net pension liability	0.046141%	0.046122%	0.042430%	0.042330%
County's proportionate share of the net pension liability	\$ 3,074	2,903	2,096	1,679
County's covered payroll	\$ 3,829	3,693	3,558	3,524
County's proportionate share of the net pension liability as a percentage of its covered payroll	80.28%	78.61%	58.91%	47.64%
IPERS' net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

Monona County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 375	365	371	341
Contributions in relation to the statutorily required contribution	<u>(375)</u>	<u>(365)</u>	<u>(371)</u>	<u>(341)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 3,943	3,829	3,693	3,558
Contributions as a percentage of covered payroll	9.51%	9.53%	10.05%	9.58%

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
337	316	303	272	257	230
(337)	(316)	(303)	(272)	(257)	(230)
-	-	-	-	-	-
3,524	3,378	3,441	3,511	3,536	3,310
9.56%	9.35%	8.81%	7.75%	7.27%	6.95%

Monona County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2018

Changes of benefit terms:

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

Changes of assumptions:

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

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

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

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

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.

Monona County

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

For the Current Year
Required Supplementary Information

	<u>2018</u>
Service cost	\$ 8,922
Interest cost	3,299
Difference between expected and actual experiences	19,110
Changes in assumptions	8,436
Benefit payments	<u>(8,341)</u>
Net change in total OPEB liability	<u>31,426</u>
Total OPEB liability beginning of year, as restated	<u>87,363</u>
Total OPEB liability end of year	<u>\$ 118,789</u>
Covered-employee payroll	\$ 3,846,007
Total OPEB liability as a percentage of covered-employee payroll	3.1%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

Monona County

Supplementary Information

Monona County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2018

	Resource Enhancement and Protection	Special County Recorder's Records Management
Assets		
Cash, cash equivalents and pooled investments	\$ 18,726	36,892
Receivables:		
Accrued interest	-	-
Drainage assessments:		
Current	-	-
Future	-	-
Due from other funds	249	349
Total assets	\$ 18,975	37,241
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ -	-
Deferred inflows of resources:		
Unavailable revenues:		
Other	-	-
Fund balances:		
Restricted for:		
Drainage purposes	-	-
Debt service	-	-
Other purposes	18,975	37,241
Total fund balances	18,975	37,241
Total liabilities, deferred inflows of resources and fund balances	\$ 18,975	37,241

See accompanying independent auditor's report.

Revenue						
County Recorder's Electronic Transaction Fee	Conservation Trust	Drainage Districts	Archer Trust	Debt Service	Total	
312	37,359	106,180	110	1,447	201,026	
-	-	10,253	-	-	10,253	
-	-	90,970	-	-	90,970	
-	-	41,434	-	-	41,434	
-	-	1,042	-	-	1,640	
312	37,359	249,879	110	1,447	345,323	
-	-	1,634	-	-	1,634	
-	-	132,404	-	-	132,404	
-	-	115,841	-	-	115,841	
-	-	-	-	1,447	1,447	
312	37,359	-	110	-	93,997	
312	37,359	115,841	110	1,447	211,285	
312	37,359	249,879	110	1,447	345,323	

Monona County

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

Year ended June 30, 2018

	Resource Enhancement and Protection	Special County Recorder's Records Management
Revenues:		
Intergovernmental	\$ 9,513	-
Charges for service	-	1,638
Use of money and property	249	350
Miscellaneous	-	-
Total revenues	<u>9,762</u>	<u>1,988</u>
Expenditures:		
Operating:		
County environment and education	17,541	-
Government services to residents	-	2,882
Non-program	-	-
Debt service	-	-
Total expenditures	<u>17,541</u>	<u>2,882</u>
Excess (deficiency) of revenues over (under) expenditures	(7,779)	(894)
Other financing sources:		
Drainage warrant proceeds	-	-
Change in fund balances	(7,779)	(894)
Fund balances beginning of year	<u>26,754</u>	<u>38,135</u>
Fund balances end of year	<u>\$ 18,975</u>	<u>37,241</u>

See accompanying independent auditor's report.

Revenue						
County Recorder's Electronic Transaction Fee	Conservation Trust	Drainage Districts	Archer Trust	Debt Service	Total	
-	-	-	-	-	-	9,513
-	-	-	-	-	-	1,638
-	-	-	-	-	-	599
-	20,158	108,919	-	-	-	129,077
-	20,158	108,919	-	-	-	140,827
-	5,628	-	-	-	-	23,169
-	-	-	-	-	-	2,882
-	-	104,590	-	-	-	104,590
-	-	158,995	-	-	-	158,995
-	5,628	263,585	-	-	-	289,636
-	14,530	(154,666)	-	-	-	(148,809)
-	-	103,951	-	-	-	103,951
-	14,530	(50,715)	-	-	-	(44,858)
312	22,829	166,556	110	1,447	-	256,143
312	37,359	115,841	110	1,447	-	211,285

Monona County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	1,178	452,669	55,597	3,465
Other County officials	11,204	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	142	304	7,314	490
Succeeding year	-	188,000	401,000	8,688,000	651,000
Special assessments	-	-	-	-	-
Drainage assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenditures	-	-	3,844	-	-
Total assets	\$ 11,204	189,320	857,817	8,750,911	654,955
Liabilities					
Accounts payable	\$ -	-	66	-	-
Due to other governments	5,162	189,320	840,465	8,750,911	654,955
Trusts payable	6,042	-	-	-	-
Compensated absences	-	-	17,286	-	-
Total liabilities	\$ 11,204	189,320	857,817	8,750,911	654,955

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
30,447	1,009	584	239,613	2,080,626	603,241	3,468,429
-	-	-	-	-	-	11,204
1,686	161	-	-	-	1	10,098
2,135,000	261,000	-	-	-	2,000	12,326,000
-	-	24,745	-	-	-	24,745
-	-	-	-	64,526	-	64,526
-	-	-	-	9,444	-	9,444
-	-	-	-	20,305	106,097	126,402
-	-	-	-	-	914	4,758
2,167,133	262,170	25,329	239,613	2,174,901	712,253	16,045,606
-	-	-	-	43,565	23,749	67,380
2,167,133	262,170	25,329	239,613	2,131,336	685,914	15,952,308
-	-	-	-	-	-	6,042
-	-	-	-	-	2,590	19,876
2,167,133	262,170	25,329	239,613	2,174,901	712,253	16,045,606

Monona County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2018

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Balances beginning of year	\$ 15,775	185,258	784,670	8,639,981	535,071
Additions:					
Property and other county tax	-	187,771	400,379	8,679,368	650,538
911 surcharges	-	-	-	-	-
State tax credits	-	14,278	31,669	682,089	41,155
Electronic transaction fees	-	-	-	-	-
Office fees and collections	319,869	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	64,466	-	-	-	-
Miscellaneous	-	-	1,894	-	-
Total additions	384,335	202,049	433,942	9,361,457	691,693
Deductions:					
Agency remittances:					
To other funds	196,498	-	-	-	-
To other governments	123,380	197,987	360,795	9,250,527	571,809
Trusts paid out	69,028	-	-	-	-
Total deductions	388,906	197,987	360,795	9,250,527	571,809
Balances end of year	\$ 11,204	189,320	857,817	8,750,911	654,955

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
2,159,975	236,535	44,730	254,541	2,257,378	713,323	15,827,237
2,116,034	260,662	-	-	-	2,033	12,296,785
-	-	-	-	-	240,885	240,885
362,181	11,848	-	-	-	159	1,143,379
-	-	-	-	-	1,638	1,638
-	-	-	-	-	-	319,869
-	-	-	3,096,559	-	-	3,096,559
-	-	638	-	986,638	-	987,276
-	-	-	-	-	-	64,466
-	-	-	-	266,308	222,293	490,495
2,478,215	272,510	638	3,096,559	1,252,946	467,008	18,641,352
-	-	-	95,133	-	-	291,631
2,471,057	246,875	20,039	3,016,354	1,335,423	468,078	18,062,324
-	-	-	-	-	-	69,028
2,471,057	246,875	20,039	3,111,487	1,335,423	468,078	18,422,983
2,167,133	262,170	25,329	239,613	2,174,901	712,253	16,045,606

Monona County

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

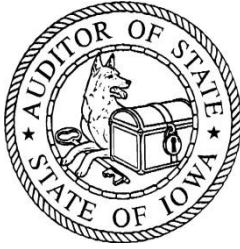
For the Last Ten Years

	2018	2017	2016	Modified 2015
Revenues:				
Property and other county tax	\$ 5,784,845	5,669,357	5,561,731	5,456,613
Local option sales tax	343,814	384,646	360,583	365,015
Interest and penalty on property tax	34,592	36,185	32,488	34,393
Intergovernmental	5,389,623	5,999,655	4,742,310	4,312,456
Licenses and permits	10,463	11,024	12,254	14,035
Charges for service	274,946	278,320	249,213	247,887
Use of money and property	131,803	123,213	156,896	130,365
Miscellaneous	279,485	539,418	234,162	258,957
Total	\$ 12,249,571	13,041,818	11,349,637	10,819,721
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,121,314	1,926,703	1,765,858	1,719,465
Physical health and social services	403,155	448,973	461,785	427,775
Mental health	206,517	206,908	300,992	598,354
County environment and education	781,138	799,980	663,613	642,075
Roads and transportation	7,116,238	5,204,001	5,253,867	5,201,317
Governmental services to residents	442,618	425,622	397,656	430,172
Administration	1,569,471	1,383,992	1,420,508	1,373,921
Non-program	104,590	357,527	166,778	97,424
Debt service	158,995	329,521	217,098	190,008
Capital projects	420,323	1,040,159	859,377	464,107
Total	\$ 13,324,359	12,123,386	11,507,532	11,144,618

See accompanying independent auditor's report.

Accrual Basis					
2014	2013	2012	2011	2010	2009
4,937,622	5,334,059	4,912,903	4,791,180	4,441,028	4,402,891
371,369	374,454	354,148	384,895	298,021	328,949
35,923	40,975	41,335	48,625	47,540	36,760
4,625,041	4,961,929	5,483,342	4,995,389	5,205,958	5,135,888
13,410	18,055	17,914	23,441	19,089	15,549
274,063	266,849	261,523	268,682	270,522	258,797
246,385	180,563	180,974	151,351	133,476	172,916
345,411	432,936	323,106	977,271	168,300	293,012
10,849,224	11,609,820	11,575,245	11,640,834	10,583,934	10,644,762
1,689,183	1,542,167	1,659,465	1,539,312	1,502,227	1,445,381
499,065	484,879	588,532	702,058	680,218	665,971
238,336	166,997	1,119,019	943,848	950,776	972,878
706,882	556,117	691,232	579,980	510,339	541,371
4,497,158	6,243,940	5,166,391	4,671,066	4,961,380	3,360,561
445,357	396,074	384,938	349,701	357,417	351,495
1,359,072	1,359,773	1,335,272	1,230,200	1,237,514	1,276,578
88,853	171,333	261,784	289,628	526,954	263,501
319,740	426,856	354,955	499,822	231,557	209,096
229,373	581,694	665,214	460,146	951,371	711,791
10,073,019	11,929,830	12,226,802	11,265,761	11,909,753	9,798,623

Monona County



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

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

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 Monona County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona County, Iowa, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 25, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items (A) and (B) we consider to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2018 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


Monona County's Responses to Findings

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

Purpose of this Report

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

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



Rob Sand
Auditor of State

March 25, 2019

Monona County

Schedule of Findings

Year ended June 30, 2018

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

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

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

	Applicable Offices
(1) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts and disbursements. Mail is opened by accounting staff. Responsibilities for maintaining detailed accounts receivable records are not segregated from those for collecting and recording. Also, the bank reconciliations are not reviewed by a person who is not responsible for receipts and disbursements.	Treasurer, Sheriff, Recorder, Conservation, and County Extension
(2) An independent reconciliation of recorded receipts to the initial listing is not performed.	Treasurer
(3) Inventory and supplies receiving, accounting and custody responsibilities are not properly segregated.	Secondary Roads
(4) Tickets for camp facilities are not pre-numbered and reconciled with cash receipts.	Conservation

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

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

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Monona County

Schedule of Findings

Year ended June 30, 2018

Responses –

Treasurer – (1) Departments will rotate daily deposit procedures. (2) A random selection of recorded receipts will be selected daily to reconcile the recorded receipts to the initial listing.

Sheriff – The Sheriff's Office will make an effort to have those processing the mail be different from those who make deposits and pay claims. The Sheriff or his designees will initial deposits to make sure amounts of monies received match those receipted into the account.

Recorder – All three of us check the bank deposits and bank account.

Secondary Roads – The Secondary Roads Department does its best to segregate these responsibilities. However, limited staff prevents this from being adequately done.

County Extension – Staff separate duties of opening and approving bills. Two Council members sign checks and initial financial reports. We will have the Supervisor review all deposits and bank statements every month and sign off on them. We already have in place separate duties when it comes to opening and approving bills and have two Council members sign checks. The Program Assistant prints off a monthly voucher report that includes itemized deposits. Supervisor and Extension Council members view and approve report each month.

Conservation – (1) Currently, the Director and Ranger collect receipts and the Secretary prepares the deposit. The Office will review procedures but with limited staff, it is difficult to properly segregate these duties. (2) This is almost impossible as tickets are constantly being destroyed by people burning them, writing on them or stealing them. This would be very difficult to track while these issues are still occurring at all parks across the County.

Conclusions –

Treasurer, Sheriff, County Extension, and Conservation – Responses accepted.

Recorder and Secondary Roads – Responses acknowledged. The offices should utilize current personnel, including other officials and employees, to provide additional control for their accounts.

Monona County

Schedule of Findings

Year ended June 30, 2018

(B) Financial Reporting

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

Condition – Material amounts of receivables were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

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

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

Response – The Monona County Treasurer and staff will make a concentrated effort to request accrued status on all revenue received from all departments from July 1st through September 30th each fiscal year.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Monona County

Schedule of Findings

Year ended June 30, 2018

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2018 exceeded the amount budgeted in the roads and transportation function.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will monitor this more closely in the future.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Doug Kuhlmann, Conservation Director, Owner of Kuhlmann Home Improvements	Equipment rental, per bid	\$ 5,610

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, these transactions do not represent a conflict of interest since they were competitively bid.

- (5) 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 the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) 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).

Monona County

Schedule of Findings

Year ended June 30, 2018

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

Disbursements during the year ended June 30, 2018 for the County Extension Office did not exceed the amount budgeted.

Monona County

Staff

This audit was performed by:

Jennifer L. Wall, CPA, Manager
Ryan J. Pithan, CPA, Senior Auditor II
Preston R. Grygiel, Staff Auditor
Matthew A. Miller, Staff Auditor
Matthew K. Nnanna, Assistant Auditor


Marlys K. Gaston, CPA
Deputy Auditor of State