OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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NEWS RELEASE

Contact: Marlys Gaston
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FOR RELEASE April 1, 2019

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

The County had local tax revenue of $27,455,315 for the year ended June 30, 2018, which included $2,039,981 in tax credits from the state. The County forwarded $19,092,662 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $8,362,653 of the local tax revenue to finance County operations, a less than 1% decrease from the prior year. Other revenues included charges for service of $1,678,071, operating grants, contributions and restricted interest of $4,492,524, capital grants, contributions and restricted interest of $1,271,793, local option sales tax of $550,639, unrestricted investment earnings of $130,550, gain on disposition of capital assets of $4,569 and other general revenues of $334,308.

Expenses for County operations for the year ended June 30, 2018 totaled $16,575,514, a 13.1% increase over the prior year. Expenses included $8,139,197 for roads and transportation, $2,651,895 for public safety and legal services and $1,723,719 for physical health and social services.

The significant increase in disbursements is due primarily to an increase in roads and transportation project expenditures in fiscal year 2018.

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/.

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HARRISON COUNTY

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

JUNE 30, 2018

Table of Contents

Harrison County

Officials

Name	Title	Term Expires
Russell G. Kurth	Board of Supervisors	(Deceased November 2017)
Larry King (Appointed)	Board of Supervisors	Nov 2018
Walter Utman	Board of Supervisors	Jan 2019
John Straight	Board of Supervisors	Jan 2021
Susan E. Bonham	County Auditor	Jan 2021
Shelia Phillips	County Treasurer	Jan 2019
Lorie A. Thompson	County Recorder	Jan 2019
Patrick Sears	County Sheriff	Jan 2021
Jennifer Mumm	County Attorney	Jan 2019
Brenda Loftus	County Assessor	Jan 2022

Harrison County

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Rob Sand
Auditor of State

Independent Auditor's Report

To the Officials of Harrison County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Harrison 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, the business type activities, each major fund and the aggregate remaining fund information of Harrison 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 a Matter

As discussed in Note 15 to the financial statements, Harrison 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 56 through 65 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 Harrison 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 seven years ended June 30, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the two years ended June 30, 2010 (which are not presented herein) were audited by another auditor who 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 26, 2019 on our consideration of Harrison County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Harrison County's internal control over financial reporting and compliance.

ROB SAND
Auditor of State

March 26, 2019

Harrison County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Harrison 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 $11,644 to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred inflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.

- Revenues of the County's governmental activities decreased 5.9%, or approximately $1,051,000, from fiscal year 2017 to fiscal year 2018. Charges for service increased approximately $277,000. Operating grants, contributions and restricted interest decreased approximately $388,000. Capital grants, contributions and restricted interest decreased approximately $319,000. Also, insurance recoveries and gain on disposition of capital assets decreased by approximately $162,000 and $115,000, respectively.

- Program expenses of the County's governmental activities were 13.2%, or approximately $1,922,000, more in fiscal year 2018 than in fiscal year 2017. Roads and transportation function expenses increased approximately $1,772,000 and administration function expenses increased approximately $160,000.

- The County's governmental activities net position increased less than 1%, or approximately $265,000, over 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 Harrison 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 Harrison 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 Harrison 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 non-major 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, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

2) A proprietary fund accounts for the County's Enterprise Fund. This fund reports services for which the County charges customers for the service it provides. The proprietary fund is reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the proprietary fund and the business type activities included in the government-wide financial statements is the detail and additional information, such as cash flows, provided in the proprietary fund financial statements. The Enterprise, Water and Wastewater Disposal System Fund is considered to be a major fund of the County. The County is responsible for ensuring the assets reported in this fund are used only for their intended purposes.

   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 trustee controlled 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. The analysis which follows focuses on the changes in the net position of governmental and business type activities before restatement.

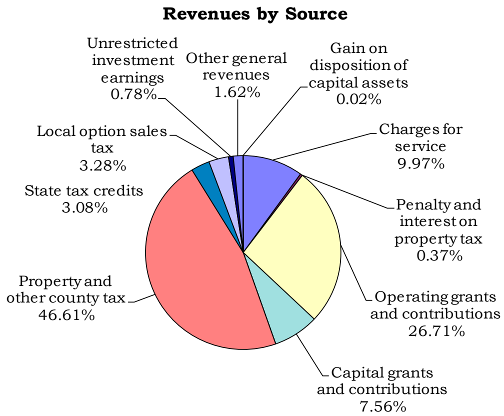
Net Position of Governmental and Business Type Activities
(Expressed in Thousands)

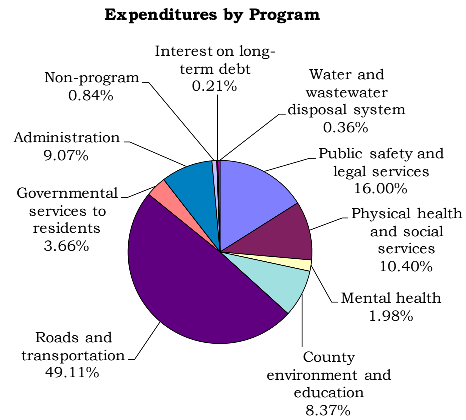
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2018	2017 (Not Restated)	2018	2017	2018	2017
Current and other assets	$ 24,092	24,351	114	111	24,206	24,462
Capital assets	37,591	36,887	2,022	2,053	39,613	38,940
Total assets	61,683	61,238	2,136	2,164	63,819	63,402
Deferred outflows of resources	1,395	1,274	-	-	1,395	1,274
Long-term liabilities	6,517	6,622	667	679	7,184	7,301
Other liabilities	668	295	-	-	668	295
Total liabilities	7,185	6,917	667	679	7,852	7,596
Deferred inflows of resources	7,963	7,919	-	-	7,963	7,919
Net position:						
Net investment in capital assets	37,591	36,887	1,355	1,374	38,946	38,261
Restricted	10,000	10,050	75	72	10,075	10,122
Unrestricted	339	739	39	39	378	778
Total net position	$ 47,930	47,676	1,469	1,485	49,399	49,161

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Governmental activities restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position component decreased approximately $50,000, or less than 1.0%, from the prior year. Governmental activities 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 $739,000 at June 30, 2017 to approximately $339,000 at the end of this year, in part due to the implementation of GASB Statement No. 75.

Changes in Net Position of Governmental and Business Type Activities
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2018	2017 (Not Restated)	2018	2017	2018	2017 (Not Restated)
Revenues:						
Program revenues:						
Charges for service	$ 1,634	1,757	43	39	1,677	1,796
Operating grants and contributions	4,493	4,881	-	-	4,493	4,881
Capital grants and contributions	1,272	1,591	-	-	1,272	1,591
General revenues:						
Property and other county tax	7,844	7,864	-	-	7,844	7,864
Penalty and interest on property tax	62	50	-	-	62	50
State tax credits	518	506	-	-	518	506
Local option sales tax	551	609	-	-	551	609
Unrestricted investment earnings	131	81	-	-	131	81
Insurance recoveries	-	162	-	-	-	162
Gain on disposition of capital assets	4	119	-	-	4	119
Other general revenues	272	212	-	-	272	212
Total revenues	16,781	17,832	43	39	16,824	17,871
Program expenses:						
Public safety and legal services	2,652	2,619	-	-	2,652	2,619
Physical health and social services	1,724	1,639	-	-	1,724	1,639
Mental health	328	399	-	-	328	399
County environment and education	1,388	1,351	-	-	1,388	1,351
Roads and transportation	8,139	6,367	-	-	8,139	6,367
Governmental services to residents	606	581	-	-	606	581
Administration	1,504	1,344	-	-	1,504	1,344
Non-program	140	266	-	-	140	266
Interest on long-term debt	35	28	-	-	35	28
Water and wastewater disposal system	-	-	59	60	59	60
Total expenses	16,516	14,594	59	60	16,575	14,654
Change in net position	265	3,238	(16)	(21)	249	3,217
Net position beginning of year, as restated	47,665	44,438	1,485	1,506	49,150	45,944
Net position end of year	$ 47,930	47,676	1,469	1,485	49,399	49,161





Revenues for governmental activities decreased approximately $1,051,000 from the prior year. Operating grants, contributions and restricted interest decreased approximately $388,000, primarily due to reimbursements that were partially federally funded. Capital grants, contributions and restricted interest decreased approximately $319,000, primarily due to decreases in infrastructure assets contributed by the Iowa Department of Transportation (IDOT). Also, insurance recoveries decreased approximately $162,000, due to no insured losses in fiscal year 2018; and gain on disposition of capital assets decreased approximately $115,000, due to the current year sale of capital assets being fairly close to their book value.

The County's countywide property tax rate decreased $.35435 per $1,000 of taxable valuation and the rural tax rate remained consistent with fiscal year 2017. The rural assessed property taxable valuation increased $28,662,981. The countywide assessed property taxable valuation increased $35,355,183.

The cost of all governmental activities this year was approximately $16.5 million, approximately $1,922,000 more than last year. Roads and transportation function expenses increased approximately $1,772,000, primarily due to increased infrastructure project costs in fiscal year 2018. However, as shown in the Statement of Activities on pages 20 and 21, the amount taxpayers ultimately financed for these activities was approximately $9.1 million because some of the cost was paid by those directly benefitting from the programs (approximately $1,634,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $5,765,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2018 from approximately $7,829,000 to approximately $7,399,000, principally due to receiving less contributions from the IDOT for infrastructure projects.

INDIVIDUAL MAJOR FUND ANALYSIS

As Harrison County completed the year, its governmental funds reported a combined fund balance of approximately $15.6 million, a decrease of approximately $419,000 from last year's total of approximately $16.0 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately $112,000 and expenditures increased approximately $375,000. Property and other county tax decreased approximately $105,000 as a result of a decrease in the general supplemental levy rate. The ending fund balance decreased approximately $230,000, or 3.7%, from the prior year to approximately $6,068,000.

- Special Revenue, Mental Health Fund expenditures totaled approximately $328,000, compared to approximately $399,000 in the prior year. The decrease in expenditures is primarily due to less distributions made to the Region. Revenue remained consistent from fiscal year 2017 to fiscal year 2018. The ending fund balance increased approximately $4,000 over the prior year to approximately $25,000.

- Special Revenue, Rural Services Fund revenues increased approximately $89,000 and expenditures and transfers out increased approximately $137,000. Property tax increased approximately $84,000 as a result of an increase in the rural property valuations. The ending fund balance decreased approximately $27,000, or 1.7%, from the prior year to approximately $1,577,000.

- Special Revenue, Secondary Roads Fund revenues decreased approximately $394,000 and expenditures increased approximately $947,000, primarily due to the County completing several road maintenance projects during fiscal year 2018. The ending fund balance decreased approximately $785,000, or 12.3%, from the prior year to approximately $5,586,000.

Proprietary Fund Highlights

- The Enterprise, Water and Wastewater Disposal System Fund, which accounts for the operation and maintenance of the County's sanitary sewer system, ended fiscal year 2018 with a net position of $1,469,007 compared to the prior year ending net position balance of $1,485,179, a decrease of 1.09%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Harrison County amended its budget two times. The first amendment was made on January 25, 2018. This amendment was made to account for courthouse improvement projects, as well as changes in expenditures within secondary roads. The second amendment was made on May 24, 2018. This amendment was made for increases needed for building maintenance, software, and postage and roads expenses.

The County's receipts were $976,994 more than budgeted, a variance of 6.5%. Total disbursements were $1,544,680 less than the amended budget, a variance of 9.0%, primarily due to secondary roads budgeting for capital projects that did not occur in fiscal year 2018.

Even with the budget amendments, the County exceeded the amount budgeted in the roads and transportation function for the year ended June 30, 2018. In addition, disbursements for the medical examiner department exceeded the amount appropriated prior to the budget amendment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, Harrison County had approximately $39.6 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately $673,000, or 1.7%, over last year.

Capital Assets of Governmental Activities at Year End
(Expressed in Thousands)

	June 30, 2018	June 30, 2017
Land	$ 2,127	2,127
Construction in progress	1,447	232
Buildings and improvements	3,491	3,575
Equipment and vehicles	5,307	5,392
Intangibles	979	979
Infrastructure	24,240	24,582
Total	$ 37,591	36,887

This year's major additions include (in thousands):	
Capital assets contributed by the Iowa Department of Transportation	$ 1,272
Secondary roads equipment and vehicles	816
Sheriff equipment and vehicles	81
Planning and zoning vehicle	28
Conservation buildings, equipment and vehicles	160
Total	$ 2,357

Capital Assets of Business Type Activities at Year End
(Expressed in Thousands)

	June 30, 2018	June 30, 2017
Infrastructure	$ 2,022	2,053

For governmental activities, the County had depreciation/amortization expense of $1,670,235 in fiscal year 2018 and total accumulated depreciation of $28,773,927 at June 30, 2018. Capital assets for business type activities totaled $2,021,929 (net of accumulated depreciation) at June 30, 2018. More detailed information about the County’s capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2018, Harrison County had approximately $1,927,000 of debt outstanding, compared to approximately $2,160,000 at June 30, 2017, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2018	2017
General obligation notes	$ 1,205	1,295
Drainage warrants	55	186
	$ 1,260	1,481

Outstanding Debt of Business Type Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2018	2017
USDA sewer revenue notes	$ 667	679

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Harrison County outstanding general obligation debt of $1,205,000 is significantly below its constitutional debt limit of approximately $87.9 million. Additional information about the County's long-term debt is included in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Harrison County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2019 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.2% versus 2.7% a year ago. This compares with the State's unemployment rate of 2.7% and the national rate of 4.0%.

These indicators were taken into account when adopting the budget for fiscal year 2019. Amounts available for appropriation in the operating budget are approximately $25 million, less than a 1.0% decrease from the final fiscal year 2018 budget. Disbursements are expected to decrease 3.4% from the final fiscal year 2018 budget.

If the budget estimates are realized, the County's budgetary operating balance is expected to decrease approximately $1,621,000 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 Harrison 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 Harrison County Auditor's Office, 111 North Second Avenue, Logan, Iowa 51546.

Basic Financial Statements

Harrison County

Harrison County

Statement of Net Position

June 30, 2018

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	$ 12,283,182	114,342	12,397,524
Receivables:			
Property tax:			
Delinquent	12,236	-	12,236
Succeeding year	7,697,000	-	7,697,000
Interest and penalty on property tax	36,031	-	36,031
Accounts	42,401	-	42,401
Accrued interest	65,175	-	65,175
Drainage assessments	71,429	-	71,429
Loan	1,205,000	-	1,205,000
Due from other governments	479,735	-	479,735
Inventories	2,091,485	-	2,091,485
Prepaid items	108,301	-	108,301
Capital assets, net of accumulated depreciation/amortization	37,591,405	2,021,929	39,613,334
Total assets	61,683,380	2,136,271	63,819,651
Deferred Outflows of Resources			
Pension related deferred outflows	1,394,606	-	1,394,606
Liabilities			
Accounts payable	522,732	-	522,732
Accrued interest payable	10,018	-	10,018
Salaries and benefits payable	103,867	-	103,867
Due to other governments	30,857	-	30,857
Long-term liabilities:			
Portion due or payable within one year:			
USDA sewer revenue notes	-	12,250	12,250
General obligation notes	90,000	-	90,000
Compensated absences	199,625	-	199,625
Portion due or payable after one year:			
USDA sewer revenue notes	-	655,014	655,014
General obligation notes	1,115,000	-	1,115,000
Compensated absences	888,733	-	888,733
Drainage warrants	54,747	-	54,747
Net pension liability	4,020,614	-	4,020,614
Net OPEB liability	148,473	-	148,473
Total liabilities	7,184,666	667,264	7,851,930
Deferred Inflows of Resources			
Unavailable property tax revenue	7,697,000	-	7,697,000
Pension related deferred inflows	196,022	-	196,022
OPEB related deferred inflows	69,707	-	69,707
Total deferred inflows of resources	7,962,729	-	7,962,729
Net Position			
Net investment in capital assets	37,591,405	1,354,665	38,946,070
Restricted for:			
Supplemental levy purposes	1,899,435	-	1,899,435
Mental health purposes	25,345	-	25,345
Rural services purposes	1,558,168	-	1,558,168
Secondary roads purposes	4,872,267	-	4,872,267
Debt service	4,436	43,901	48,337
Capital projects	718,657	30,934	749,591
Drainage district purposes	13,816	-	13,816
Other purposes	908,388	-	908,388
Unrestricted	338,674	39,507	378,181
Total net position	$ 47,930,591	1,469,007	49,399,598

See notes to financial statements.

Harrison County

Statement of Activities

Year ended June 30, 2018

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	$ 2,651,895	130,568	284,447	-
Physical health and social services	1,723,719	696,723	52,752	-
Mental health	328,095	-	-	-
County environment and education	1,388,010	253,873	67,372	-
Roads and transportation	8,139,197	77,938	4,087,953	1,271,793
Governmental services to residents	605,682	322,038	-	-
Administration	1,503,735	24,494	-	-
Non-program	139,788	128,978	-	-
Interest on long-term debt	35,762	-	-	-
Total governmental activities	16,515,883	1,634,612	4,492,524	1,271,793
Business type activities:				
Water and wastewater disposal system	59,631	43,459	-	-
Total	$ 16,575,514	1,678,071	4,492,524	1,271,793
General Revenues:				
Property and other county tax levied for general purposes				
Penalty and interest on property tax				
State tax credits				
Local option sales tax				
Unrestricted investment earnings				
Gain on the disposition of capital assets				
Miscellaneous				
Total general revenues				
Change in net position				
Net position beginning of year, as restated				
Net position end of year				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
(2,236,880)	-	(2,236,880)
(974,244)	-	(974,244)
(328,095)	-	(328,095)
(1,066,765)	-	(1,066,765)
(2,701,513)	-	(2,701,513)
(283,644)	-	(283,644)
(1,479,241)	-	(1,479,241)
(10,810)	-	(10,810)
(35,762)	-	(35,762)
(9,116,954)	-	(9,116,954)
-	(16,172)	(16,172)
(9,116,954)	(16,172)	(9,133,126)
7,844,399	-	7,844,399
61,967	-	61,967
518,254	-	518,254
550,639	-	550,639
130,550	-	130,550
4,569	-	4,569
272,341	-	272,341
9,382,719	-	9,382,719
265,765	(16,172)	249,593
47,664,826	1,485,179	49,150,005
$ 47,930,591	1,469,007	49,399,598

Harrison County

Balance Sheet
Governmental Funds

June 30, 2018

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
Assets			
Cash, cash equivalents and pooled investments	$ 5,879,426	24,812	1,563,101
Receivables:			
Property tax:			
Delinquent	10,052	533	1,651
Succeeding year	5,265,000	279,000	2,153,000
Interest and penalty on property tax	36,031	-	-
Accounts	31,191	-	7,500
Accrued interest	65,175	-	-
Drainage assessments	-	-	-
Loan	-	-	-
Due from other governments	135,636	-	11,481
Inventories	-	-	-
Prepaid items	101,301	-	250
Total assets	$ 11,523,812	304,345	3,736,983
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 75,568	-	333
Salaries and benefits payable	32,019	-	1,698
Due to other governments	24,137	-	3,400
Total liabilities	131,724	-	5,431
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	5,265,000	279,000	2,153,000
Other	58,896	533	1,651
Total deferred inflows of resources	5,323,896	279,533	2,154,651
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid items	101,301	-	250
Restricted for:			
Supplemental levy purposes	2,088,379	-	-
Mental health purposes	-	24,812	-
Rural services purposes	-	-	1,576,651
Secondary roads purposes	-	-	-
Conservation land acquisition	449,165	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	42,900	-	-
Assigned for:			
Conservation	98,513	-	-
Courthouse roof	161,000	-	-
Unassigned	3,126,934	-	-
Total fund balances	6,068,192	24,812	1,576,901
Total liabilities, deferred inflows of resources and fund balances	$ 11,523,812	304,345	3,736,983

See notes to financial statements.

Secondary Roads	Nonmajor	Total
3,642,737	1,173,106	12,283,182
-	-	12,236
-	-	7,697,000
-	-	36,031
3,710	-	42,401
-	-	65,175
-	71,429	71,429
-	1,205,000	1,205,000
332,618	-	479,735
2,091,485	-	2,091,485
6,750	-	108,301
6,077,300	2,449,535	24,091,975
418,023	28,808	522,732
70,150	-	103,867
3,320	-	30,857
491,493	28,808	657,456
-	-	7,697,000
-	71,429	132,509
-	71,429	7,829,509
2,091,485	-	2,091,485
6,750	-	108,301
-	-	2,088,379
-	-	24,812
-	-	1,576,651
3,487,572	-	3,487,572
-	-	449,165
-	1,209,436	1,209,436
-	718,657	718,657
-	421,205	464,105
-	-	98,513
-	-	161,000
-	-	3,126,934
5,585,807	2,349,298	15,605,010
6,077,300	2,449,535	24,091,975

Harrison County

Harrison County

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

June 30, 2018

Total governmental fund balances (page 23)		$ 15,605,010
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 $66,365,332 and the accumulated depreciation/amortization is $28,773,927.		37,591,405
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.		132,509
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	$ 1,394,606	
Deferred inflows of resources	(265,729)	1,128,877
Long-term liabilities, including notes payable, drainage warrants payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(6,527,210)
Net position of governmental activities (page 19)		$ 47,930,591

See notes to financial statements.

Harrison County

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

Year ended June 30, 2018

		Special Revenue	
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	$ 5,319,385	309,284	2,214,098
Local option sales tax	-	-	137,660
Interest and penalty on property tax	55,284	-	-
Intergovernmental	1,362,175	22,630	120,028
Licenses and permits	100	-	26,280
Charges for service	655,416	-	16,950
Use of money and property	178,033	-	-
Fines, forfeitures and defaults	46,162	-	-
Miscellaneous	194,653	-	-
Total revenues	7,811,208	331,914	2,515,016
Expenditures:			
Operating:			
Public safety and legal services	2,440,387	-	130,179
Physical health and social services	1,596,907	-	90,739
Mental health	-	328,095	-
County environment and education	875,981	-	281,246
Roads and transportation	-	-	-
Governmental services to residents	579,852	-	-
Administration	1,450,052	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	241,392	-	-
Total expenditures	7,184,571	328,095	502,164
Excess (deficiency) of revenues over (under) expenditures	626,637	3,819	2,012,852
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(857,000)	-	(2,040,000)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(857,000)	-	(2,040,000)
Change in fund balances	(230,363)	3,819	(27,148)
Fund balances beginning of year	6,298,555	20,993	1,604,049
Fund balances end of year	$ 6,068,192	24,812	1,576,901

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	-	7,842,767
412,979	-	550,639
-	-	55,284
4,087,953	10,877	5,603,663
8,310	-	34,690
-	3,078	675,444
-	30,659	208,692
-	582	46,744
217,085	281,926	693,664
4,726,327	327,122	15,711,587
-	-	2,570,566
-	-	1,687,646
-	-	328,095
-	2,443	1,159,670
7,383,564	-	7,383,564
-	4,278	584,130
-	-	1,450,052
-	139,788	139,788
-	356,441	356,441
305,114	21,391	567,897
7,688,678	524,341	16,227,849
(2,962,351)	(197,219)	(516,262)
2,177,000	720,000	2,897,000
-	-	(2,897,000)
-	96,883	96,883
2,177,000	816,883	96,883
(785,351)	619,664	(419,379)
6,371,158	1,729,634	16,024,389
5,585,807	2,349,298	15,605,010

Harrison 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

Change in fund balances - Total governmental funds (page 27)		$ (419,379)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation/amortization expense in the current year, as follows:		
Expenditures for capital assets	$ 1,097,957	
Capital assets contributed by the Iowa Department of Transportation	1,271,793	
Depreciation/amortization expense	(1,670,235)	699,515
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.		4,569
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	1,632	
Other	(140,978)	(139,346)
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 repayments exceeded issuances, as follows:		
Issued	(96,883)	
Repaid	318,626	221,743
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.		493,870
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	(1,431)	
Pension expense	(591,395)	
OPEB expense	(4,434)	
Interest on long-term debt	2,053	(595,207)
Change in net position of governmental activities (page 21)		$ 265,765

See notes to financial statements.

Harrison County

Statement of Net Position
Proprietary Fund

June 30, 2018

		Business Type Activities
		Enterprise
		Water and Wastewater Disposal System
Assets		
Current assets:		
Cash and cash equivalents	$	114,342
Capital assets, net of accumulated depreciation		2,021,929
Total assets		2,136,271
Liabilities		
Current liabilities:		
USDA sewer revenue notes		12,250
Long-term liabilities:		
USDA sewer revenue notes		655,014
Total liabilities		667,264
Net Position		
Net investment in capital assets		1,354,665
Restricted for:		
Debt service		43,901
Capital projects		30,934
Unrestricted		39,507
Total net position	$	1,469,007

See notes to financial statements.

Harrison County

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

Year ended June 30, 2018

	Enterprise
	Water and Wastewater Disposal System
Operating revenues:	
Charges for service	$ 43,459
Operating expenses:	
Depreciation	31,107
Operating income	12,352
Non-operating expense:	
Interest expense	(28,524)
Change in net position	(16,172)
Net position beginning of year	1,485,179
Net position end of year	$ 1,469,007

See notes to financial statements.

Harrison County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2018

	Enterprise
	Water and Wastewater Disposal System
Cash flows from operating activities:	
Cash received from sewer fees	$ 43,459
Cash flows from capital and related financing activities:	
Principal paid on USDA sewer revenue notes	(11,755)
Interest paid on USDA sewer revenue notes	(28,524)
Net cash used by capital and related financing activities	(40,279)
Net increase in cash and cash equivalents	3,180
Cash and cash equivalents beginning of year	111,162
Cash and cash equivalents end of year	$ 114,342
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 12,352
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	31,107
Net cash provided by operating activities	$ 43,459

See notes to financial statements.

Harrison County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	$ 2,058,669
Other County officials	76,425
Receivables:	
Property tax receivable:	
Delinquent	43,099
Succeeding year	17,628,000
Accounts	10,876
Drainage assessments	61,621
Special assessments	159,321
Due from other governments	104,185
Prepaid items	10,800
Total assets	20,152,996
Liabilities	
Accounts payable	28,644
Stamped warrants payable	54,437
Salaries and benefits payable	11,377
Due to other governments	19,977,348
Trusts payable	19,865
Compensated absences	61,325
Total liabilities	20,152,996
Net position	$ -

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Harrison 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, Harrison 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 Harrison 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.

Sixty-five 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 Harrison County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Harrison 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: County Assessor's Conference Board, County Emergency Management Commission and 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.

In addition, the County is involved in the following jointly governed organizations: Southwest Iowa Planning Council, Southwest Iowa Juvenile Emergency Services Board, Harrison County Landfill Commission, Southwest Iowa MHDS and WESCO Industries. 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/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. 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 funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

Proprietary Fund – The Enterprise, Water and Wastewater Disposal System fund is utilized to account for the acquisition, system improvements and repayment of related debt. The debt is serviced through payments received from the City of Little Sioux which provides for the operation and maintenance of the system.

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 90 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 positions available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Fund are charged to customers for sales and services. Operating expenses for the Enterprise Fund include depreciation on capital assets. 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. <u>Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position</u>

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

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

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. Drainage assessments receivable represent assessments which are due and payable but have not been collected and remaining assessments which are payable but not yet due.

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

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

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

Capital Assets – Capital assets, which include property, furniture equipment and intangibles acquired after July 1, 1980 are reported in the governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at 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 initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	25 - 50
Building improvements	25 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
Equipment	3 - 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 expense and contributions from the County after the measurement date but before the end of the County's reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 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 inflows of resources related to OPEB and OPEB expense, information has been determined based on the Harrison 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 measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the 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 which 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 credited to pension and OPEB expense and the net difference between projected and actual earnings on IPERS' investments.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements during the year ended June 30, 2018 exceeded the amount budgeted in the roads and transportation function. Also, although the Board of Supervisors acted to increase certain department appropriations throughout the year, disbursements for the medical examiner department exceeded the amount appropriated prior to amendment.

(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) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	$ 157,000
	Special Revenue:	
	Rural Services	2,020,000
		2,177,000
Special Revenue:	Special Revenue:	
Flood and Erosion	Rural Services	20,000
Capital Projects	General	700,000
Total		$ 2,897,000

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

(4) 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:

Fund	Description	Amount
General	Services	$ 24,137
Special Revenue:		
Rural Services	Services	3,400
Secondary Roads	Services	3,320
		6,720
Total for governmental funds		$ 30,857
Agency:		
County Offices	Collections	$ 61,297
Agricultural Extension Education		234,161
County Assessor		1,028,015
Schools		11,409,483
Community Colleges		1,181,541
Corporations		4,139,733
Townships		454,962
Auto License and Use Tax		498,746
Drainage Districts		87,622
911 Service Commission		490,969
All other		390,819
Total for agency funds		$ 19,977,348

(5) 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/amortized:				
Land	$ 2,127,083	-	-	2,127,083
Intangibles, road network	978,728	-	-	978,728
Construction in progress	231,934	1,621,683	(406,609)	1,447,008
Total capital assets not being depreciated	3,337,745	1,621,683	(406,609)	4,552,819
Capital assets being depreciated/amortized:				
Buildings	6,205,962	-	-	6,205,962
Improvements other than buildings	188,994	79,197	-	268,191
Equipment and vehicles	11,182,281	992,548	(984,377)	11,190,452
Intangibles	63,559	-	-	63,559
Infrastructure, road network and other	43,677,740	406,609	-	44,084,349
Total capital assets being depreciated/amortized	61,318,536	1,478,354	(984,377)	61,812,513
Less accumulated depreciation/amortization for:				
Buildings	2,774,208	146,302	-	2,920,510
Improvements other than buildings	45,232	17,537	-	62,769
Equipment and vehicles	5,790,665	757,538	(665,268)	5,882,935
Intangibles	63,559	-	-	63,559
Infrastructure, road network and other	19,095,296	748,858	-	19,844,154
Total accumulated depreciation/amortization	27,768,960	1,670,235	(665,268)	28,773,927
Total capital assets being depreciated/amortized, net	33,549,576	(191,881)	(319,109)	33,038,586
Governmental activities capital assets, net	$ 36,887,321	1,429,802	(725,718)	37,591,405
Business type activities:				
Capital assets being depreciated:				
Infrastructure	$ 2,332,995	-	-	2,332,995
Less accumulated depreciation for:				
Infrastructure	279,959	31,107	-	311,066
Total capital assets being depreciated, net	$ 2,053,036	(31,107)	-	2,021,929

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 126,042
Physical health and social services	21,275
County environment and education	102,367
Roads and transportation	1,359,378
Governmental services to residents	14,526
Administration	46,647
Total depreciation/amortization expense - governmental activities	$ 1,670,235
Business type activities:	
Water and wastewater disposal system	$ 31,107

(6) Long-Term Liabilities

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

	General Obligation Notes	Drainage Warrants	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Governmental activities:						
Balance beginning of year, as restated	$ 1,295,000	186,490	1,086,927	3,851,244	213,746	6,633,407
Increases	-	96,883	500,425	169,370	16,032	782,710
Decreases	90,000	228,626	498,994	-	81,305	898,925
Balance end of year	$ 1,205,000	54,747	1,088,358	4,020,614	148,473	6,517,192
Due within one year	$ 90,000	-	199,625	-	-	289,625

	USDA Sewer Revenue Notes
Business type activities:	
Balance beginning of year	$ 679,019
Increases	-
Decreases	11,755
Balance end of year	$ 667,264
Due within one year	$ 12,250

<u>General Obligation Notes Payable</u>

Details of the County's June 30, 2018 general obligation note indebtedness are as follows:

	Series 2016A Landfill Issued Feb 1, 2016			
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2019	1.50%	$ 90,000	28,575	118,575
2020	1.50	90,000	27,225	117,225
2021	2.00	95,000	25,875	120,875
2022	2.00	95,000	23,975	118,975
2023-2027	2.00-3.00	505,000	89,150	594,150
2028-2030	3.00	330,000	20,100	350,100
Total		$ 1,205,000	214,900	1,419,900

In February 2016, the County issued $1,445,000 in general obligation solid waste disposal capital loan notes for the purpose of paying the costs of improvements and extensions for the Harrison County Landfill Commission. During the year ended June 30, 2018, the County retired $90,000 of general obligation notes.

The County loaned the proceeds of the general obligation notes issued during fiscal year 2016 to the Harrison County Landfill Commission. Under the loan agreement, the Commission is to make payments to the County equal to the payments the County is required to make on the general obligation notes. The principal and interest payments from the Commission are credited to the Debt Service Fund.

USDA Sewer Revenue Notes

Annual debt service requirements to maturity for the USDA sewer revenue notes are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2019	4.125-4.250%	$ 12,250	28,029	40,279
2020	4.125-4.250	12,764	27,515	40,279
2021	4.125-4.250	13,300	26,979	40,279
2022	4.125-4.250	13,859	26,420	40,279
2023	4.125-4.250	14,440	25,839	40,279
2024-2028	4.125-4.250	81,826	119,569	201,395
2029-2033	4.125-4.250	100,517	100,878	201,395
2034-2038	4.125-4.250	123,476	77,919	201,395
2039-2043	4.125-4.250	151,683	49,712	201,395
2044-2047	4.125-4.250	143,149	15,177	158,326
Total		$ 667,264	498,037	1,165,301

The County has pledged future sewer customer revenues, net of specified operating expenses, to repay $758,000 of sewer revenue notes issued in June 2008. The notes mature annually on July 1 and bear interest at 4.125% to 4.250% per annum, which is also due and payable on July 1. Proceeds from the notes provided financing for the construction of water and wastewater disposal systems in the Little Sioux and River Sioux communities. The notes are payable solely from sewer customer net revenues and are payable through 2047. The total principal and interest remaining to be paid on the notes is $1,165,301. For the current year, principal and interest paid and total customer net revenues were $40,279 and $12,352, respectively.

The resolution providing for the issuance of the sewer revenue notes includes the following provisions:

(a) Sufficient monthly transfers shall be made to a debt service account for the purpose of making the principal and interest payments when due.

(b) Additional monthly transfers of $337 shall be made to a sewer revenue reserve account until $40,279 has been accumulated. This account is restricted for the purpose of paying principal and interest payments on the notes.

(c) Monthly transfers of $265 shall be made to a short-lived asset depreciation account for future capital improvements.

(d) The County is required to submit a budget projection for the next fiscal year to the USDA Rural Development Office for approval by February 15 each year.

(e) The County is required to submit a year-end report to the USDA Rural Development Office by August 30 each year.

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.

(7) Loan Receivable

As detailed in Note 6 of the Notes to Financial Statements, the County loaned note proceeds to the Harrison County Landfill Commission. Under the loan agreement, the Commission is to make payments to the County equal to the payments the County is required to make on the general obligation notes.

(8) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by 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.

<u>Disability and Death Benefits</u> – 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.

<u>Contributions</u> – 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 $493,870.

<u>Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> – At June 30, 2018, the County reported a liability of $4,020,614 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 proportion was 0.060358%, which was a decrease of 0.000838% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of $591,395. 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	$	51,005	54,217
Changes of assumptions		840,582	7,472
Net difference between projected and actual earnings on IPERS' investments		-	53,481
Changes in proportion and differences between County contributions and the County's proportionate share of contributions		9,149	80,852
County contributions subsequent to the measurement date		493,870	-
Total	$	1,394,606	196,022

$493,870 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	$	67,653
2020		353,876
2021		214,730
2022		12,792
2023		55,663
Total	$	704,714

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	100.0%	

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability 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	$ 7,231,196	4,020,614	1,325,486

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.

(9) Other Postemployment Benefits (OPEB)

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	117
Total	118

Total OPEB Liability – The County's total OPEB liability of $148,473 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)	3.00% per annum.
Rates of salary increase (effective June 30, 2018)	2.75% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.58% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	5.00% annually

Discount Rate – The discount rate used to measure the total OPEB liability was 3.58% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2017 generational projection of future mortality improvement. 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

	Total OPEB Liability
Total OPEB liability beginning of year, as restated	$ 213,746
Changes for the year:	
Service cost	10,816
Interest	5,216
Differences between expected and actual experiences	(58,038)
Changes in assumptions	(18,371)
Benefit payments	(4,896)
Net changes	(65,273)
Total OPEB liability end of year	$ 148,473

Changes of assumptions reflect a change in the discount rate from 4.50% in fiscal year 2017 to 3.58% 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 (2.58%) or 1% higher (4.58%) than the current discount rate.

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB liability	$ 157,972	148,473	139,312

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 it were calculated using healthcare cost trend rates that are 1% lower (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	$ 135,197	148,473	162,824

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the County recognized OPEB expense of $4,434. At June 30, 2018, the County reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
Differences between expected and actual experience	$ (52,947)
Changes in assumptions	(16,760)
Total	$ (69,707)

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

Year ending June 30,		Amount
2019	$	(6,702)
2020		(6,702)
2021		(6,702)
2022		(6,702)
2023		(6,702)
Thereafter		(36,197)
	$	(69,707)

(10) 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 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 $255,297.

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 payments 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 the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $1,000,000 and $45,000, 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.

(11) Secondary Roads Department Insurance Benefit

Voluntary termination benefit programs have been established for Secondary Roads Department employees. The programs allow employees who are eligible, upon a bona fide retirement, to use the value of their unused sick leave to purchase group health insurance after separation.

Upon retirement, the value of the balance of the accrued sick leave is converted based upon the balance of sick leave hours, as follows:

Sick Leave Balance (hours)	Conversion Rate
0 - 559	0%
560 - 879	50%
880 - 1,119	75%
1,120 - 1,488	100%

The final calculated dollar value is credited to the employee's Sick Leave Upon Retirement account. The County will continue to pay the costs of the health insurance premium each month until the converted value of the employee's Sick Leave Upon Retirement account balance is exhausted. The converted value of the sick leave can only be applied to the payment of health, dependent health and/or Medicare supplement insurance premium payments.

For the year ended June 30, 2018, seven employees have retired and received benefits totaling $67,835 under the program.

(12) Financial Assurance

The County participates in an agreement with the Harrison County Landfill Commission, which was created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the member county and municipalities.

The County has provided a local government guarantee for a portion of the closure and postclosure care costs of the Commission in accordance with Chapter 567-104.26(5) of the Iowa Administrative Code. Total estimated costs for closure and postclosure care of the Commission as of June 30, 2018 are $2,411,468 and the County's financial assurance obligation amount is $1,070,773. At June 30, 2018, the County has met the guarantor conditions outlined in Chapter 567-104.26(5) of the Iowa Administrative Code.

In the event the Commission fails to perform closure or postclosure care in accordance with the appropriate plan or permit, whenever required to do so, or fails to obtain an alternate financial assurance within 90 days of intent to cancel, the County will perform or pay a third party to perform closure and/or postclosure care or establish a standby trust fund in the name of the Commission or obtain alternate financial assurance in the amount of the assured amount.

(13) Tax Abatements

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

Tax Abatements of Other Entities

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Dunlap	Urban renewal and economic development projects	$ 22,261
City of Missouri Valley	Urban renewal and economic development projects	$ 8,954
City of Woodbine	Urban renewal and economic development projects	$ 18,188

(14) 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, Mills County, Monona County, Montgomery County, Page County, Pottawattamie County, Shelby County and Harrison 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		$ 309,284
Intergovernmental:		
State tax credits and replacements	$ 22,613	
Other	17	22,630
Total revenues		331,914
Expenditures:		
General administration:		
Distribution to regional fiscal agent		328,095
Excess of revenues over expenditures		3,819
Fund balance beginning of year		20,993
Fund balance end of year		$ 24,812

(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	$ 47,676,470
Net OPEB obligation measured under previous standards	202,102
Total OPEB liability at June 30, 2017	(213,746)
Net position July 1, 2017, as restated	$ 47,664,826

Required Supplementary Information

Harrison 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	$ 8,389,711	-	8,389,711
Interest and penalty on property tax	55,319	-	55,319
Intergovernmental	5,999,154	-	5,999,154
Licenses and permits	32,954	-	32,954
Charges for service	682,761	-	682,761
Use of money and property	136,316	-	136,316
Miscellaneous	1,088,976	375,264	713,712
Total receipts	16,385,191	375,264	16,009,927
Disbursements:			
Public safety and legal services	2,566,731	-	2,566,731
Physical health and social services	1,683,702	-	1,683,702
Mental health	328,095	-	328,095
County environment and education	1,155,827	-	1,155,827
Roads and transportation	6,937,264	-	6,937,264
Governmental services to residents	585,730	-	585,730
Administration	1,613,857	-	1,613,857
Non-program	128,366	128,366	-
Debt service	356,440	236,375	120,065
Capital projects	548,912	-	548,912
Total disbursements	15,904,924	364,741	15,540,183
Excess (deficiency) of receipts over (under) disbursements	480,267	10,523	469,744
Balance beginning of year	11,802,915	23,167	11,779,748
Balance end of year	$ 12,283,182	33,690	12,249,492

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
8,351,089	8,351,089	38,622
60,500	60,500	(5,181)
5,336,809	5,336,809	662,345
34,050	34,050	(1,096)
640,335	640,335	42,426
122,525	122,525	13,791
487,625	487,625	226,087
15,032,933	15,032,933	976,994
2,854,930	2,854,930	288,199
1,828,219	1,828,219	144,517
328,095	328,095	-
1,218,598	1,218,698	62,871
6,170,000	6,741,000	(196,264)
600,444	610,444	24,714
1,656,912	1,693,412	79,555
-	-	-
120,065	120,065	-
1,531,000	1,690,000	1,141,088
16,308,263	17,084,863	1,544,680
(1,275,330)	(2,051,930)	2,521,674
10,289,899	10,289,899	1,489,849
9,014,569	8,237,969	4,011,523

Harrison County

Harrison 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	$ 16,385,191	(673,604)	15,711,587
Expenditures	15,904,924	322,925	16,227,849
Net	480,267	(996,529)	(516,262)
Other financing sources, net	-	96,883	96,883
Beginning fund balances	11,802,915	4,221,474	16,024,389
Ending fund balances	$ 12,283,182	3,321,828	15,605,010

See accompanying independent auditor's report.

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Enterprise Fund and the Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by $776,600. The budget amendments are reflected in the final budgeted amounts.

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

Disbursements during the year ended June 30, 2018 exceeded the amount budgeted in the roads and transportation function. Also, although the Board of Supervisors acted to increase certain department appropriations throughout the year, disbursements for the medical examiner department exceeded the amount appropriated prior to amendment.

In addition, disbursements during the year ended June 30, 2018 for the County Extension Office exceeded the amount budgeted.

Harrison 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	0.060358%	0.061196%	0.058401%	0.056918%
County's proportionate share of net pension liability	$ 4,021	3,851	2,885	2,257
County's covered payroll	$ 5,305	5,165	4,934	4,860
County's proportionate share of the net pension liability as a percentage of its covered payroll	75.80%	74.56%	58.47%	46.44%
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 preceeding year.

See accompanying independent auditor's report.

Harrison County

Schedule of County Contributions

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

Required Supplementary Information

		2018	2017	2016	2015
Statutorily required contribution	$	494	483	470	449
Contributions in relation to the statutorily required contribution		(494)	(483)	(470)	(449)
Contribution deficiency (excess)	$	-	-	-	-
County's covered payroll	$	5,456	5,305	5,165	4,934
Contributions as a percentage of covered payroll		9.05%	9.10%	9.10%	9.10%

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
444	427	421	348	319	300
(444)	(427)	(421)	(348)	(319)	(300)
-	-	-	-	-	-
4,860	4,780	4,997	4,687	4,558	4,502
9.14%	8.93%	8.43%	7.42%	7.00%	6.66%

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.

Harrison County

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

For the Current Year
Required Supplementary Information

	2018
Service cost	$ 10,816
Interest cost	5,216
Difference between expected and actual experiences	(58,038)
Changes in assumptions	(18,371)
Benefit payments	(4,896)
Net change in total OPEB liability	(65,273)
Total OPEB liability beginning of year, as restated	213,746
Total OPEB liability end of year	$ 148,473
Covered-employee payroll	$ 5,099,183
Total OPEB liability as a percentage of covered-employee payroll	2.9%

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	3.58%
Year ended June 30, 2017	4.50%

Harrison County

Supplementary Information

Harrison County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2018

			Special
	County Recorder's Records Management	Urban Renewal Revenue	Resource Enhancement and Protection
Assets			
Cash, cash equivalents and pooled investments	$ 8,854	122,448	66,088
Receivables:			
Drainage assessments	-	-	-
Loan	-	-	-
Total assets	$ 8,854	122,448	66,088
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Other	-	-	-
Fund balances:			
Restricted for debt services	-	-	-
Restricted for capital projects	-	-	-
Restricted for other purposes	8,854	122,448	66,088
Total Fund Balance	8,854	122,448	66,088
Total liabilities, deferred inflows of resources and fund balances	$ 8,854	122,448	66,088

See accompanying independent auditor's report.

Revenue

Flood and Erosion	Seizures	Drug Search and Seizures	Drainage Districts	Debt Service	Capital Projects	Total
202,168	1,600	15,165	33,690	4,436	718,657	1,173,106
-	-	-	71,429	-	-	71,429
-	-	-	-	1,205,000	-	1,205,000
202,168	1,600	15,165	105,119	1,209,436	718,657	2,449,535
-	-	-	28,808	-	-	28,808
-	-	-	71,429	-	-	71,429
-	-	-	-	1,209,436	-	1,209,436
-	-	-	-	-	718,657	718,657
202,168	1,600	15,165	4,882	-	-	421,205
202,168	1,600	15,165	4,882	1,209,436	718,657	2,349,298
202,168	1,600	15,165	105,119	1,209,436	718,657	2,449,535

Harrison County

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

Year ended June 30, 2018

	County Recorder's Records Management	Urban Renewal Revenue	Special Resource Enhancement and Protection
Revenues:			
Intergovernmental	$ -	-	10,877
Charges for service	3,003	-	-
Use of money and property	79	-	514
Fines, forfeitures and defaults	-	-	-
Miscellaneous	-	-	-
Total revenues	3,082	-	11,391
Expenditures:			
Operating:			
County environment and education	-	-	-
Governmental services to residents	4,278	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	-	-	11,391
Total expenditures	4,278	-	11,391
Excess (deficiency) of revenues over (under) expenditures	(1,196)	-	-
Other financing sources:			
Transfers in	-	-	-
Drainage warrants issued	-	-	-
Total other financing sources	-	-	-
Change in fund balances	(1,196)	-	-
Fund balances beginning of year	10,050	122,448	66,088
Fund balances end of year	$ 8,854	122,448	66,088

See accompanying independent auditor’s report.

Revenue

Flood and Erosion	Seizures	Drug Search and Seizures	Drainage Districts	Debt Service	Capital Projects	Total
-	-	-	-	-	-	10,877
-	-	75	-	-	-	3,078
-	-	-	-	30,066	-	30,659
-	-	582	-	-		582
-	-	-	278,381	-	3,545	281,926
-	-	657	278,381	30,066	3,545	327,122
2,443	-	-	-	-	-	2,443
-	-	-	-	-	-	4,278
-	-	-	139,788	-	-	139,788
-	-	-	236,375	120,066	-	356,441
-	-	-	-	-	10,000	21,391
2,443	-	-	376,163	120,066	10,000	524,341
(2,443)	-	657	(97,782)	(90,000)	(6,455)	(197,219)
20,000	-	-	-	-	700,000	720,000
-	-	-	96,883	-	-	96,883
20,000	-	-	96,883	-	700,000	816,883
17,557	-	657	(899)	(90,000)	693,545	619,664
184,611	1,600	14,508	5,781	1,299,436	25,112	1,729,634
202,168	1,600	15,165	4,882	1,209,436	718,657	2,349,298

Harrison County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	$ -	5,725	446,847	89,165
Other County officials	76,425	-	-	-
Receivables:				
Property tax:				
Delinquent	-	436	1,112	19,318
Succeeding year	-	228,000	582,000	11,301,000
Accounts	1,389	-	-	-
Drainage assessments	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	5,400	-
Total assets	$ 77,814	234,161	1,035,359	11,409,483
Liabilities				
Accounts payable	$ -	-	398	-
Stamped warrants payable	-	-	-	-
Salaries and benefits payable	-	-	-	-
Due to other governments	61,297	234,161	1,028,015	11,409,483
Trusts payable	16,517	-	-	-
Compensated absences	-	-	6,946	-
Total liabilities	$ 77,814	234,161	1,035,359	11,409,483

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	911 Service Commission	Other	Total
9,313	68,896	2,478	498,746	101,784	383,587	452,128	2,058,669
-	-	-	-	-	-	-	76,425
2,228	19,516	484	-	-	-	5	43,099
1,170,000	3,892,000	452,000	-	-	-	3,000	17,628,000
-	-	-	-	-	9,487	-	10,876
-	-	-	-	61,621	-	-	61,621
-	159,321	-	-	-	-	-	159,321
-	-	-	-	-	104,185	-	104,185
-	-	-	-	-	-	5,400	10,800
1,181,541	4,139,733	454,962	498,746	163,405	497,259	460,533	20,152,996
-	-	-	-	21,346	6,290	610	28,644
-	-	-	-	54,437	-		54,437
-	-	-	-	-	-	11,377	11,377
1,181,541	4,139,733	454,962	498,746	87,622	490,969	390,819	19,977,348
-	-	-	-	-	-	3,348	19,865
-	-	-	-	-	-	54,379	61,325
1,181,541	4,139,733	454,962	498,746	163,405	497,259	460,533	20,152,996

Harrison County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2018

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	$ 83,026	230,855	1,225,379	11,537,075
Additions:				
Property and other county tax	-	229,351	585,679	11,355,049
911 surcharge	-	-	-	-
State tax credits	-	16,124	40,329	832,312
Office fees and collections	481,590	-	-	-
Drivers license fees, auto licenses,		-	-	
use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	438,009	-	-	-
Miscellaneous	-	359	919	17,831
Total additions	919,599	245,834	626,927	12,205,192
Deductions:				
Agency remittances:				
To other funds	304,777	-	-	-
To other governments	201,266	242,528	816,947	12,332,784
Trusts paid out	418,768	-	-	-
Total deductions	924,811	242,528	816,947	12,332,784
Balances end of year	$ 77,814	234,161	1,035,359	11,409,483

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	911 Service Commission	Other	Total
1,173,396	4,270,894	420,543	474,030	82,440	524,207	338,534	20,360,379
1,176,779	3,762,235	459,055	-	-	-	2,787	17,570,935
-	-	-	-	-	503,819	-	503,819
83,603	526,204	22,955	-	-	-	200	1,521,727
-	-	-	-	-	-	-	481,590
-	-	-	5,459,325	-	-	-	5,459,325
-	37,246	-	-	181,564	-	-	218,810
-	-	-	-	-	-	240,942	678,951
1,847	-	777	-	151	3,148	730,192	755,224
1,262,229	4,325,685	482,787	5,459,325	181,715	506,967	974,121	27,190,381
-	-	-	198,665	-	-	-	503,442
1,254,084	4,456,846	448,368	5,235,944	155,187	533,915	611,180	26,289,049
-	-	-	-	-	-	240,942	659,710
1,254,084	4,456,846	448,368	5,434,609	155,187	533,915	852,122	27,452,201
1,181,541	4,139,733	454,962	498,746	108,968	497,259	460,533	20,098,559

Harrison 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	$	7,842,767	7,865,485	7,904,596	7,804,740
Local option sales tax		550,639	608,649	515,517	534,654
Interest and penalty on property tax		55,284	51,499	45,715	75,214
Intergovernmental		5,603,663	6,008,828	5,618,199	4,913,274
Licenses and permits		34,690	28,523	34,181	19,616
Charges for service		675,444	630,401	618,496	575,062
Use of money and property		208,692	170,258	113,673	79,597
Fines, forfeitures and defaults		46,744	37,275	41,392	44,122
Miscellaneous		693,664	771,633	754,775	498,263
Total	$	15,711,587	16,172,551	15,646,544	14,544,542
Expenditures:					
Operating:					
Public safety and legal services	$	2,570,566	2,564,821	2,562,760	2,415,880
Physical health and social services		1,687,646	1,617,301	1,565,540	1,511,756
Mental health		328,095	399,452	463,101	1,948,667
County environment and education		1,159,670	1,105,633	1,083,407	1,022,512
Roads and transportation		7,383,564	6,253,505	7,576,699	5,828,631
Governmental services to residents		584,130	561,024	567,511	642,452
Administration		1,450,052	1,295,947	1,397,074	1,181,959
Non-program		139,788	266,092	271,984	195,713
Debt service		356,441	411,269	466,502	254,272
Capital projects		567,897	663,429	280,437	406,146
Total	$	16,227,849	15,138,473	16,235,015	15,407,988

See accompanying independent auditor's report.

Accrual Basis					
2014	2013	2012	2011	2010	2009
7,629,735	7,429,208	7,098,326	6,714,586	6,324,557	6,188,195
513,285	522,321	546,939	475,243	447,734	477,574
51,754	60,439	65,004	74,186	60,545	53,180
4,978,749	4,756,592	5,960,567	6,324,666	6,481,561	5,789,828
25,459	25,560	25,720	24,442	36,719	33,362
609,465	579,504	582,727	639,350	1,345,004	1,370,879
85,567	90,198	133,550	147,662	77,311	163,130
45,733	49,061	39,033	21,498	-	-
704,306	451,410	668,214	713,221	665,874	760,792
14,644,053	13,964,293	15,120,080	15,134,854	15,439,305	14,836,940
2,356,457	2,106,847	2,035,838	1,955,517	1,719,725	1,907,119
1,431,137	1,355,308	1,358,033	1,357,012	1,336,131	1,594,390
422,482	626,524	2,197,433	1,856,540	1,629,060	1,786,275
958,910	835,306	877,584	879,407	1,526,616	2,309,032
5,436,955	4,867,329	5,363,814	4,687,625	4,479,948	4,523,788
623,390	480,604	488,248	456,336	441,937	507,148
1,263,263	1,961,223	1,925,661	1,915,157	1,735,155	1,679,182
289,000	465,692	312,935	276,279	-	-
544,716	264,555	615,016	465,855	493,923	515,633
329,727	255,259	619,964	579,323	1,541,345	-
13,656,037	13,218,647	15,794,526	14,429,051	14,903,840	14,822,567

Harrison County

OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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

To the Officials of Harrison 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, the business type activities, each major fund and the aggregate remaining fund information of Harrison 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 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harrison 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 Harrison County's internal control. Accordingly, we do not express an opinion on the effectiveness of Harrison County's internal control.

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (D) through (I) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harrison 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 certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

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

Harrison County's Responses to the Findings

Harrison County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Harrison 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 Harrison 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

ROB SAND
Auditor of State

March 26, 2019

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)	Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Extension Office, Sheriff's Civil Division and Jail, Conservation/ Welcome Center and Homemaker's Agency
(2)	Bank accounts are not reconciled at the end of each month by an individual who does not sign checks, handle or record cash. An independent person does not periodically review the bank reconciliation for propriety.	Recorder and Sheriff's Civil Division and Jail
(3)	The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash receipts.	Recorder and Sheriff's Civil Division and Jail
(4)	Generally, one individual may have control over listing mail receipts, collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist. The initial listing is not compared to receipt records by an independent person and is not signed or initialed to document review.	Treasurer, Recorder, Extension Office, Sheriff's Civil Division and Jail, Conservation/ Welcome Center and Homemaker's Agency
(5)	The person who prepares a summary of delinquent tax collections also reconciles delinquencies at year end. There is no evidence an independent person reviews the reconciliations for propriety.	Treasurer

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.

Responses –

Extension Office – I will attempt to have multiple employees present when opening mail and looking over receipts. I will also look over the bank statements as the Program Coordinator and have them initialed by an Extension Council Member.

Recorder – We are aware of the segregation of duties issues in a small office and do the best we can to address it. The County Recorder reviews the office policy to address the issues as best as we can.

Sheriff – We will consider having the mail opened by another staff member who will maintain a log of mail receipts and compare the log to the receipts periodically. The Sheriff reviews each deposit and initials each. The Sheriff will monitor each month's bank reconciliation and review bank statements including the canceled checks. The review will be documented with the Sheriff's initials or signature.

Conservation/Welcome Center – We will work towards it.

Treasurer – Mail receipts are logged on a test basis. The log will be compared to the transactions processed. The tax reconciliation is reviewed by the County Treasurer. The reconciliation will be initialed to evidence the review being performed.

Homemaker's Agency – We will try to have someone overlook the mail if more than one person is in the office.

Conclusion – Extension Office, Recorder, Sheriff, Conservation/Welcome Center, Treasurer – Responses accepted. Homemaker's Agency – Response acknowledged. The Agency should review controls over receipts to obtain the maximum internal control possible. Also, an initial listing should be completed and reconciled to receipt records. The reconciliation should document signatures and dates of the independent reviewer.

(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 – We will work diligently to identify proper fiscal year on receivables.

Conclusion – Response accepted.

(C) Capital Asset Additions and Deletions

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all capital assets, including asset additions and deletions, by maintaining appropriate accounting records and ensuring the records are reviewed by an independent person. County policy requires capital asset addition and deletion forms be prepared by the appropriate department and be submitted to the Operations Director to timely record the change in capital assets.

Condition – Capital asset addition and deletion forms are not prepared by the individual departments and submitted to the Operations Director to record the change in assets.

Cause – Individual department heads have not always made preparing and submitting the forms a priority.

Effect – When capital asset additions and deletion forms are not provided to the Operations Director, the opportunity for errors in capital asset balances can result.

Recommendation – The County should establish procedures to ensure all departments complete and submit capital asset addition and deletion forms to the Operations Director to ensure the proper recording of all asset changes.

Response – A card system which department heads will use to record additions and deletions, is being implemented to help improve the tracking of additions and deletions of capital assets.

Conclusion – Response accepted.

(D) Payroll

Criteria – An effective internal control system provides for internal controls related to preparation of payroll. Payroll for salaried individuals should be paid after the work is performed.

Condition – The County pays salaried employees on a bi-weekly basis. Most of the County's salaried employees are paid one week in advance of the wages being earned. For example, the paycheck received on June 22, 2018 is for the week beginning June 18, 2018 through the week ending June 29, 2018. Accordingly, when the employee leaves County employment, their final pay warrant must be adjusted by the number of days they were paid in advance.

Cause – Policies have not been established and procedures have not been implemented to ensure wages are paid after they have been earned.

Effect – Terminated salaried employees are overpaid as they have been compensated for work not yet performed.

Recommendation – The Board of Supervisors should work with the County Attorney to correct the advance pay of current employees. Future employees should be paid correctly from the day they begin employment.

Response – The Board of Supervisors will take this recommendation under further review.

Conclusion – Response acknowledged. The Board of Supervisors should not allow salary payments in advance of wages earned and should work with the County Attorney to correct advance payment of wages to current employees.

(E) Computer System

Criteria – Properly designed policies and procedures pertaining to control activities over the County's computer system and implementation of the policies and procedures help provide reasonable assurance financial information is safeguarded and reliable, and helps ensure the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Condition – The County does not have written policies for:

- Information system security, including password privacy and confidentiality.
- Usage of the internet.

Also, the County does not have a written disaster recovery plan.

Cause – Management has not required written policies for the above computer based controls.

Effect – Lack of written policies for computer based systems could result in a loss of data or compromised data, resulting in unreliable financial information. The failure to have a formal disaster recovery plan could result in the County's inability to function in the event of a disaster or continue County business without interruption.

Recommendation – The County should develop written policies addressing the above items in order to improve the County's control over its computer system. A written disaster recovery plan should also be developed.

Response – The Board will direct the Computer Committee to work on these policies. A new electronic usage policy is being developed with planned implementation by June 30, 2019.

Conclusion – Response accepted.

(F) Conservation Welcome Center

Criteria – An effective internal control system provides for internal controls related to reconciling monthly bank statements to book balances and daily collections to deposit to ensure the accuracy of accounting records.

Condition – Although monthly reconciliations of book to bank balances were prepared, the independent review or the date of review was not always documented.

Also, the daily credit card and cash sales records are not reconciled to deposits by an independent person and voided receipts are not reviewed.

Cause – Policies have not been established and procedures have not been implemented to require an independent review of bank reconciliations or an independent review of daily collections to deposit and to voided receipts.

Effect – Lack of independent review of the bank reconciliations and the independent review of reconciliations of daily collections to deposit and voided receipts increases the risk misstatements may not have been prevented or detected and corrected on a timely basis in the normal course of operations.

Recommendation – To improve financial accountability and control, the reconciliation of the book and bank balances should be reviewed by an independent person. This review should be documented by the signature or initials of the reviewer and the date of the review.

An independent review of the reconciliation of daily collections to deposit and voided receipts should be performed periodically. The review of the reconciliation should be documented by the signature or initials of the reviewer and the date of the review.

Response – We will look into this and work with the County Auditor's Office.

Conclusion – Response accepted.

(G) Conservation Welcome Center 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 Welcome Center's financial statements.

Condition – The Conservation Welcome Center did not prepare a year-to-date summary of receipts and disbursements for financial reporting. Additionally, fees for credit card processing are automatically deducted from the Welcome Center's checking account. These amounts were not included in the County's budget or financial reports.

Cause – County policies do not require and procedures have not been established to require a year-to-date summary of receipts and disbursements as well as requiring all transactions to run through the County's accounting system 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.

Recommendation – A year-to-date summary of receipts and disbursements should be prepared for financial reporting. Also, the credit card processing fees should be approved by the Conservation Board and included in the County's accounting system and financial reports.

Response – We will look into this and work with the County Auditor's Office.

Conclusion – Response accepted.

(H) K-9 Account Bank Reconciliation

Criteria – An effective internal control system provides for internal controls related to reconciling monthly bank statements to the book balance to ensure the accuracy of the book balance.

Condition – The County Sheriff's Office has not been consistently preparing a monthly bank to book reconciliation for the K-9 bank account.

Cause – Policies have not been established and procedures have not been implemented to reconcile monthly bank statements to ensure the accuracy of the book balance.

Effect – A lack of monthly bank statement reconciliations could result in misstatements of the book balance which may not be prevented or detected and corrected on a timely basis in the normal course of operations.

Recommendation – To improve financial accountability and control, a reconciliation of the book and bank balances should be prepared monthly. The reconciliations should be reviewed by an independent person and the review documented by the signature or initials of the reviewer and the date of the review.

Response – Plans are to discontinue this account and use the funds in the Treasurer's office for this process.

Conclusion – Response acknowledged. The bank statements for this account should be reconciled to the book balance monthly until the account is closed.

(I) Homemaker Agency

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling billings, collections and outstanding balances.

Condition – Client billings, collections and outstanding balances were not reconciled throughout the year and individual client balances are not being tracked.

Cause – Policies have not been established and procedures have not been implemented to require reconciliations of billings, collections and outstanding balances.

Effect – This condition could result in unrecorded or misstated receipts, improper or unauthorized adjustments and write-offs and/ or misstated account balances.

Recommendation – Client billings, collections and outstanding balances should be reconciled on a monthly basis. A County designated independent person should review the reconciliations and monitor client balances. The review of the reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

Response – The County implemented new software (HealthCare First) in October 2019. The system keeps track of the billings, collections and outstanding balances on a continuous basis. An independent employee of the agency will reconcile all billings, collections and outstanding balances on a monthly basis. The review will be documented, signed and dated by this designated person and will be kept in a notebook.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

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. Also, disbursement for the medical examiner department exceeded the amounts appropriated prior to amendment.

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.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the service area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – We will watch this more closely.

Conclusion – Response accepted.

(2) Questionable Expenditures – No disbursements 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 detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Kris Pauley, Deputy Auditor, Sister-in-law of Bette Jensen	Cleaning cabins for Conservation Department	$ 2,058
Kris Pauley, Deputy Auditor, Sister-in-law of Shirley Sigler	Cleaning cabins for Conservation Department	1,980
Ron Bell, Field Assistant to the Engineer, Father of Dustin Bell	100 straw bales @ $5.00/ea.	500
Larry Oliver, Emergency Management Director, father of Carter Oliver	Gutter cleaning at the County Sheriff's office	80
Brenda Loftus, Assessor, daughter-in-law of Kevin Loftus, Owner of Loftus Heating & Air Conditioning	Purchase of furnaces, air conditioners and routine maintenance for other County departments	4,331
Kathy Lundergard, Office Manager, sister of Mike Maguire, Owner of Boywer View Trucking, LLC.	Trucking/hauling services, per bid	12,508
Bryon Vennink, Conservation Park Ranger, Owner of Home Town Hardware, Inc.	Purchase of electrical supplies and parts for Conservation Department	5,492
Elizabeth Lenz, Drainage Clerk, sister of Scott Harris, Owner of Harris Plumbing	Plumbing services for the courthouse	200
Elizabeth Lenz, Drainage Clerk, sister of Doug Harris, Owner of C & H Hauling	Trash pickup services for the County	3,940

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Dustin Bell, Carter Oliver and Scott Harris do not appear to represent conflicts of interest since total transactions with each individual were less than $1,500 during the fiscal year.

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions with Loftus Heating & Air Conditioning for other County departments do not represent a conflict of interest since the County Assessor's remuneration of employment is not directly affected as a result of the transactions and her duties do not directly involve procurement of the furnaces, air conditioners and routine maintenance.

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions with Bette Jensen, Shirley Sigler and Doug Harris for other County departments do not represent a conflict of interest since the Deputy Auditor's and Drainage Clerk's remuneration of employment is not directly affected as a result of the transactions and their duties do not directly involve procurement of cleaning services for the Conservation Department or trash collections for the County.

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions with Boyer View Trucking, LLC does not represent a conflict of interest since the transactions were competitively bid and were publicly invited and open.

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Home Town Hardware, Inc. may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa.

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

Response – We will look into these transactions.

Conclusion – Response acknowledged. The County should consult legal counsel to determine the disposition of this matter.

(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).

(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 exceeded the amount budgeted by $1,286.

Also, for one of five expenditure transactions tested, the Harrison County Agricultural Extension spent $186 on sales tax.

Recommendation – The budget should have been amended in a sufficient amount in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget. Also, the County Extension Office should ensure sales tax is not paid on disbursements as the County Extension Office is a tax exempt entity.

Response – We will watch the budget closer and amend it as needed.

The sales tax was paid on this day because the staff member buying products had to put the charge on their own card since that person does not have an office credit card. The products were purchased in store due to needing advice on what to purchase by knowledgeable staff. This is not a common practice and we will try to limit the amount of times it is done. We will provide the store with our tax exempt form when necessary.

Conclusion – Response accepted.

(10) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

(11) Outstanding Checks – Chapter 331.554(6) of the Code of Iowa required checks outstanding for more than one year be canceled, removed from the list of outstanding checks and deposited to the account on which the check was written. At June 30, 2018, the commissary account outstanding check list included several checks which have been outstanding for over two years.

Recommendation – Checks outstanding for more than one year should be canceled, as required.

Response – Sheriff's office will make appropriate contacts and comply with requirements.

Conclusion – Response accepted.

Staff

This audit was performed by:

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Ashley J. Moser, Senior Auditor
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