



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

August 2, 2019

Contact: Marlys Gaston
515/281-5834

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

The County had local tax revenue of \$35,676,903 for the year ended June 30, 2018, which included \$2,840,704 in tax credits from the state. The County forwarded \$27,904,040 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,772,863 of the local tax revenue to finance County operations, a 2.3% increase over the prior year. Other revenues included charges for service of \$1,567,728, operating grants, contributions and restricted interest of \$4,421,767, capital grants, contributions and restricted interest of \$591,091, tax increment financing of \$122,489, local option sales tax of \$859,121, unrestricted investment earnings of \$178,242 and other general revenues of \$231,658.

Expenses for County operations for the year ended June 30, 2018 totaled \$13,816,338, an 3.9% increase over the prior year. Expenses included \$6,293,497 for roads and transportation, \$3,300,728 for public safety and legal services and \$1,297,249 for administration.

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

Poweshiek County



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Rob Sand
Auditor of State

June 24, 2019

Officials of Poweshiek County
Montezuma, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Poweshiek County for the year ended June 30, 2018. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand
Auditor of State

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Poweshiek County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Larry Wilson	Board of Supervisors	Jan 2019
Trevor White	Board of Supervisors	Jan 2019
Diana Dawley	Board of Supervisors	Jan 2021
Melissa Eilander	County Auditor	Jan 2021
Sandy Ross	County Treasurer	Jan 2019
Dianna Longhenry	County Recorder	Jan 2019
Thomas Kriegel	County Sheriff	Jan 2021
Rebecca Petig	County Attorney	Resigned Feb 2018
Bart Klaver (Appointed)	County Attorney	Nov 2018
Amy Vermillion	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Poweshiek County:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek 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 18 to the financial statements, Poweshiek 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 15 and 54 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

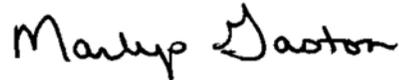
Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2019 on our consideration of Poweshiek 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 Poweshiek County's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA
Deputy Auditor of State

June 24, 2019

Poweshiek County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Poweshiek 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 \$1,581,077 to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- Revenues of the County's governmental activities increased 9.2%, or approximately \$1,323,000, from fiscal year 2017 to fiscal year 2018. Charges for service increased approximately \$355,000 due to insurance reimbursements for group health claims, operating grants, contributions and restricted interest increased approximately \$358,000 due to increased public health pass-through grants and capital grants, contributions and restricted interest increased approximately \$399,000 due to reimbursements received for secondary road projects.
- Program expenses of the County's governmental activities increased 3.8%, or approximately \$511,000, from fiscal year 2017 to fiscal year 2018. Non-program function expenses increased approximately \$448,000 due to increased employee group health medical claims and additional public health pass-through grants.
- The County's net position at June 30, 2018 increased 6.6%, or approximately \$1,929,000, 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 Poweshiek 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 Poweshiek 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 Poweshiek County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 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) The proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. The fiduciary funds include Agency Funds that account for 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

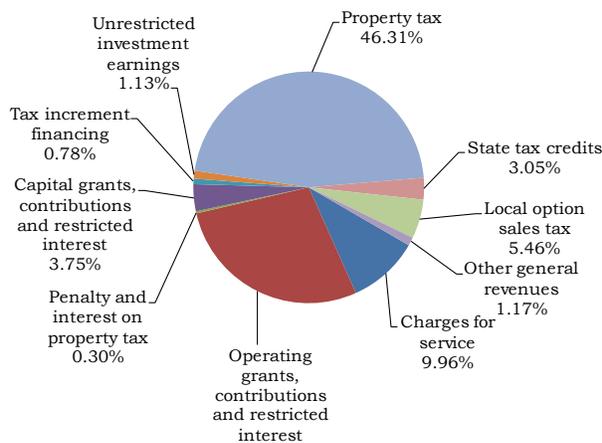
As noted earlier, net position may serve over time as a useful indicator of financial position. Poweshiek County's combined net position at the end of fiscal year 2018 totaled approximately \$31.0 million, compared to approximately \$30.6 million at the end of fiscal year 2017. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
		2017 2018 Not Restated)
Current and other assets	\$ 23,784	22,544
Capital assets	26,352	26,309
Total assets	50,136	48,853
Deferred outflows of resources	1,180	997
Long-term liabilities	10,672	10,871
Other liabilities	504	611
Total liabilities	11,176	11,482
Deferred inflows of resources	9,160	7,736
Net position:		
Net investment in capital assets	20,997	20,319
Restricted	8,684	7,753
Unrestricted	1,299	2,560
Total net position	\$ 30,980	30,632

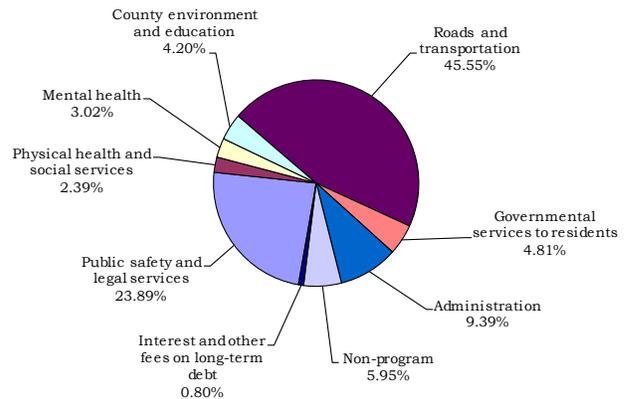
Prior to restatement, the net position of Poweshiek County's governmental activities increased 1.1% (approximately \$31.0 million compared to approximately \$30.6 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$2.56 million before restatement to approximately \$1.30 million at the end of this year, a decrease of 49.3%. This decrease is primarily due to recording the net pension and total OPEB liabilities.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2017	2018 Not Restated
Revenues:		
Program revenues:		
Charges for service	\$ 1,568	1,213
Operating grants, contributions and restricted interest	4,422	4,064
Capital grants, contributions and restricted interest	591	192
General revenues:		
Property tax	7,292	7,127
Tax increment financing	123	144
Penalty and interest on property tax	47	47
State tax credits	481	474
Local option sales tax	859	886
Unrestricted investment earnings	178	72
Other general revenues	184	203
Total revenues	15,745	14,422
Program expenses:		
Public safety and legal services	3,301	3,136
Physical health and social services	330	291
Mental health	417	430
County environment and education	580	578
Roads and transportation	6,294	6,273
Governmental services to residents	665	632
Administration	1,297	1,277
Non-program	822	375
Interest and other fees on long-term debt	110	313
Total expenses	13,816	13,305
Change in net position	1,929	1,117
Net position beginning of year, as restated	29,051	29,515
Net position end of year	\$ 30,980	30,632

Revenues by Source



Expenses by Program



The County levied property tax rate went from \$8.26948 to \$8.11396 per \$1,000 of taxable valuation for fiscal year 2018, a decrease of 1.9%. Countywide taxable valuations in Poweshiek County have increased as follows: \$1,063,056,573 in fiscal year 2016 to \$1,075,783,052 in fiscal year 2017 to \$1,133,107,664 in fiscal year 2018. Based on increases in the taxable valuations and increase in the fiscal year 2018 levied property tax rates, property tax revenue was budgeted to increase \$173,224 for fiscal year 2018.

The cost of all governmental activities was approximately \$13.8 million compared to approximately \$13.3 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$7.2 million because some of the cost was paid by those directly benefiting from the programs or by other governments and organizations which subsidized certain programs with grants and contributions

INDIVIDUAL MAJOR FUND ANALYSIS

As Poweshiek County completed the year, its governmental funds reported a combined fund balance of approximately \$12.1 million, an increase of approximately \$1,098,000 over last year's total of approximately \$11.0 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$351,000 over the prior year. Expenditures increased approximately \$402,000 compared to the prior year. The ending fund balance increased approximately \$3,000 over the prior year to approximately \$3,469,000.
- Special Revenue, Mental Health Fund revenues decreased approximately \$9,000 from the prior year and expenditures decreased approximately \$11,000 compared to the prior year. The Mental Health Fund balance at year end increased approximately \$4,000 over the prior year to approximately \$346,000.
- Special Revenue, Rural Services Fund revenues increased approximately \$189,000 over the prior year mainly due to an increase in property tax and building permits. Expenditures and transfers out increased approximately \$107,000. The Rural Services Fund ending fund balance increased approximately \$197,000 over the prior year to approximately \$922,000.

- Special Revenue, Secondary Roads Fund revenues decreased approximately \$286,000 compared to the prior year due primarily to decreases in bridge replacement revenue. Expenditures decreased approximately \$480,000 primarily due to fewer equipment purchases. The Secondary Roads Fund ending fund balance increased approximately \$758,000 over the prior year to approximately \$4,162,000.
- Debt Service Fund revenues decreased approximately \$28,000 compared to the prior year. Expenditures decreased approximately \$97,000 from the prior year. The ending fund balance increased approximately \$37,000 from the prior year to approximately \$90,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Poweshiek County amended its budget three times. The first amendment was made in September 2017 and resulted in an increase in budgeted disbursements covering three different functions. The second amendment was made in March 2018 and resulted in an increase in the budgeted revenues and disbursements, primarily due to a pass-through grant. The third amendment was made in May 2018 and resulted in an increase in budgeted disbursements covering eight different functions.

The County’s receipts were approximately \$545,000 less than budgeted, a variance of 3.6%. Total disbursements were \$3,954,716 less than the amended budget. Actual disbursements for the capital projects and roads and transportation functions were approximately \$1,803,000 and \$1,270,000, respectively, less than budgeted due to secondary road projects not being completed during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, Poweshiek County had approximately \$26.3 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$43,000 over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2018	2017
Land	\$ 2,030	2,030
Construction in progress	503	-
Buildings and improvements	7,414	7,614
Equipment and vehicles	1,891	1,828
Infrastructure	14,514	14,837
Total	\$ 26,352	26,309

The County had depreciation expense of approximately \$1,209,000 for fiscal year 2018 and total accumulated depreciation of approximately \$13,225,000 at June 30, 2018. More detailed information about the County’s capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2018, Poweshiek County had \$5,355,000 of long-term debt outstanding, compared to \$5,990,000 at June 30, 2017.

Outstanding Debt of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2018	2017
General obligation refunding bonds	\$ 4,705	5,210
General obligation urban renewal notes	650	780
Total	\$ 5,355	5,990

Debt decreased as a result of the County making scheduled principal payments on both the general obligation local option sales tax bonds and the general obligation urban renewal notes. During the year, principal payments totaled \$635,000.

The County carries a general obligation bond rating of Aa3 assigned by national rating agencies. 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. The County's outstanding general obligation debt of \$5,355,000 is significantly below its constitutional debt limit of approximately \$109 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Poweshiek County's elected and appointed officials considered many factors when setting the fiscal year 2019 budget, tax rates and fees charged for various county activities. The Poweshiek County Board of Supervisors is committed to limiting disbursement increases and reducing funding to non-mandated programs to provide services for the citizens of Poweshiek County. The fiscal year 2019 total property tax rate is \$8.09694 per \$1,000 of taxable valuation, a decrease of \$0.01702 per \$1,000 of taxable valuation from fiscal year 2018. The fiscal year 2019 General Fund ending fund balance is expected to be approximately \$2,987,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Poweshiek 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 Poweshiek County Auditor's Office, 302 E Main Street, Montezuma, Iowa 50171-0057.

Poweshiek County

Basic Financial Statements

Poweshiek County
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 14,899,537
Receivables:	
Property tax:	
Delinquent	353
Succeeding year	7,354,000
Tax increment financing succeeding year	130,000
Penalty and interest on property tax	749
Accounts	213,372
Accrued interest	24,480
Due from other governments	637,957
Inventories	433,335
Prepaid insurance	89,497
Capital assets, net of accumulated depreciation	26,352,450
Total assets	50,135,730
Deferred Outflows of Resources	
Pension related deferred outflows	1,136,795
OPEB related deferred outflows	43,260
Total deferred outflows of resources	1,180,055
Liabilities	
Accounts payable	416,076
Salaries and benefits payable	77,011
Due to other governments	1,925
Accrued interest payable	8,509
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes and bonds	645,000
Compensated absences	217,322
Portion due or payable after one year:	
General obligation notes and bonds	4,710,000
Compensated absences	65,855
Landfill postclosure care	375,000
Net pension liability	2,877,893
Total OPEB liability	1,781,047
Total liabilities	11,175,638
Deferred Inflows of Resources	
Unavailable revenue:	
Property tax	7,354,000
Tax increment financing	130,000
Pension related deferred inflows	218,619
OPEB related deferred inflows	1,457,618
Total deferred inflows of resources	9,160,237
Net Position	
Net investment in capital assets	20,997,450
Restricted for:	
Supplemental levy purposes	477,538
Mental health purposes	342,084
Rural services purposes	862,626
Secondary roads purposes	4,078,711
Conservation land acquisition	67,372
Landfill postclosure care	1,190,406
Debt service	112,075
Capital improvements	1,323,925
Other purposes	229,237
Unrestricted	1,298,486
Total net position	\$ 30,979,910

See notes to financial statements.

Poweshiek County
Statement of Activities
Year ended June 30, 2018

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 3,300,728	134,793	317,337	-	(2,848,598)
Physical health and social services	330,303	30,876	260,605	-	(38,822)
Mental health	417,294	-	17,842	-	(399,452)
County environment and education	579,853	209,592	48,531	-	(321,730)
Roads and transportation	6,293,497	132,845	3,546,731	591,091	(2,022,830)
Governmental services to residents	665,491	401,652	20,667	-	(243,172)
Administration	1,297,249	42,183	-	-	(1,255,066)
Non-program	822,398	615,787	210,054	-	3,443
Interest on long-term debt	109,525	-	-	-	(109,525)
Total	\$ 13,816,338	1,567,728	4,421,767	591,091	(7,235,752)
General Revenues:					
Property and other county tax levied for:					
General purposes					7,252,066
Debt service					39,949
Tax increment financing					122,489
Penalty and interest on property tax					47,393
State tax credits					480,848
Local option sales tax					859,121
Hotel/motel tax					30,845
Unrestricted investment earnings					178,242
Gain on disposition of capital assets					34,923
Miscellaneous					118,497
Total general revenues					9,164,373
Change in net position					1,928,621
Net position beginning of year, as restated					29,051,289
Net position end of year					\$ 30,979,910

See notes to financial statements.

Poweshiek County
Balance Sheet
Governmental Funds

June 30, 2018

Assets	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets:				
Cash, cash equivalents and pooled investments	\$ 3,515,317	353,369	895,175	3,371,586
Receivables:				
Property tax:				
Delinquent	319	31	-	-
Succeeding year	4,060,000	393,000	2,883,000	-
Tax increment financing succeeding year	-	-	-	-
Interest and penalty on property tax	749	-	-	-
Accounts	40	-	1,450	211,882
Accrued interest	21,674	-	-	-
Due from other governments	239,781	-	30,412	296,435
Inventories	-	-	-	433,335
Prepaid insurance	33,973	-	14,093	41,431
Total assets	\$ 7,871,853	746,400	3,824,130	4,354,669
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 140,826	5,965	7,176	127,784
Salaries and benefits payable	36,007	1,903	12,185	26,916
Due to other governments	1,904	-	-	21
Total liabilities	178,737	7,868	19,361	154,721
Deferred inflows of resources:				
Unavailable resources:				
Succeeding year property tax	4,060,000	393,000	2,883,000	-
Succeeding year tax increment financing	-	-	-	-
Other	164,234	31	-	38,175
Total deferred inflows of resources	4,224,234	393,031	2,883,000	38,175
Fund balances:				
Nonspendable:				
Inventories	-	-	-	433,335
Prepaid insurance	33,973	-	14,093	41,431
Restricted for:				
Supplemental levy purposes	444,074	-	-	-
Mental health purposes	-	345,501	-	-
Rural services purposes	-	-	907,676	-
Secondary roads purposes	-	-	-	3,687,007
Capital improvements	-	-	-	-
Landfill postclosure care	-	-	-	-
Debt service	-	-	-	-
Conservation land acquisition	67,372	-	-	-
Other purposes	13,579	-	-	-
Unassigned	2,909,884	-	-	-
Total fund balances	3,468,882	345,501	921,769	4,161,773
Total liabilities, deferred inflows of resources and fund balances	\$ 7,871,853	746,400	3,824,130	4,354,669

See notes to financial statements.

Debt Service	Nonmajor	Total
87,136	3,064,624	11,287,207
3	-	353
18,000	-	7,354,000
-	130,000	130,000
-	-	749
-	-	213,372
2,501	305	24,480
-	71,329	637,957
-	-	433,335
-	-	89,497
107,640	3,266,258	20,170,950
-	325	282,076
-	-	77,011
-	-	1,925
-	325	361,012
18,000	-	7,354,000
-	130,000	130,000
3	-	202,443
18,003	130,000	7,686,443
-	-	433,335
-	-	89,497
-	-	444,074
-	-	345,501
-	-	907,676
-	-	3,687,007
-	1,323,925	1,323,925
-	1,565,406	1,565,406
89,637	30,944	120,581
-	-	67,372
-	215,658	229,237
-	-	2,909,884
89,637	3,135,933	12,123,495
107,640	3,266,258	20,170,950

Poweshiek County

Poweshiek County

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

June 30, 2018

Total governmental fund balances (page 21) \$ 12,123,495

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$39,577,167 and the accumulated depreciation is \$13,224,717. 26,352,450

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. 202,443

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in 3,478,330

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

Deferred outflows of resources	\$ 1,180,055	
Deferred inflows of resources	<u>(1,676,237)</u>	(496,182)

Long-term liabilities, including bonds and notes payable, compensated absences payable, landfill postclosure 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. (10,680,626)

Net position of governmental activities (page 18) \$ 30,979,910

See notes to financial statements.

Poweshiek County

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

Year ended June 30, 2018

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,070,213	391,526	2,820,884	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	-	-
Penalty and interest on property tax	46,945	-	-	-
Intergovernmental	678,420	29,867	401,948	3,686,766
Licenses and permits	1,000	-	108,345	58,268
Charges for service	547,115	-	69,395	-
Use of money and property	215,202	-	-	265
Miscellaneous	112,971	-	4,126	305,124
Total revenues	5,671,866	421,393	3,404,698	4,050,423
Expenditures:				
Operating:				
Public safety and legal services	2,265,523	-	828,480	-
Physical health and social services	277,136	-	47,890	-
Mental health	-	417,020	-	-
County environment and education	455,754	-	145,540	-
Roads and transportation	-	-	-	5,382,525
Governmental services to residents	646,806	-	4,108	-
Administration	1,224,188	-	39,160	-
Non-program	284,926	-	-	-
Debt service	-	-	-	-
Capital projects	82,910	-	-	443,745
Total expenditures	5,237,243	417,020	1,065,178	5,826,270
Excess (deficiency) of revenues over (under) expenditures	434,623	4,373	2,339,520	(1,775,847)
Other financing sources (uses):				
Transfers in	-	-	-	2,532,405
Transfers out	(431,651)	-	(2,142,254)	-
Sale of capital assets	-	-	-	1,123
Total other financing sources (uses)	(431,651)	-	(2,142,254)	2,533,528
Change in fund balances	2,972	4,373	197,266	757,681
Fund balances beginning of year	3,465,910	341,128	724,503	3,404,092
Fund balances end of year	\$ 3,468,882	345,501	921,769	4,161,773

See notes to financial statements.

Debt Service	Nonmajor	Total
39,946	-	7,322,569
-	122,489	122,489
-	859,121	859,121
-	-	46,945
3,148	43,028	4,843,177
-	-	167,613
-	4,847	621,357
17,160	2,011	234,638
-	10,870	433,091
60,254	1,042,366	14,651,000
-	290	3,094,293
-	-	325,026
-	-	417,020
-	9,498	610,792
-	-	5,382,525
-	4,600	655,514
-	-	1,263,348
-	-	284,926
745,108	-	745,108
-	249,015	775,670
745,108	263,403	13,554,222
(684,854)	778,963	1,096,778
722,137	270,000	3,524,542
-	(950,637)	(3,524,542)
-	-	1,123
722,137	(680,637)	1,123
37,283	98,326	1,097,901
52,354	3,037,607	11,025,594
89,637	3,135,933	12,123,495

Poweshiek 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 25) \$ 1,097,901

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

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

Expenditures for capital assets	\$ 883,243	
Capital assets contributed by the Iowa Department of Transportation	335,165	
Depreciation expense	(1,208,993)	9,415

In the Statement of Activities, the gain on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 33,800

after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds. 125,730

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. 635,000

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 382,092

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	(21,339)	
Accrued interest expense	583	
OPEB expense	(29,328)	
Pension expense	(427,631)	(477,715)

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 122,398

Change in net position of governmental activities (page 19) \$ 1,928,621

See notes to financial statements.

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

	<u>Internal Service - Employee Group Health</u>
Current Assets	
Cash and cash equivalents	\$ 262,330
Investments	<u>3,350,000</u>
Total current assets	3,612,330
Current Liabilities	
Accounts payable	<u>134,000</u>
Net Position	
Unrestricted	<u><u>\$ 3,478,330</u></u>

See notes to financial statements.

Poweshiek County

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

Year ended June 30, 2018

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$1,039,177
Reimbursements from employees and others		243,982
Insurance reimbursements		<u>259,611</u>
Total operating revenues		1,542,770
Operating expenses:		
Medical claims	\$ 1,123,447	
Insurance premiums	235,753	
Administrative fees	77,146	
Miscellaneous	<u>8,113</u>	1,444,459
Operating income		98,311
Non-operating revenues:		
Interest income		<u>24,087</u>
Net income		122,398
Net position beginning of year		<u>3,355,932</u>
Net position end of year		<u><u>\$3,478,330</u></u>
See notes to financial statements.		

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

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,039,177
Cash received from employees and others	243,982
Cash received from Insurance reimbursements	259,611
Cash paid to suppliers for services	(1,410,459)
Net cash provided by operating activities	132,311
Cash flows from investing activities:	
Purchase of certificates of deposit	(250,000)
Interest on investments	24,087
Net cash used for investing activities	(225,913)
Net increase in cash and cash equivalents	(93,602)
Cash and cash equivalents beginning of year	355,932
Cash and cash equivalents end of year	\$ 262,330
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 98,311
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	34,000
Net cash provided by operating activities	\$ 132,311

See notes to financial statements.

Poweshiek County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 1,520,293
Other County officials	55,294

Receivables:

Property tax:

Delinquent	4,705
Succeeding year	25,663,000

Accounts	20,226
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Special assessments	19,964
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Accrued interest	272
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Due from other governments	100,729
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Total assets

27,384,483

Liabilities

Accounts payable	15,533
------------------	--------

Salaries and benefits payable	6,975
-------------------------------	-------

Due to other governments	27,219,737
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Trusts payable	126,094
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Compensated absences	16,144
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Total liabilities

27,384,483

Net position

\$ -

See notes to financial statements.

Poweshiek County

Notes to Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies

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

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

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Drug Task Force Agreement, South Central Iowa Solid Waste Agency and Poweshiek Area Development Corporation.

B. Basis of Presentation

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation 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. Net position restricted through enabling legislation consists of \$1,190,406 for landfill postclosure care.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources 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, the proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the 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 Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

Property tax revenue recognized in these funds becomes 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.

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 activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at 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
Intangibles	\$ 100,000
Infrastructure	50,000
Land and buildings	35,000
Land improvements	25,000
Equipment and vehicles	10,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	25 - 50
Land improvements	10 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	5 - 15

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory 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, Mental Health, Secondary Roads and Rural Services 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, Mental Health, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Poweshiek 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 governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2018, disbursements exceeded the amount budgeted in the debt service function.

(2) **Cash, Cash Equivalents and Pooled Investments**

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

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

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$8,816,769 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

(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 Road	General	\$ 181,651
	Special Revenue:	
	Rural Services	2,122,254
	Local Option Sales Tax	200,000
	Urban Renewal	28,500
		2,532,405
Special Revenue:	Special Revenue:	
Sanitary Disposal	Rural Services	20,000
Capital Projects	General	250,000
Debt Service	Special Revenue:	
	Local Option Sales Tax	582,677
	Urban Renewal	139,460
		722,137
Total		\$ 3,524,542

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

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,030,405	-	-	2,030,405
Construction in progress	-	838,036	335,165	502,871
Total capital assets not being depreciated	2,030,405	838,036	335,165	2,533,276
Capital assets being depreciated:				
Buildings	9,568,220	-	-	9,568,220
Equipment and vehicles	7,204,543	414,172	133,974	7,484,741
Infrastructure	19,655,765	335,165	-	19,990,930
Total capital assets being depreciated	36,428,528	749,337	133,974	37,043,891
Less accumulated depreciation for:				
Buildings	1,954,600	199,821	-	2,154,421
Equipment and vehicles	5,376,724	350,506	133,974	5,593,256
Infrastructure	4,818,374	658,666	-	5,477,040
Total accumulated depreciation	12,149,698	1,208,993	133,974	13,224,717
Total capital assets being depreciated, net	24,278,830	(459,656)	-	23,819,174
Governmental activities capital assets, net	\$26,309,235	378,380	335,165	26,352,450

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 254,869
Physical health and social services	5,927
County environment and education	74,527
Roads and transportation	842,141
Administration	31,529
Total depreciation expense - governmental activities	<u>\$ 1,208,993</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 1,904
Special Revenue:		
Secondary Roads	Services	21
Total for governmental funds		<u>\$ 1,925</u>
Agency:		
County Assessor	Collections	\$ 818,938
Schools		15,709,605
Community Colleges		1,080,495
Corporations		7,689,669
Auto License and Use Tax		533,563
All other		1,387,467
Total for agency funds		<u>\$ 27,219,737</u>

(6) Long-Term Liabilities

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

	General Obligation Refunding	General Obligation Urban Renewal	Compensated Absences	Estimated Liability for Landfill Postclosure	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year, as restated	\$ 5,210,000	780,000	261,838	375,000	2,659,032	3,166,077	12,451,947
Increases	-	-	585,128	-	218,861	-	803,989
Decreases	505,000	130,000	563,789	-	-	1,385,030	2,583,819
Balance end of year	<u>\$ 4,705,000</u>	<u>650,000</u>	<u>283,177</u>	<u>375,000</u>	<u>2,877,893</u>	<u>1,781,047</u>	<u>10,672,117</u>
Due within one year	\$ 515,000	130,000	217,322	-	-	-	862,322

A summary of the County's general obligation indebtedness is as follows:

Year Ending June 30,	Refunding Bonds		Urban Renewal Notes		Total		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 515,000	91,707	130,000	10,400	645,000	102,107	747,107
2020	520,000	85,270	130,000	8,450	650,000	93,720	743,720
2021	525,000	77,470	130,000	6,695	655,000	84,165	739,165
2022	535,000	68,545	130,000	4,680	665,000	73,225	738,225
2023	545,000	58,380	130,000	2,470	675,000	60,850	735,850
2024-2027	2,065,000	113,753	-	-	2,065,000	113,753	2,178,753
Total	<u>\$ 4,705,000</u>	<u>495,125</u>	<u>650,000</u>	<u>32,695</u>	<u>5,355,000</u>	<u>527,820</u>	<u>5,882,820</u>

General Obligation Refunding Bonds

On March 29, 2012, the County issued \$5,210,000 of general obligation refunding bonds for the crossover advance refunding of \$4,845,000 of general obligation local option sales tax bonds dated October 15, 2008. The refunding bonds bear interest at rates ranging from 1.00% to 2.45% per annum. The 2008 bonds were called on June 1, 2017. During the year ended June 30, 2018, the County retired \$505,000 of general obligation refunding bonds and paid interest of \$96,758.

General Obligation Urban Renewal Notes

On May 9, 2013, the County issued \$1,280,000 of general obligation urban renewal notes. The notes bear interest at rates ranging from 1.50% to 1.90% per annum. The notes were used to finance reconstruction and improvements to County roads in the urban renewal areas. During the year ended June 30, 2018, the County retired \$130,000 of general obligation urban renewal notes and paid interest of \$12,350.

(7) 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 will be used if it is greater than the highest five-year average salary.

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

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

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

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

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

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

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

In fiscal year 2018, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll, for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.38% of covered payroll, for a total rate of 18.76%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll, for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2018 were \$382,092.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the County reported a liability of \$2,877,893 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 0.043203%, which was an increase of 0.000952% over its collective proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$427,631. 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	\$ 44,893	49,151
Changes of assumptions	672,135	9,972
Net difference between projected and actual earnings on IPERS' investments	-	43,916
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	37,675	115,580
County contributions subsequent to the measurement date	382,092	-
Total	\$ 1,136,795	218,619

\$382,092 reported as deferred outflows of resources related to pensions resulting from the 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	\$ 22,736
2020	269,796
2021	173,493
2022	20,459
2023	49,600
Total	\$ 536,084

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	\$5,474,884	2,877,893	699,018

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.

(8) 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 Poweshiek 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	6
Active employees	85
Total	<u>91</u>

Total OPEB Liability – The County’s total OPEB liability of \$1,781,047 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	3.00% per annum, including
(effective June 30, 2018)	inflation.
Discount rate	3.87% compounded annually,
(effective June 30, 2018)	including inflation.
Healthcare cost trend rate	9.00% initial rate decreasing by .5%
(effective June 30, 2018)	annually to an ultimate rate of 5.00%

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

Mortality rates are from the SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year, as restated	\$ 3,166,077
Changes for the year:	
Service cost	255,165
Interest	119,490
Differences between expected and actual experiences	(1,639,820)
Changes in assumptions	48,668
Benefit payments	(168,533)
Net changes	(1,385,030)
Total OPEB liability end of year	<u>\$ 1,781,047</u>

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

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

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 1,883,951	1,781,047	1,681,617

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

	1% Decrease (8.00%)	Healthcare Cost Trend Rate (9.00%)	1% Increase (10.00%)
Total OPEB liability	\$ 1,619,921	1,781,047	1,966,778

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the County recognized OPEB expense of \$29,328. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	1,457,618
Changes in assumptions	43,260	-
Total	<u>\$ 43,260</u>	<u>1,457,618</u>

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

Year ending June 30,	Amount
2019	\$ (176,794)
2020	(176,794)
2021	(176,794)
2022	(176,794)
2023	(176,794)
Thereafter	(530,388)
	<u>\$ (1,414,358)</u>

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 775 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/ machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County’s property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County’s contributions to the Pool for the year ended June 30, 2018 were \$180,274.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2018, no liability has been recorded in the County's financial statements. As of June 30, 2018, settled claims have not exceeded 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 \$80,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement was effective July 1, 2010 and is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$30,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2018 was \$1,039,177.

Amounts payable from the Employee Group Health Fund at June 30, 2018 total \$134,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$3,478,330 at June 30, 2018 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 100,000
Incurred claims (including claims incurred but not reported at June 30, 2017)	1,123,447
Payment on claims during the fiscal year	<u>(1,089,447)</u>
Unpaid claims end of year	<u>\$ 134,000</u>

(11) Postclosure Care

To comply with federal and state regulations, the County is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually. These costs for the Poweshiek County Sanitary Landfill have been estimated at \$375,000 as of June 30, 2018 and a liability of that amount has been recognized.

Chapter 111 of the Iowa Administrative Code has been promulgated to implement financial assurance rules. Since the Poweshiek County Sanitary Landfill stopped waste disposal prior to the Chapter 111 effective date of August 24, 1994, financial assurance is not required for the Landfill. However, the County has accumulated resources to fund postclosure care and, at June 30, 2018, \$1,565,406 restricted for these purposes is reported in the Special Revenue, Sanitary Disposal Fund.

(12) 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:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Brooklyn	Urban renewal and economic development projects	\$ 1,311
City of Grinnell	Urban renewal and economic development projects	285,520
City of Malcom	Urban renewal and economic development projects	1,915
City of Montezuma	Urban renewal and economic development projects	5,363

(13) Poweshiek County Financial Information Included in the Central Iowa Community Services Mental Health Region

Central Iowa Community Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, which became effective July 10, 2014, includes the following member counties: Boone, Franklin, Hamilton, Hardin, Jasper, Madison, Marshall, Poweshiek, Story, and Warren. The financial activity of Poweshiek County's Special Revenue, Mental Health Fund is included in the Central Iowa Community Services Mental Health Region for the year ended June 30, 2018, as follows:

Revenues:		
Property and other county tax		\$ 391,526
Intergovernmental:		
State tax credits		<u>29,867</u>
Total revenues		<u>421,393</u>
Expenditures:		
Services to persons with:		
Mental illness		79,303
General administration:		
Direct administration	\$ 67,857	
Distribution to regional fiscal agent	<u>269,860</u>	<u>337,717</u>
Total expenditures		<u>417,020</u>
Excess of revenues over expenditures		4,373
Fund balance beginning of year		<u>341,128</u>
Fund balance end of year		<u><u>\$ 345,501</u></u>

(14) Due From Other Governments

On July 1, 2014, the County entered into a loan agreement with the City of Brooklyn for \$182,045 for work performed on highway F29/Old Road 6. The agreement is payable through 2019 and requires annual payments of \$38,175.

During the year ended June 30, 2018, the County received \$38,175 of principal and interest under the agreement. At June 30, 2018, one annual payment totaling \$38,175 remains to be paid by the City.

(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:

	<u>Governmental Activities</u>
Net position June 30, 2017, as previously reported	\$ 30,632,366
Net OPEB obligation measured under previous standards	1,585,000
Total OPEB liability at June 30, 2017	<u>(3,166,077)</u>
Net position July 1, 2017, as restated	<u>\$ 29,051,289</u>

Required Supplementary Information

Poweshiek 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	Budgeted Amounts		Final to
		Original	Final	Actual Variance
Receipts:				
Property and other county tax	\$ 8,297,689	8,321,454	8,321,454	(23,765)
Penalty and interest on property tax	46,945	50,834	50,834	(3,889)
Intergovernmental	4,866,658	5,157,241	5,525,816	(659,158)
Licenses and permits	158,068	24,425	24,425	133,643
Charges for service	623,210	474,800	474,800	148,410
Use of money and property	218,151	59,950	59,950	158,201
Miscellaneous	231,140	514,621	529,321	(298,181)
Total receipts	14,441,861	14,603,325	14,986,600	(544,739)
Disbursements:				
Public safety and legal services	3,084,858	3,146,611	3,303,791	218,933
Physical health and social services	321,630	351,472	376,047	54,417
Mental health	411,144	413,479	445,979	34,835
County environment and education	605,860	624,664	643,964	38,104
Roads and transportation	5,613,796	6,884,187	6,884,187	1,270,391
Governmental services to residents	655,746	726,025	731,425	75,679
Administration	1,257,017	1,306,846	1,482,893	225,876
Non-program	231,609	125,000	466,500	234,891
Debt service	745,108	744,108	744,108	(1,000)
Capital projects	779,259	2,301,849	2,581,849	1,802,590
Total disbursements	13,706,027	16,624,241	17,660,743	3,954,716
Excess (deficiency) of receipts over (under) disbursements	735,834	(2,020,916)	(2,674,143)	3,409,977
Other financing sources, net	1,148	-	-	1,148
Deficiency of receipts and other financing sources under disbursements and other financing uses	736,982	(2,020,916)	(2,674,143)	3,411,125
Balance beginning of year	10,550,225	8,930,161	8,930,161	1,620,064
Balance end of year	\$ 11,287,207	6,909,245	6,256,018	5,031,189

See accompanying independent auditor's report.

Poweshiek 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	\$ 14,441,861	209,139	14,651,000
Expenditures	13,706,027	(151,805)	13,554,222
Net	735,834	360,944	1,096,778
Other financing sources, net	1,148	(25)	1,123
Beginning fund balances	10,550,225	475,369	11,025,594
Ending fund balances	\$ 11,287,207	836,288	12,123,495

See accompanying independent auditor's report.

Poweshiek County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2018

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,036,502. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2018, disbursements exceeded the amount budgeted in the debt service function.

Poweshiek 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	0.043203%	0.042252%	0.039848%	0.038791%
County's proportionate share of the net pension liability	\$ 2,878	2,659	1,969	1,538
County's covered payroll	\$ 4,162	3,906	3,856	3,886
County's proportionate share of the net pension liability as a percentage of its covered payroll	69.15%	68.07%	51.06%	39.58%
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 fiscal year.

See accompanying independent auditor's report.

Poweshiek 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	\$ 382	382	360	361
Contributions in relation to the statutorily required contribution	(382)	(382)	(360)	(361)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 4,201	4,162	3,906	3,856
Contributions as a percentage of covered payroll	9.09%	9.18%	9.22%	9.36%

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
359	351	331	290	262	236
(359)	(351)	(331)	(290)	(262)	(236)
-	-	-	-	-	-
3,886	3,874	3,844	3,799	3,707	3,517
9.24%	9.06%	8.61%	7.63%	7.07%	6.71%

Poweshiek County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2018

Changes of benefit terms:

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

Changes of assumptions:

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

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

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

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

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

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

Poweshiek County

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

For the Current Year
Required Supplementary Information

	<u>2018</u>
Service cost	\$ 255,165
Interest cost	119,490
Difference between expected and actual experiences	(1,639,820)
Changes in assumptions	48,668
Benefit payments	<u>(168,533)</u>
Net change in total OPEB liability	<u>(1,385,030)</u>
Total OPEB liability beginning of year, as restated	<u>3,166,077</u>
Total OPEB liability end of year	<u>\$ 1,781,047</u>
Covered-employee payroll	\$ 3,897,947
Total OPEB liability as a percentage of covered-employee payroll	45.7%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

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

Poweshiek County

Supplementary Information

Poweshiek County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2018

	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest	Special Conservation Easement
Assets				
Cash, cash equivalents and pooled investments	\$ 22,879	28,324	18,468	5,000
Receivables:				
Succeeding year tax increment financing	-	-	-	-
Accrued interest	30	36	36	-
Due from other governments	-	-	-	-
Total assets	\$ 22,909	28,360	18,504	5,000
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable revenue:				
Succeeding year tax increment financing	-	-	-	-
Fund balances:				
Restricted for:				
Capital improvements	-	-	-	-
Landfill postclosure care	-	-	-	-
Debt service	-	-	-	-
Other purposes	22,909	28,360	18,504	5,000
Total fund balances	22,909	28,360	18,504	5,000
Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 22,909	28,360	18,504	5,000

See accompanying independent auditor's report.

Revenue							
Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Urban Renewal	Naturalist	Capital Projects	Total
17,139	113,196	1,565,731	1,241,611	30,741	10,550	10,985	3,064,624
-	-	-	-	130,000	-	-	130,000
-	-	-	-	203	-	-	305
-	-	-	71,329	-	-	-	71,329
17,139	113,196	1,565,731	1,312,940	160,944	10,550	10,985	3,266,258
-	-	325	-	-	-	-	325
-	-	-	-	130,000	-	-	130,000
-	-	-	1,312,940	-	-	10,985	1,323,925
-	-	1,565,406	-	-	-	-	1,565,406
-	-	-	-	30,944	-	-	30,944
17,139	113,196	-	-	-	10,550	-	215,658
17,139	113,196	1,565,406	1,312,940	30,944	10,550	10,985	3,135,933
17,139	113,196	1,565,731	1,312,940	160,944	10,550	10,985	3,266,258

Poweshiek County

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

Year ended June 30, 2018

	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest	Special Conservation Easement
Revenues:				
Tax increment financing	\$ -	-	-	-
Local option sales tax	-	-	-	-
Intergovernmental	11,833	-	-	-
Charges for service	-	4,847	-	-
Use of money and property	191	283	331	-
Miscellaneous	-	-	-	-
Total revenues	12,024	5,130	331	-
Expenditures:				
Operating:				
Public Safety and Legal Services	-	-	-	-
County environment and education	-	-	-	-
Governmental services to residents	-	4,600	-	-
Capital projects	-	-	10,000	-
Total expenditures	-	4,600	10,000	-
Excess (deficiency) of revenues over (under) expenditures	12,024	530	(9,669)	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Change in fund balances	12,024	530	(9,669)	-
Fund balances beginning of year	10,885	27,830	28,173	5,000
Fund balances end of year	\$ 22,909	28,360	18,504	5,000

See accompanying independent auditor's report.

Revenue							
Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Urban Renewal	Naturalist	Capital Projects	Total
-	-	-	-	122,489	-	-	122,489
-	-	-	859,121	-	-	-	859,121
-	-	27,808	-	3,387	-	-	43,028
-	-	-	-	-	-	-	4,847
-	-	-	-	1,206	-	-	2,011
-	320	-	-	-	10,550	-	10,870
-	320	27,808	859,121	127,082	10,550	-	1,042,366
-	290	-	-	-	-	-	290
-	-	9,498	-	-	-	-	9,498
-	-	-	-	-	-	-	4,600
-	-	-	-	-	-	239,015	249,015
-	290	9,498	-	-	-	239,015	263,403
-	30	18,310	859,121	127,082	10,550	(239,015)	778,963
-	-	20,000	-	-	-	250,000	270,000
-	-	-	(782,677)	(167,960)	-	-	(950,637)
-	-	20,000	(782,677)	(167,960)	-	250,000	(680,637)
-	30	38,310	76,444	(40,878)	10,550	10,985	98,326
17,139	113,166	1,527,096	1,236,496	71,822	-	-	3,037,607
17,139	113,196	1,565,406	1,312,940	30,944	10,550	10,985	3,135,933

Poweshiek County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	1,336	1,145	347,802	79,440
Other County officials	55,294	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	17	34	1,165
Succeeding year	-	285,000	223,000	492,000	15,629,000
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 55,294	286,336	224,162	839,836	15,709,605
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	-	158	-
Salaries and benefits payable	-	-	-	5,984	-
Due to other governments	18,018	286,336	224,162	818,938	15,709,605
Trusts payable	37,276	-	-	-	-
Compensated absences	-	-	-	14,756	-
Total liabilities	\$ 55,294	286,336	224,162	839,836	15,709,605

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	E-911 Service	Other	Total
7,397	52,488	299	533,563	229,385	267,438	1,520,293
-	-	-	-	-	-	55,294
98	1,181	-	-	-	2,210	4,705
1,073,000	7,636,000	66,000	-	-	259,000	25,663,000
-	-	-	-	19,888	338	20,226
-	-	-	-	-	19,964	19,964
-	-	-	-	271	1	272
-	-	-	-	100,729	-	100,729
1,080,495	7,689,669	66,299	533,563	350,273	548,951	27,384,483
-	-	-	-	14,722	653	15,533
-	-	-	-	-	991	6,975
1,080,495	7,689,669	66,299	533,563	335,551	457,101	27,219,737
-	-	-	-	-	88,818	126,094
-	-	-	-	-	1,388	16,144
1,080,495	7,689,669	66,299	533,563	350,273	548,951	27,384,483

Poweshiek County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2018

Assets and Liabilities	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
Balances beginning of year	\$ 20,221	235,803	219,792	827,758	15,650,576
Additions:					
Property and other county tax	-	278,644	223,744	487,134	15,662,637
911 surcharge	-	-	-	-	-
State tax credits	-	4,280	16,686	32,506	1,201,250
Office fees and collections	396,978	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	308,804	-	-	-	-
Miscellaneous	-	-	-	640	-
Total additions	705,782	282,924	240,430	520,280	16,863,887
Deductions:					
Agency remittances:					
To other funds	206,804	-	-	-	-
To other governments	191,446	232,391	236,060	508,202	16,804,858
Trusts paid out	272,459	-	-	-	-
	670,709	232,391	236,060	508,202	16,804,858
Balances end of year	\$ 55,294	286,336	224,162	839,836	15,709,605

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	911 Service	Other	Total
1,462,742	7,717,210	60,649	561,171	230,685	522,618	27,509,225
1,076,410	7,482,124	70,957	-	-	262,534	25,544,184
-	-	-	-	293,314	-	293,314
112,418	976,378	3,009	-	-	13,329	2,359,856
-	-	-	-	-	-	396,978
-	-	-	6,775,847	-	-	6,775,847
-	-	-	-	-	13,268	13,268
-	-	-	-	-	241,211	550,015
-	-	-	-	8,759	110,218	119,617
1,188,828	8,458,502	73,966	6,775,847	302,073	640,560	36,053,079
-	-	-	254,469	-	-	461,273
1,571,075	8,486,043	68,316	6,548,986	182,485	385,539	35,215,401
-	-	-	-	-	228,688	501,147
1,571,075	8,486,043	68,316	6,803,455	182,485	614,227	36,177,821
1,080,495	7,689,669	66,299	533,563	350,273	548,951	27,384,483

Poweshiek 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	\$ 7,322,569	7,160,995	6,935,410	6,892,299
Tax increment financing	122,489	143,967	129,640	126,695
Local option sales tax	859,121	885,507	823,298	928,085
Penalty and interest on property tax	46,945	47,869	50,834	47,241
Intergovernmental	4,843,177	5,043,984	4,850,079	4,664,378
Licenses and permits	167,613	68,139	59,816	76,811
Charges for service	621,357	617,775	582,872	510,079
Use of money and property	234,638	266,059	116,529	106,394
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	433,091	321,683	141,519	207,046
Total	\$ 14,651,000	14,555,978	13,689,997	13,559,028
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,094,293	2,986,068	2,990,207	2,838,158
Physical health and social services	325,026	287,841	282,499	326,373
Mental health	417,020	428,180	337,001	1,186,377
County environment and education	610,792	608,902	517,242	497,603
Roads and transportation	5,382,525	6,128,455	5,261,739	5,042,502
Governmental services to residents	655,514	614,973	652,598	679,317
Administration	1,263,348	1,258,694	1,343,275	1,222,300
Non-program	284,926	95,852	103,994	138,849
Debt service	745,108	841,832	843,368	847,052
Capital projects	775,670	445,954	551,825	628,342
Total	\$ 13,554,222	13,696,751	12,883,748	13,406,873

See accompanying independent auditor's report.

Accrual Basis					
2014	2013	2012	2011	2010	2009
6,986,195	6,585,265	6,576,530	6,347,814	6,282,585	5,669,326
144,924	-	-	-	-	-
807,091	785,610	834,594	761,864	755,322	802,996
48,720	51,443	50,255	52,609	57,061	60,255
4,588,245	3,944,072	5,178,661	4,581,922	5,011,819	5,227,309
121,538	57,490	65,935	52,445	46,620	65,864
514,703	550,596	555,409	529,839	467,767	500,071
171,910	152,092	129,898	109,600	151,385	311,329
-	-	-	14,444	4,316	28,579
213,085	234,567	219,351	119,891	169,565	55,049
<u>13,596,411</u>	<u>12,361,135</u>	<u>13,610,633</u>	<u>12,570,428</u>	<u>12,946,440</u>	<u>12,720,778</u>
2,792,814	2,734,316	2,758,405	2,473,294	2,414,629	2,157,066
391,098	283,905	309,654	445,992	312,200	402,357
604,358	892,271	2,681,005	1,382,606	1,509,920	1,664,633
538,801	463,706	504,349	1,056,252	849,287	815,862
4,696,708	5,428,293	4,891,508	4,616,467	4,014,935	4,253,034
628,471	674,934	688,105	669,096	655,085	653,587
1,161,822	1,066,481	1,114,457	1,018,516	1,083,437	944,104
274,769	235,808	245,247	163,589	304,698	281,254
847,650	739,998	637,777	607,563	603,920	706,663
1,266,712	167,526	149,099	308,256	4,376,337	4,146,233
<u>13,203,203</u>	<u>12,687,238</u>	<u>13,979,606</u>	<u>12,741,631</u>	<u>16,124,448</u>	<u>16,024,793</u>

Poweshiek County



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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 Poweshiek County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek 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 June 24, 2019.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

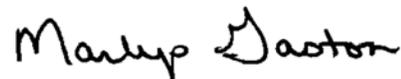
Poweshiek County's Responses to the Findings

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



Marlys K. Gaston, CPA
Deputy Auditor of State

June 24, 2019

Poweshiek County

Schedule of Findings

Year ended June 30, 2018

INTERNAL CONTROL DEFICIENCIES:

(A) Financial Reporting

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

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

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

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

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

Response – The Engineer submitted a receipt for \$200,000 for reimbursement of a bridge repair project and classified it as fiscal year 2019 income when it should have been fiscal year 2018 income since the project was substantially completed at June 30, 2018. We will relay the importance of accruing receipts in appropriate year to the road department.

There was a Public Health pass through grant receipt for \$163,165 received in the Auditor's Office in September which was for the June billing. The Treasurer's Office accrues in July and August so the receipt was put into fiscal year 2019. The Auditor's Office will ask the Treasurer in the future to do a special accrual entry for payments received after August that pertain to the prior year.

Conclusion – Response accepted.

(B) County Sheriff Bank Reconciliations

Criteria – A deficiency in internal control over bank accounts 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 bank accounts 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 bank accounts.

Poweshiek County

Schedule of Findings

Year ended June 30, 2018

Condition – The Sheriff’s office maintains bank accounts for civil, commissary and K9 activity. Although the bank statements are reviewed by an independent person, bank reconciliations are not documented. Bank reconciliations would include the bank statement balance at month end plus or minus reconciling items such as outstanding checks and deposits in transit to equal the general ledger balance.

For the Civil account, the amounts the Sheriff remitted to the County and State in July 2018 for fees collected during June 2018 plus the total held in trust at June 30, 2018 did not agree to the general ledger balance. At June 30, 2018, these amounts exceeded the general ledger balance by approximately \$700.

Cause – The Sheriff’s office policies do not require preparation of a bank reconciliation or ensure the amount of fees remitted plus the amounts held in trust agree with the general ledger.

Effect – Lack of written policies allows the accounts to be maintained without regular reconciliations, potentially allowing inaccurate information or errors to go undetected.

Recommendation – To improve financial accountability and control, monthly bank reconciliations should be prepared. Any differences should be investigated and resolved in a timely manner.

Response – We will work on better documenting reconciling items such as outstanding checks and work to resolve any variances.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Poweshiek County

Schedule of Findings

Year ended June 30, 2018

Findings Related to Required Statutory Reporting:

- (1) Certified Budget –During the year ended June 30, 2018, disbursements in the debt service function exceeded the amount budgeted.

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

Response – We missed budgeting the bond fees. We will make a note to be sure to include it in future budgets.

Conclusion – Response accepted.

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

- (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.

Poweshiek County

Staff

This audit was performed by:

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