OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006

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

Rob Sand
Auditor of State

NEWS RELEASE

Contact: Marlys Gaston
515/281-5834

FOR RELEASE June 22, 2021

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled $19,734,644 for the year ended June 30, 2020, an 18.5% increase over the prior year. Expenses for County operations for the year ended June 30, 2020 totaled $16,914,415, an 8.5% decrease from the prior year. The significant increase in revenues is due to contributed capital from the Iowa Department of Transportation for infrastructure projects. The decrease in expenses is due primarily to a decrease in county environment and education expenses for land improvement projects under the capitalization threshold.

AUDIT FINDINGS:

Sand reported twelve findings related to the receipt and expenditure of taxpayer funds. They are found on pages 80 through 88 of this report. The findings address issues such as lack of segregation of duties in the County Sheriff's Office, material amounts of inventory and infrastructure additions not properly recorded in the County's financial statements and untimely remittance of receipts to the County Treasurer by certain departments. Sand provided the County with recommendations to address each of these findings.

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

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

# # #

BUTLER COUNTY

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

JUNE 30, 2020

Butler County

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

June 16, 2021

Officials of Butler County
Allison, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Butler County for the year ended June 30, 2020. 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 Butler County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

Rob Sand
Auditor of State

Table of Contents

Butler County

Officials

Name	Title	Term Expires
Greg Barnett	Board of Supervisors	Jan 2021
Robert (Rusty) Eddy	Board of Supervisors	Jan 2023
Tom Heidenwirth	Board of Supervisors	Jan 2023
Lizbeth (Liz) Williams	County Auditor	Jan 2021
Vicki Schoneman	County Treasurer	Jan 2023
Janice Jacobs	County Recorder	Jan 2023
Jason Johnson	County Sheriff	Jan 2021
Gregory M. Lievens	County Attorney	Jan 2023
Michele Shultz	County Assessor	Jan 2022

Butler County

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Independent Auditor's Report

To the Officials of Butler 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 Butler County, Iowa, as of and for the year ended June 30, 2020, 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 Butler County as of June 30, 2020, 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, Butler County's beginning net position for governmental activities was restated to retroactively report the change in net position for conservation projects not previously capitalized. 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 8 through 14 and 56 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Butler 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, 2019 (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 16, 2021 on our consideration of Butler 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 Butler County's internal control over financial reporting and compliance.

Marlys Gaston

Marlys K. Gaston, CPA
Deputy Auditor of State

June 16, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Butler 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, 2020. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- The County's net position at June 30, 2019 was restated due to material amounts of construction in progress that were not recorded for various conservation projects during the year ending June 30, 2019. Beginning net position for governmental activities was restated to retroactively report the change in net position.
- Governmental activities revenues increased $3,078,315, or 18.5%, over fiscal year 2019 to fiscal year 2020. Capital grants, contributions and restricted interest increased $3,719,147, or 517.3%, while operating grants, contributions and restricted interest decreased $590,232, or 10.2%.
- Governmental activities expenses decreased $1,566,899, or 8.5%, from fiscal year 2019 to fiscal year 2020. County environment and education expenses decreased $2,498,655 while roads and transportation expenses increased $628,971.
- Prior to restatement, the County's net position increased 10.9%, or $3,959,783, over the June 30, 2019 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 Butler 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 Butler 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 Butler 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) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for 911, emergency management services, empowerment and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental Activities

	June 30, 2020	June 30, 2019 (Not Restated)
Current and other assets	$ 19,937,815	16,992,798
Capital assets	40,243,191	35,374,877
Total assets	60,181,006	52,367,675
Deferred outflows	1,218,139	12,218,862
Long-term liabilities	11,335,387	9,199,872
Other liabilities	1,114,908	554,768
Total liabilities	12,450,295	9,754,640
Deferred inflows of resources	8,824,720	7,667,550
Net position:		
Net investment in capital assets	37,086,042	32,405,716
Restricted	5,079,343	5,377,680
Unrestricted	(2,041,255)	(1,619,049)
Total net position	$ 40,124,130	36,164,347

Prior to restatement, net position of Butler County's governmental activities increased 10.9% (approximately $40.1 million compared to approximately $36.2 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. This net position category increased 14.4% over the prior year, primarily due to an increase in assets contributed from the Iowa Department of Transportation.

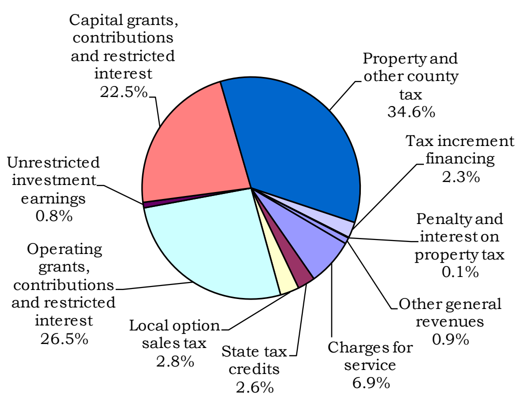
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category decreased 5.5% from the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from a deficit of $1,619,049 at June 30, 2019 to a deficit of $2,041,255 at the end of this year, a decrease of 26.1%. The deficit net position is primarily due to debt issued by the County for assets that are not capitalized by the County, as well as the net pension and total OPEB liabilities. The current year decrease in this net position category is due, in part, to a decrease in the amount available in the General Fund at year end.

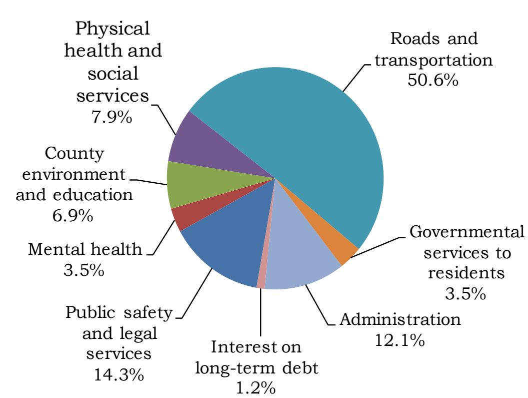
Changes in Net Position of Governmental Activities

		Year ended June 30,	
		2020	2019 (Not Restated)
Revenues:			
Program revenues:			
Charges for service	$	1,353,200	1,351,244
Operating grants, contributions and restricted interest		5,222,837	5,813,069
Capital grants, contributions and restricted interest		4,438,060	718,913
General revenues:			
Property and other county tax		6,838,229	6,873,643
Tax increment financing		445,447	489,252
Penalty and interest on property tax		25,746	30,456
State tax credits		521,582	531,157
Local option sales tax		550,674	478,156
Unrestricted investment earnings		162,215	181,072
Other general revenues		176,654	189,367
Total revenues		19,734,644	16,656,329
Program expenses:			
Public safety and legal services		2,424,877	2,324,237
Physical health and social services		1,332,890	1,292,705
Mental health		585,236	693,396
County environment and education		1,163,668	3,662,323
Roads and transportation		8,573,901	7,944,930
Governmental services to residents		589,653	536,923
Administration		2,048,470	1,849,668
Nonprogram		-	15,450
Interest on long-term debt		195,720	161,682
Total expenses		16,914,415	18,481,314
Change in net position		2,820,229	(1,824,985)
Net position beginning of year, as restated		37,303,901	37,989,332
Net position end of year	$	40,124,130	36,164,347

Revenues by Source



Expenses by Program



Revenues for governmental activities increased $3,078,315 over the prior year. Capital grants, contributions and restricted interest increased $3,719,147 due to an increase of approximately $3,875,000 in farm to market roadway projects contributed by the Iowa Department of Transportation.

Total expenses decreased $1,566,899, or 8.5%, from than the prior year. This was primarily related to the economic development projects and land improvement projects in the county environment and education function in fiscal year 2019.

INDIVIDUAL MAJOR FUND ANALYSIS

As Butler County completed the year, its governmental funds reported a combined fund balance of approximately $10.5 million, an increase of more than $1.8 million over last year's total of approximately $8.6 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ended fiscal year 2020 with a fund balance of $2,666,973, a $522,869 decrease from the ending balance for fiscal year 2019. Revenues decreased $271,290, or 4.2%, and expenditures decreased $1,636,091, or 20.2%. The decrease in revenues was due primarily to a decrease in property tax and a decrease in intergovernmental revenues of approximately $135,000 and $177,000, respectively. Expenditures decreased due, in part, to the fiscal year 2019 payment of $1,500,000 to the Butler Grundy Development Alliance to complete economic development projects in the County's urban renewal area. A similar payment did not occur in fiscal year 2020.

- The Special Revenue, Mental Health Fund ended fiscal year 2020 with a fund balance of $80,409 compared to fiscal year 2019 which ended with a balance of $46,338. Revenues decreased $32,884, or 5.0%. Intergovernmental revenues decreased approximately $48,000, and expenditures decreased $105,227 or 15.2%, due primarily to decreases in the distribution to County Social Services and in expenditures for mental illnesses.

- The Special Revenue, Rural Services Fund ended fiscal year 2020 with a fund balance of $1,546,057, an increase of $273,854 over the ending balance for fiscal year 2019. Revenues increased $167,710, or 5.9%, over the prior year and expenditures increased $71,841, or 8.2%, from the prior year.

- The Special Revenue, Secondary Roads Fund ended fiscal year 2020 with a fund balance of $2,636,304. This is an increase of $184,734 over the ending balance for fiscal year 2019. Revenues increased $732,909, or 15.7%, due primarily to an increase in intergovernmental revenues of approximately $749,000. Expenditures increased $661,273, or 9.3%, due in part to equipment purchases and construction projects during fiscal year 2020.

- The Capital Projects Fund ended fiscal year 2020 with a fund balance of $2,942,621, an increase of $2,144,282, over the ending balance for fiscal year 2019. During fiscal year 2020 the County issued $2.7 million in bonds.

BUDGETARY HIGHLIGHTS

Over the course of the year, Butler County amended its budget two times. The amendments were made in July 2019 and April 2020 and resulted in an increase in budgeted disbursements of $2,049,257, primarily for roads and transportation projects and administration.

The County's receipts were $1,321,619 more than the amended budget, a variance of 8.96%. The most significant variance resulted from the County collecting more intergovernmental receipts than anticipated, including approximately $388,000 in various grants for trails and approximately $453,000 in FEMA funds than budgeted.

Total disbursements were $3,465,012 less than the amended budget, a variance of 17.5%. The largest variance resulted from roads and transportation and capital project function disbursements being $2,199,526 and $649,375, respectively, less than budgeted. This was primarily due to a delay in road construction projects.

Even with the budget amendments, the County exceeded the budgeted amounts in the county environment and education function for the year ended June 30, 2020. The County did two amendments. The first amendment changes were not included when the second amendment was approved, therefore the planned increase for the county environment and education function was not part of the final budgeted amounts and resulted in exceeding the budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, Butler County had approximately $40.2 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 $3.7 million over last year.

Capital Assets of Governmental Activities at Year End			
	June 30,		
		2020	2019 (As restated)
Land	$	1,274,235	1,274,235
Construction in progress		3,068,140	1,361,954
Buildings		1,404,741	1,442,204
Improvements other than buildings		48,238	51,271
Equipment and vehicles		2,620,654	2,875,524
Infrastructure		31,827,183	29,509,243
Total	$	40,243,191	36,514,431
This year's major additions included:			
Infrastructure contributed by the Iowa Department of Transportation		$	4,063,324
Road network construction			1,275,865
Purchase of equipment for the Secondary Roads Department			302,253
Purchase of equipment for the Conservation Department			53,587
Infrastructure projects for the Conservation Department			516,752
Purchase of data processing equipment			21,354
Total		$	6,233,135

The County had depreciation expense of $2,480,675 in fiscal year 2020 and total accumulated depreciation of approximately $28.2 million at June 30, 2020. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2020, Butler County had $7.412 million of outstanding general obligation bonds and loans, compared to $5.175 million at June 30, 2019.

Outstanding Debt of Governmental Activities at Year End
(Expressed in Thousands)

		June 30,	
		2020	2019
General obligation urban renewal bonds	$	7,375	5,175
Conservation equipment loan		37	-
	$	7,412	5,175

The County continues to carry a general obligation bond rating of Aa3 (Moody's) assigned by national ratings agencies to the County's debt since 1998. 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. Butler County's outstanding general obligation debt and tax increment financing obligations are significantly below its constitutional debt limit of approximately $80 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

Butler County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County at June 30, 2020 was 6.6%, an increase over the June 30, 2019 rate of 2.7%. This is less than both the State's unemployment rate of 8.3% and the national rate of 11.1%.

Fiscal year 2021 budgeted receipts decreased approximately $333,000 while budgeted disbursements increased approximately $3,670,000 compared to fiscal year 2020 actuals. If the budget estimates are realized, the County's fund balances are expected to decrease approximately $4.1 million by the close of fiscal year 2021.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Butler 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 Butler County Auditor's Office, 428 6th Street, Allison, Iowa 50602.

Basic Financial Statements

Butler County

Statement of Net Position

June 30, 2020

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 10,045,538
Receivables:	
Property tax:	
Delinquent	49,931
Succeeding year	7,426,000
Succeeding year tax increment financing	612,000
Interest and penalty on property tax	36,892
Accounts	59,119
Due from other governments	854,344
Inventories	803,667
Prepaid items	50,324
Capital assets, net of accumulated depreciation	40,243,191
Total assets	60,181,006
Deferred Outflows of Resources	
Pension related deferred outflows	1,102,111
OPEB related deferred outflows	116,028
Total deferred outflows of resources	1,218,139
Liabilities	
Accounts payable	856,786
Salaries and benefits payable	236,609
Accrued interest payable	15,848
Due to other governments	5,665
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	820,000
Loans payable	9,317
Compensated absences	323,300
OPEB liability	12,879
Portion due or payable after one year:	
General obligation bonds	6,555,000
Loans payable	27,953
Compensated absences	78,961
Net pension liability	3,129,219
OPEB liability	378,758
Total liabilities	12,450,295
Deferred Inflows of Resources	
Unavailable revenues:	
Succeeding year property tax	7,426,000
Succeeding year tax increment financing	612,000
Pension related deferred inflows	773,936
OPEB related deferred inflows	12,784
Total deferred inflows of resources	8,824,720
Net Position	
Net investment in capital assets	37,086,042
Restricted for:	
Supplemental levy purposes	11,066
Mental health purposes	84,454
Rural services purposes	1,600,061
Secondary roads purposes	2,434,706
Conservation purposes	255,985
Debt service	242,028
Other purposes	451,043
Unrestricted	(2,041,255)
Total net position	$ 40,124,130

See notes to financial statements.

Butler County

Statement of Activities

Year ended June 30, 2020

		Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 2,424,877	283,954	7,520	-	(2,133,403)
Physical health and social services	1,332,890	537,937	334,210	-	(460,743)
Mental health	585,236	-	81,949	-	(503,287)
County environment and education	1,163,668	76,582	183,698	196,945	(706,443)
Roads and transportation	8,573,901	62,547	4,432,133	4,241,115	161,894
Governmental services to residents	589,653	315,794	23,259	-	(250,600)
Administration	2,048,470	76,386	160,068	-	(1,812,016)
Interest on long-term debt	195,720	-	-	-	(195,720)
Total	$ 16,914,415	1,353,200	5,222,837	4,438,060	(5,900,318)
General Revenues:					
Property and other county tax levied for:					
General purposes					6,591,481
Debt service					246,748
Tax increment financing					445,447
Penalty and interest on property tax					25,746
State tax credits					521,582
Local option sales tax					550,674
Unrestricted investment earnings					162,215
Rent					104,815
Miscellaneous					71,839
Total general revenues					8,720,547
Change in net position					2,820,229
Net position beginning of year, as restated					37,303,901
Net position end of year					$ 40,124,130

See notes to financial statements.

Butler County

Balance Sheet
Governmental Funds

June 30, 2020

	General	Special: Mental Health	Special: Rural Services
Assets			
Cash, cash equivalents and pooled investments	$ 2,597,368	80,409	1,544,889
Receivables:			
Property tax:			
Delinquent	31,992	4,045	11,815
Succeeding year	4,128,000	406,000	2,312,000
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	36,892	-	-
Accounts	54,674	-	232
Due from other governments	209,831	-	86,688
Inventories	-	-	-
Prepaid items	40,897	-	-
Total assets	$ 7,099,654	490,454	3,955,624
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 65,494	-	1,109
Salaries and benefits payable	130,524	-	16,719
Due to other governments	3,212	-	2,131
Total liabilities	199,230	-	19,959
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,128,000	406,000	2,312,000
Succeeding year tax increment financing	-	-	-
Other	105,451	4,045	77,608
Total deferred inflows of resources	4,233,451	410,045	2,389,608
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid items	40,897	-	-
Restricted for:			
Supplemental levy purposes	36,958	-	-
Mental health purposes	-	80,409	-
Rural services purposes	-	-	1,546,057
Secondary roads purposes	-	-	-
Resource enhancement and protection	-	-	-
Conservation land acquisition	180,180	-	-
Conservation trust	-	-	-
Jail and courthouse security	90,657	-	-
Capital projects	-	-	-
Debt service	-	-	-
Other purposes	50,802	-	-
Unassigned	2,267,479	-	-
Total fund balances	2,666,973	80,409	1,546,057
Total liabilities, deferred inflows of resources and fund balances	$ 7,099,654	490,454	3,955,624

See notes to financial statements.

Revenue			
Secondary Roads	Capital Projects	Nonmajor	Total
2,143,661	2,942,621	602,001	9,910,949
-	-	2,079	49,931
-	-	580,000	7,426,000
-	-	612,000	612,000
-	-	-	36,892
4,113	-	100	59,119
554,581	-	3,244	854,344
803,667	-	-	803,667
9,427	-	-	50,324
3,515,449	2,942,621	1,799,424	19,803,226
790,000	-	183	856,786
88,823	-	543	236,609
322	-	-	5,665
879,145	-	726	1,099,060
-	-	580,000	7,426,000
-	-	612,000	612,000
-	-	2,079	189,183
-	-	1,194,079	8,227,183
803,667	-	-	803,667
9,427	-	-	50,324
-	-	-	36,958
-	-	-	80,409
-	-	-	1,546,057
1,823,210	-	-	1,823,210
-	-	39,238	39,238
-	-	-	180,180
-	-	238,659	238,659
-	-	-	90,657
-	2,942,621	-	2,942,621
-	-	255,797	255,797
-	-	70,925	121,727
-	-	-	2,267,479
2,636,304	2,942,621	604,619	10,476,983
3,515,449	2,942,621	1,799,424	19,803,226

Butler County

Butler County

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

June 30, 2020

Total governmental fund balances (page 19)		$	10,476,983
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 $68,414,629 and the accumulated depreciation is $28,171,438.			40,243,191
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.			189,183
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 with governmental activities in the Statement of Net Position.			134,589
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:			
Deferred outflows of resources	$ 1,218,139		
Deferred inflows of resources	(786,720)		431,419
Long-term liabilities, including loans, general obligation bonds payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.			(11,351,235)
Net position of governmental activities (page 16)		$	40,124,130

See notes to financial statements.

Butler County

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

Year ended June 30, 2020

		Special	
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	$ 3,779,218	477,796	2,295,116
Tax increment financing	-	-	-
Local option sales tax	-	-	275,337
Interest and penalty on property tax	19,116	-	-
Intergovernmental	1,310,937	118,556	413,067
Licenses and permits	20,172	-	31,500
Charges for service	510,199	-	3,150
Use of money and property	265,059	1,690	-
Miscellaneous	248,359	23,102	1,801
Total revenues	6,153,060	621,144	3,019,971
Expenditures:			
Operating:			
Public safety and legal services	1,797,230	-	531,127
Physical health and social services	1,304,162	-	-
Mental health	-	587,073	-
County environment and education	634,828	-	331,749
Roads and transportation	-	-	75,000
Governmental services to residents	553,645	-	8,241
Administration	1,888,369	-	-
Debt service	-	-	-
Capital projects	287,195	-	-
Total expenditures	6,465,429	587,073	946,117
Excess (deficiency) of revenues over (under) expenditures	(312,369)	34,071	2,073,854
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(210,500)	-	(1,800,000)
Bond proceeds	-	-	-
Premium on general obligation bonds	-	-	-
Total other financing sources (uses)	(210,500)	-	(1,800,000)
Change in fund balances	(522,869)	34,071	273,854
Fund balances beginning of year	3,189,842	46,338	1,272,203
Fund balances end of year	$ 2,666,973	80,409	1,546,057

See notes to financial statements.

Revenue			
Secondary Roads	Capital Projects	Nonmajor	Total
-	-	245,060	6,797,190
-	-	445,447	445,447
275,337	-	-	550,674
-	-	-	19,116
5,044,579	-	89,629	6,976,768
14,715	-	-	66,387
-	-	3,247	516,596
-	24,442	8,727	299,918
66,481	-	45,026	384,769
5,401,112	24,442	837,136	16,056,865
-	-	1,900	2,330,257
-	-	-	1,304,162
-	-	-	587,073
-	-	504,578	1,471,155
6,466,923	-	-	6,541,923
-	-	1,377	563,263
-	-	-	1,888,369
-	-	692,364	692,364
1,283,915	-	-	1,571,110
7,750,838	-	1,200,219	16,949,676
(2,349,726)	24,442	(363,083)	(892,811)
2,534,460	-	450,036	2,984,496
-	(584,460)	(389,536)	(2,984,496)
-	2,659,046	40,954	2,700,000
-	45,254	-	45,254
2,534,460	2,119,840	101,454	2,745,254
184,734	2,144,282	(261,629)	1,852,443
2,451,570	798,339	866,248	8,624,540
2,636,304	2,942,621	604,619	10,476,983

Butler County

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

Year ended June 30, 2020

Change in fund balances - Total governmental funds (page 23)		$ 1,852,443
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures and contributed capital assets in the current year, as follows:		
Expenditures for capital assets	$ 2,162,811	
Capital assets contributed by the Iowa Department of Transportation	4,063,324	
Depreciation expense	(2,480,675)	3,745,460
In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		(16,700)
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:		
Property tax	41,039	
Other	(471,838)	(430,799)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments, as follows:		
Issued	(2,737,270)	
Repaid	500,000	(2,237,270)
The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.		508,974
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	20,891	
OPEB expense	(44,496)	
Pension expense	(709,507)	
Interest on long-term debt	(3,356)	(736,468)
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.		134,589
Change in net position of governmental activities (page 17)		$ 2,820,229

See notes to financial statements.

Butler County

Statement of Net Position
Proprietary Fund

June 30, 2020

	Internal Service - Employee Group Health
Assets	
Cash and cash equivalents	$ 134,589
Net Position	
Unrestricted	$ 134,589

See notes to financial statements.

Butler County

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

Year ended June 30, 2020

			Internal Service - Employee Group Health
Operating revenues:			
Contributions from operating funds			$ 159,930
Operating expenses:			
Medical and health services	$	21,458	
Administrative and other fees		3,883	25,341
Operating income and change in net position			134,589
Net position beginning of year			-
Net position end of year			$ 134,589

See notes to financial statements.

Butler County

Statement of Cash Flows
Propriety Fund

Year ended June 30, 2020

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 159,930
Cash paid to suppliers for services	(25,341)
Net cash provided by operating activities	134,589
Cash and cash equivalents end of year	$ 134,589
Reconciliation of operating income to net cash provided by operating activities:	
Operating income and net cash provided by operating activities	$ 134,589

See notes to financial statements.

Butler County

Butler County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2020

Assets		
Cash, cash equivalents and pooled investments:		
County Treasurer	$	1,821,342
Other County officials		114,917
Receivables:		
Property tax:		
Delinquent		174,071
Succeeding year		17,946,000
Accounts		7,084
Special assessments		30,574
Due from other governments		96,947
Total assets		20,190,935
Liabilities		
Accounts payable		66,510
Salaries and benefits payable		14,828
Due to other governments		19,851,271
Trusts payable		96,282
Notes payable		150,000
Compensated absences		12,044
Total liabilities		20,190,935
Net position	$	-

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Butler 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, Butler 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 had 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: Butler County Assessor's Conference Board, Butler County Emergency Management Commission and Butler 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: Iowa Northland Regional Council of Governments, Job Training Partnership Act, Butler County Solid Waste Commission, North Iowa Juvenile Detention Services Commission, Multi-County Child Support Enforcement Office, Northeast Iowa Response Group, Allison Area Department of Human Services Cluster, North Central Iowa Network Sharing Agreement and County Social Services.

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 three 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.

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

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 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 and non-negotiable certificates of deposit which are stated at amortized cost.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax 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 it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

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

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in no more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which are due and payable but have not been collected.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the 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 - Other	$ 100,000
Intangibles - Right-of-way	50,000
Infrastructure	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	25 - 50
Building improvements	25 - 50
Infrastructure	10 - 75
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) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the County after the measurement date but before the end of the County's reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and comp time 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, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred inflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Butler 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 which 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, 2020, disbursements exceeded the amounts budgeted in the county environment and education function.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2020 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 $256,538. There were no limitations or restrictions on withdrawals for the IPAIT investments. The investment in the IPAIT is unrated.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	$ 150,000
	Special Revenue:	
	Rural Services	1,800,000
	Capital Projects	584,460
		2,534,460
Conservation Trust	General	60,500
Debt Service	Special Revenue:	
	Logistics Tax Increment Financing	389,536
Total		$ 2,984,496

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, 2020 was as follows:

	Balance Beginning of Year (as restated)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,274,235	-	-	1,274,235
Construction in progress, other	1,139,554	516,752	-	1,656,306
Construction in progress, road network	222,400	5,339,189	4,149,755	1,411,834
Total capital assets not being depreciated	2,636,189	5,855,941	4,149,755	4,342,375
Capital assets being depreciated:				
Buildings	3,528,021	-	-	3,528,021
Improvements other than buildings	75,820	-	-	75,820
Equipment and vehicles	12,414,448	377,194	237,899	12,553,743
Infrastructure, road network	41,996,408	4,149,755	-	46,146,163
Infrastructure, other	1,768,507	-	-	1,768,507
Total capital assets being depreciated	59,783,204	4,526,949	237,899	64,072,254
Less accumulated depreciation for:				
Buildings	2,085,817	37,463	-	2,123,280
Improvements other than buildings	24,549	3,033	-	27,582
Equipment and vehicles	9,538,924	608,364	214,199	9,933,089
Infrastructure, road network	13,829,935	1,795,687	-	15,625,622
Infrastructure, other	425,737	36,128	-	461,865
Total accumulated depreciation	25,904,962	2,480,675	214,199	28,171,438
Total capital assets being depreciated, net	33,878,242	2,046,274	23,700	35,900,816
Governmental activities capital assets, net	$ 36,514,431	7,902,215	4,173,455	40,243,191

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 66,614
Physical health and social services	2,786
County environment and education	73,879
Roads and transportation	2,275,070
Governmental services to residents	16,635
Administration	45,691
Total depreciation expense - governmental activities	$ 2,480,675

(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, 2020 is as follows:

Fund	Description	Amount
General	Services	$ 3,212
Special Revenue:		
Rural Services	Services	2,131
Secondary Roads		322
		2,453
Total for governmental funds		$ 5,665
Agency:		
County Agricultural Extension	Collections	$ 225,493
County Assessor		816,311
Schools		11,571,391
Community Colleges		1,009,960
Corporations		4,729,129
Townships		290,706
City Special Assessments		30,574
Auto License and Use Tax		542,439
Empowerment Board		121,879
All other		513,389
Total for agency funds		$ 19,851,271

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	General Obligation Urban Renewal Bonds	Conservation Equipment Loan	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	$ 5,175,000	-	423,152	3,372,926	228,794	9,199,872
Increases	2,700,000	37,270	378,642	-	162,843	3,278,755
Decreases	500,000	-	399,533	243,707	-	1,143,240
Balance end of year	$ 7,375,000	37,270	402,261	3,129,219	391,637	11,335,387
Due within one year	$ 820,000	9,317	323,300	-	12,879	1,165,496

General Obligation Urban Renewal Bonds

On August 31, 2010, the County issued $2,200,000 of general obligation urban renewal bonds, Series 2010, with interest rates ranging .85% to 3.5% per annum. The bonds were issued to provide funds for the purpose of aiding in the planning, undertaking and carrying out urban renewal projects under the authority of Chapter 403 of the Code of Iowa for the Butler County Logistics Park Urban Renewal Area, including roadway reclamations, paving and right-of-way improvements. These bonds are payable from a continuing annual levy of property tax against all taxable property of the County and from tax increment financing revenues collected pursuant to Chapter 403 of the Code of Iowa. During the year ended June 30, 2020, the County paid principal of $160,000 and interest of $33,925 on the bonds.

On September 4, 2013, the County issued $1,600,000 of general obligation urban renewal bonds, Series 2013, with interest rates ranging from 3.0% to 4.0% per annum. The bonds were issued to provide funds for the purpose of aiding in the planning, undertaking and carrying out urban renewal projects under the authority of Chapter 403 of the Code of Iowa for the Butler County Logistics Park Urban Renewal Area by extending a gas line. These bonds are payable from a continuing annual levy of property tax against all taxable property of the County and from tax increment financing revenues collected pursuant to Chapter 403 of the Code of Iowa. During the year ended June 30, 2020, the County paid principal of $150,000 and interest of $45,610 on the bonds.

On November 21, 2017, the County issued $3,000,000 of general obligation urban renewal bonds, Series 2017, with an interest rate of 2.5% per annum. The bonds were issued to provide funds for the purpose of aiding in the planning, undertaking and carrying out urban renewal projects under the authority of Chapter 403 of the Code of Iowa for the Butler County Logistics Park Urban Renewal Area, including reconstruction and improvement of bridges and the construction, reconstruction, repairing and widening of secondary roads and other highway improvements. These bonds are payable from a continuing annual levy of property tax against all taxable property of the County and from tax increment financing revenues collected pursuant to Chapter 403 of the Code of Iowa. During the year ended June 30, 2020, the County paid principal of $190,000 and interest of $70,375 on the bonds.

On November 5, 2019, the County issued $2,700,000 of general obligation urban renewal bonds, Series 2019, with an interest rate of 2.0% per annum. The bonds were issued to provide funds for the purpose of aiding in the planning, undertaking and carrying out urban renewal projects under the authority of Chapter 403 of the Code of Iowa for the Butler County Logistics Park Urban Renewal Area, including costs associated with the provisions of grants for acquisition and development of land to be included in the Butler County Logistics Park Urban Renewal Area, the reconstruction and improvement of bridges, and the construction, reconstruction, repairing and widening of secondary roads and other highway improvements. These bonds are payable from a continuing annual levy of property tax against all taxable property of the County and from tax increment financing revenues collected pursuant to Chapter 403 of the Code of Iowa. During the year ended June 30, 2020, the County paid interest of $28,950 on the bonds.

Annual debt service requirements to maturity for the general obligation urban renewal bonds are as follows:

Year Ending June 30,	Issued Aug 31, 2010 Interest Rates			Issued Sept 4, 2013 Interest Rates		
		Principal	Interest		Principal	Interest
2021	3.00%	$ 165,000	29,445	3.00%	$ 155,000	41,110
2022	3.20	170,000	24,495	3.25	170,000	36,460
2023	3.30	180,000	19,055	3.45	190,000	30,935
2024	3.40	185,000	13,115	3.60	200,000	24,380
2025	3.50	195,000	6,825	3.80	210,000	17,180
2026-2030	3.50	-	-	4.00	230,000	9,200
Total		$ 895,000	92,935		$ 1,155,000	159,265

Year Ending June 30,	Issued Nov 21, 2017 Interest Rates			Issued Nov 5, 2019 Interest Rates		
		Principal	Interest		Principal	Interest
2021	2.50%	$ 255,000	65,625	2.00%	$ 245,000	54,000
2022	2.50	260,000	59,250	2.00	250,000	49,100
2023	2.50	265,000	52,750	2.00	255,000	44,100
2024	2.50	300,000	46,125	2.00	260,000	39,000
2025	2.50	315,000	38,625	2.00	265,000	33,800
2026-2030	2.50	1,230,000	63,125	2.00	1,425,000	86,900
Total		$ 2,625,000	325,500		$ 2,700,000	306,900

Year Ending June 30,	Total		
	Principal	Interest	Total
2021	$ 820,000	190,180	1,010,180
2022	850,000	169,305	1,019,305
2023	890,000	146,840	1,036,840
2024	945,000	122,620	1,067,620
2025	985,000	96,430	1,081,430
2026-2030	2,885,000	159,225	3,044,225
Total	$ 7,375,000	884,600	8,259,600

Equipment Loan

In January 2020, the County borrowed $37,270 to purchase a tractor for the Conservation Department. The loan is payable in yearly installments of $9,317 with an interest rate of 0% per annum, over a period of four years. During the year ended June 30, 2020, no payments were made on the loan.

(7) Development and Rebate Agreements

The County has entered into two rebate agreements to assist in urban renewal projects. The agreements require the County to rebate portions of the incremental property tax paid by the developer in exchange for construction of buildings and certain infrastructure improvements by the developers. The agreements also require the developer to certify specific employment requirements are met. The payments under the agreements are subject to annual appropriation by the Board of Supervisors. The maximum outstanding balance of the agreements at June 30, 2020 was $700,000. During the year, the County rebated $76,940 of the incremental property tax received. The total amount rebated since the inception of the agreements is $228,010.

(8) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.51% of covered payroll, for a total rate of 19.02%. Protection occupation members contributed 6.61% of covered payroll and the County contributed 9.91% of covered payroll, for a total rate of 16.52%.

The County's contributions to IPERS for the year ended June 30, 2020 totaled $508,974.

<u>Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> – At June 30, 2020, the County reported a liability of $3,129,219 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the County's proportion was 0.054039%, which was an increase of 0.000739% over its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of $709,507. At June 30, 2020, 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	$	20,181	134,681
Changes of assumptions		440,752	105,874
Net difference between projected and actual earnings on IPERS' investments		-	489,923
Changes in proportion and differences between County contributions and the County's proportionate share of contributions		132,204	43,458
County contributions subsequent to the measurement date		508,974	-
Total	$	1,102,111	773,936

$508,974 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. 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
2021	$	83,141
2022		(122,504)
2023		(84,153)
2024		(61,024)
2025		3,741
Total	$	(180,799)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 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, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of 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	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
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	$ 6,399,019	3,129,219	387,213

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, 2020.

(9) Other Postemployment Benefits (OPEB)

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

OPEB Benefits – Individuals who are employed by Butler 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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Active employees	84
Total	88

Total OPEB Liability – The County's total OPEB liability of $391,637 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The total OPEB liability was rolled forward from the July 1, 2019 valuation date to the June 30, 2020 measurement date.

Actuarial Assumptions – The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective July 1, 2019)	3.00% per annum.
Discount rate (effective July 1, 2019)	3.15% compounded annually.
Healthcare cost trend rate (effective July 1, 2019)	6.00% per year.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.15% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 Annuity Mortality Table, applied on a gender-specific basis. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	$ 228,794
Changes for the year:	
Service cost	33,697
Interest	12,490
Differences between expected and actual experiences	(10,758)
Changes in assumptions or other inputs	140,293
Benefit payments	(12,879)
Net changes	162,843
Total OPEB liability end of year	$ 391,637

Changes of assumptions reflect a change in the discount rate from 3.72% in fiscal year 2019 to 3.15% in fiscal year 2020.

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 (2.15%) or 1% higher (4.15%) than the current discount rate.

	1% Decrease (2.15%)	Discount Rate (3.15%)	1% Increase (4.15%)
Total OPEB liability	$ 431,560	391,637	355,772

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 (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	$ 340,783	391,637	452,339

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of $44,496. At June 30, 2020, 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	$ 99,022	12,784
Changes of assumptions	17,006	-
Total	$ 116,028	12,784

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
2021	$ 12,347
2022	12,347
2023	12,347
2024	12,347
2025	12,347
Thereafter	41,509
	$ 103,244

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 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 the 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, 2020 were $159,164.

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 member'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, 2020, no liability has been recorded in the County's financial statements. As of June 30, 2020, 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 in the amount of $1,000,000. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) 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.

County Tax Abatements

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

For the year ended June 30, 2020, $32,675 of property tax was diverted from the County under the County's urban renewal development agreement.

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Parkersburg	Urban renewal and economic development projects	$ 76,356
City of Shell Rock	Urban renewal and economic development projects	23,264

(12) County Social Services

The County is a member of County Social Services (CSS), a consortium established in accordance with the provisions of Chapters 28E and 331.440(3) of the Code of Iowa for the purpose of administering mental health and disability services for its member counties. The member counties are Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Emmett, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth and Wright. The financial activity of the County's Special Revenue, Mental Health Fund is included in the County Social Services financial statements for the year ended June 30, 2020 as follows:

Revenues:		
Property and other county tax		$ 477,796
Intergovernmental revenues:		
State tax credits and replacements	$ 38,297	
Payments from regional fiscal agent	80,259	118,556
Use of money and property		1,690
Miscellaneous		23,102
Total revenues		621,144
Expenditures:		
Services to persons with:		
Mental illness		73,234
General administration:		
Distribution to regional fiscal agent		513,839
Total expenditures		587,073
Excess of revenues over expenditures		34,071
Fund balance beginning of year		46,338
Fund balance end of year		$ 80,409

(13) Early Childhood Iowa Area Board

The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as an Agency Fund because of the County's fiduciary relationship with the Area Board. The Area Board's financial data for the year ended June 30, 2020 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early childhood	$ 79,535	-	79,535
Quality improvement	-	59,943	59,943
Allocation for administration	4,186	13,988	18,174
Other grant programs	-	392,633	392,633
Total state grants	83,721	466,564	550,285
Interest on investments	234	1,713	1,947
Total revenues	83,955	468,277	552,232
Expenditures:			
Program services:			
Early childhood	71,413	-	71,413
Quality improvement	-	57,206	57,206
Other program services	-	383,236	383,236
Total program services	71,413	440,442	511,855
Administration	4,586	13,540	18,126
Total expenditures	75,999	453,982	529,981
Change in fund balance	7,956	14,295	22,251
Fund balance beginning of year	2,378	77,511	79,889
Fund balance end of year	$ 10,334	91,806	102,140

(14) Emergency Management Agency Bank Note

On January 17, 2020, the Butler County Emergency Management Agency borrowed $150,000 from Lincoln Savings Bank to purchase a building. The interest rate on the note is 3.5% per annum. The note requires nine annual payments on January 17th of each year of $13,072, with one final payment of approximately $72,006 due on January 17, 2030. During the year ended June 30, 2020, no payments were made on the note.

Details of the Emergency Management Agency Bank Note outstanding at June 30, 2020 are as follows:

Year Ending June 30,	Interest Rates		Principal	Interest
2021	3.50%	$	7,734	5,338
2022	3.50		8,023	5,049
2023	3.50		8,308	4,764
2024	3.50		8,603	4,469
2025	3.50		8,897	4,175
2026-2030	3.50		108,435	15,855
		$	150,000	39,650

(15) Employee Health Insurance Plan

On January 1, 2020, 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 the County contributions and is administered through a service agreement with Employee Benefit Systems. The agreement is subject to automatic renewal provisions. The County assumes liability for claims between $2,000 and $5,000 for single coverage and $4,000 and $10,000 for family coverage.

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 Employee Benefit Systems from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2020 was $91,853.

(16) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of Butler County, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Butler County. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Butler County's operations and finances.

(17) Accounting Change/Restatement

Material amounts of construction in progress were not recorded for various conservation projects during the year ending June 30, 2019. Beginning net position for governmental activities was restated to retroactively report the change in net position, as follows:

	Governmental Activities
Net position June 30, 2019, as previously reported	$ 36,164,347
Change to correct capital assets	1,139,554
Net position July 1, 2019, as restated	$ 37,303,901

(18) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

Butler County

Required Supplementary Information

Butler 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, 2020

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Receipts:				
Property and other county tax	$ 7,791,096	7,730,665	7,730,665	60,431
Interest and penalty on property tax	19,116	34,200	34,200	(15,084)
Intergovernmental	6,687,188	5,725,724	5,725,824	961,364
Licenses and permits	66,375	39,000	39,000	27,375
Charges for service	492,355	503,056	503,056	(10,701)
Use of money and property	319,435	273,186	273,186	46,249
Miscellaneous	701,335	449,350	449,350	251,985
Total receipts	16,076,900	14,755,181	14,755,281	1,321,619
Disbursements:				
Public safety and legal services	2,345,082	2,623,048	2,623,048	277,966
Physical health and social services	1,287,185	1,408,354	1,408,354	121,169
Mental health	591,069	696,512	696,512	105,443
County environment and education	1,550,457	1,331,328	1,331,328	(219,129)
Roads and transportation	5,875,474	6,075,000	8,075,000	2,199,526
Governmental services to residents	560,976	633,844	633,844	72,868
Administration	1,881,755	2,087,792	2,137,049	255,294
Non-program	-	2,500	2,500	2,500
Debt service	651,410	651,410	651,410	-
Capital projects	1,638,364	2,287,739	2,287,739	649,375
Total disbursements	16,381,772	17,797,527	19,846,784	3,465,012
Excess (deficiency) of receipts over (under) disbursements	(304,872)	(3,042,346)	(5,091,503)	4,786,631
Other financing sources	2,733,250	-	-	2,733,250
Balance beginning of year	7,482,571	9,617,235	9,617,235	(2,134,664)
Balance end of year	$ 9,910,949	6,574,889	4,525,732	5,385,217

See accompanying independent auditor's report.

Butler County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2020

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 16,076,900	(20,035)	16,056,865
Expenditures	16,381,772	567,904	16,949,676
Net	(304,872)	(587,939)	(892,811)
Other financing sources, net	2,733,250	12,004	2,745,254
Beginning fund balances	7,482,571	1,141,969	8,624,540
Ending fund balances	$ 9,910,949	566,034	10,476,983

See accompanying independent auditor's report.

Butler County

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by $2,049,257. The budget amendment is 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 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, 2020, disbursements exceeded the amounts budgeted in the county environment and education function.

Butler County

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

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

Required Supplementary Information

	2020	2019	2018	2017
County's proportion of the net pension liability	0.054039%	0.053300%	0.056700%	0.057930%
County's proportionate share of the net pension liability	$ 3,129	3,373	3,777	3,646
County's covered payroll	$ 5,295	5,069	4,964	4,924
County's proportionate share of the net pension liability as a percentage of its covered payroll	59.09%	66.54%	76.09%	74.05%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

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

See accompanying independent auditor's report.

2016	2015
0.053469%	0.051171%
2,642	2,029
4,619	4,527
57.20%	44.82%
85.19%	87.61%

Butler County

Schedule of County Contributions

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

Required Supplementary Information

		2020	2019	2018	2017
Statutorily required contribution	$	509	505	459	451
Contributions in relation to the statutorily required contribution		(509)	(505)	(459)	(451)
Contribution deficiency (excess)	$	-	-	-	-
County's covered payroll	$	5,370	5,295	5,069	4,964
Contributions as a percentage of covered payroll		9.48%	9.54%	9.06%	9.09%

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
450	422	415	390	363	319
(450)	(422)	(415)	(390)	(363)	(319)
-	-	-	-	-	-
4,924	4,619	4,527	4,339	4,275	4,250
9.14%	9.14%	9.17%	8.99%	8.49%	7.51%

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

Butler County

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

For the Last Three Years
Required Supplementary Information

	2020	2019	2018
Service cost	$ 33,697	16,982	16,958
Interest cost	12,490	8,838	8,849
Difference between expected and actual experiences	(10,758)	(8,778)	(9,833)
Changes in assumptions and other inputs	140,293	-	-
Benefit payments	(12,879)	(16,987)	(14,311)
Net change in total OPEB liability	162,843	55	1,663
Total OPEB liability beginning of year	228,794	228,739	227,076
Total OPEB liability end of year	$ 391,637	228,794	228,739
Covered-employee payroll	$ 5,476,233	5,061,214	5,171,127
Total OPEB liability as a percentage of covered-employee payroll	7.2%	4.5%	4.4%

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, 2020	3.15%
Year ended June 30, 2019	3.72%
Year ended June 30, 2018	3.72%

Butler County

Supplementary Information

Butler County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

				Special
	Economic Development Revolving Loan	Seized and Forfeited Property	Sesqui-centennial Memorial	County Recorder's Records Management
Assets				
Cash, cash equivalents and pooled investments	$ 38,717	25,502	779	1,745
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year property tax	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Accounts	-	-	-	-
Due from other governments	-	-	-	969
Total assets	$ 38,717	25,502	779	2,714
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ -	-	-	-
Salaries and benefits payable	-	-	-	-
	-	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for:				
Resource enhancement and protection	-	-	-	-
Conservation trust	-	-	-	-
Debt service	-	-	-	-
Other purposes	38,717	25,502	779	2,714
Total fund balances	38,717	25,502	779	2,714
Total liabilities defered inflows of resources and fund balances	$ 38,717	25,502	779	2,714

See accompanying independent auditor’s report.

Revenue						
DARE Program	Canine	Conservation Trust	Resource Enhancement and Protection	Logistics Tax Increment Financing	Debt Service	Total
1,205	2,008	236,467	39,781	170,100	85,697	602,001
-	-	-	-	-	2,079	2,079
-	-	-	-	-	580,000	580,000
-	-	-	-	612,000	-	612,000
-	-	100	-	-	-	100
-	-	2,275	-	-	-	3,244
1,205	2,008	238,842	39,781	782,100	667,776	1,799,424
-	-	183	-	-	-	183
-	-	-	543	-	-	543
-	-	183	543	-	-	726
-	-	-	-	-	580,000	580,000
-	-	-	-	612,000	-	612,000
-	-	-	-	-	2,079	2,079
-	-	-	-	612,000	582,079	1,194,079
-	-	-	39,238	-	-	39,238
-	-	238,659	-	-	-	238,659
-	-	-	-	170,100	85,697	255,797
1,205	2,008	-	-	-	-	70,925
1,205	2,008	238,659	39,238	170,100	85,697	604,619
1,205	2,008	238,842	39,781	782,100	667,776	1,799,424

Butler County

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

Year ended June 30, 2020

				Special
	Economic Development Revolving Loan	Seized and Forfeited Property	Sesqui-centennial Memorial	County Recorder's Records Management
Revenues:				
Property and other county tax	$ -	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	-	-	-	-
Charges for service	-	-	-	3,247
Use of money and property	340	-	7	11
Miscellaneous	-	-	-	-
Total revenues	340	-	7	3,258
Expenditures:				
Operating:				
Public safety and legal services	-	1,900	-	-
County environment and education	-	-	-	-
Governmental services to residents	-	-	-	1,377
Debt service	-	-	-	-
Total expenditures	-	1,900	-	1,377
Excess (deficiency) of revenues over (under) expenditures	340	(1,900)	7	1,881
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Change in fund balances	340	(1,900)	7	1,881
Fund balances beginning of year	38,377	27,402	772	833
Fund balances end of year	$ 38,717	25,502	779	2,714

See accompanying independent auditor's report.

Revenue						
DARE Program	Canine	Conservation Trust	Resource Enhancement and Protection	Logistics Tax Increment Financing	Debt Service	Total
-	-	-	-	-	245,060	245,060
-	-	-	-	445,447	-	445,447
-	-	35,875	10,937	23,123	19,694	89,629
-	-	-	-	-	-	3,247
-	-	2,412	350	3,636	1,971	8,727
-	-	45,026	-	-	-	45,026
-	-	83,313	11,287	472,206	266,725	837,136
-	-	-	-	-	-	1,900
-	-	424,847	2,791	76,940	-	504,578
-	-	-	-	-	-	1,377
-	-	-	-	-	692,364	692,364
-	-	424,847	2,791	76,940	692,364	1,200,219
-	-	(341,534)	8,496	395,266	(425,639)	(363,083)
-	-	60,500	-	-	389,536	450,036
-	-	-	-	(389,536)	-	(389,536)
-	-	-	-	-	40,954	40,954
-	-	60,500	-	(389,536)	430,490	101,454
-	-	(281,034)	8,496	5,730	4,851	(261,629)
1,205	2,008	519,693	30,742	164,370	80,846	866,248
1,205	2,008	238,659	39,238	170,100	85,697	604,619

Butler County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	$ -	2,635	350,658	129,912	10,548
Other County officials	114,917	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	1,858	3,936	91,479	7,412
Succeeding year	-	221,000	484,000	11,350,000	992,000
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	$ 114,917	225,493	838,594	11,571,391	1,009,960
Liabilities					
Accounts payable	$ -	-	-	-	-
Salaries and benefits payable	-	-	13,224	-	-
Due to other governments	18,635	225,493	816,311	11,571,391	1,009,960
Trusts payable	96,282	-	-	-	-
Note payable	-	-	-	-	-
Compensated absences	-	-	9,059	-	-
Total liabilities	$ 114,917	225,493	838,594	11,571,391	1,009,960

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Empowerment Board	Other	Total
50,240	3,242	-	542,439	185,101	546,567	1,821,342
-	-	-	-	-	-	114,917
67,889	1,464	-	-	-	33	174,071
4,611,000	286,000	-	-	-	2,000	17,946,000
-	-	-	-	-	7,084	7,084
-	-	30,574	-	-	-	30,574
-	-	-	-	-	96,947	96,947
4,729,129	290,706	30,574	542,439	185,101	652,631	20,190,935
-	-	-	-	63,222	3,288	66,510
-	-	-	-	-	1,604	14,828
4,729,129	290,706	30,574	542,439	121,879	494,754	19,851,271
-	-	-	-	-	-	96,282
-	-	-	-	-	150,000	150,000
-	-	-	-	-	2,985	12,044
4,729,129	290,706	30,574	542,439	185,101	652,631	20,190,935

Butler County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	$ 140,821	220,244	738,080	10,839,144	889,780
Additions:					
Property and other county tax	-	222,952	488,178	11,430,899	1,002,267
911 surcharge	-	-	-	-	-
State tax credits	-	17,589	37,265	867,393	70,790
Office fees and collections	397,265	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	129,101	-	-	-	-
Miscellaneous	-	-	231	-	-
Total additions	526,366	240,541	525,674	12,298,292	1,073,057
Deductions:					
Agency remittances:					
To other funds	123,536	-	-	-	-
To other governments	226,125	235,292	425,160	11,566,045	952,877
Trusts paid out	202,609	-	-	-	-
Total deductions	552,270	235,292	425,160	11,566,045	952,877
Balances end of year	$ 114,917	225,493	838,594	11,571,391	1,009,960

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	County Social Services	Empowerment Board	Other	Total
4,408,366	282,665	74,623	423,262	9,642,114	152,038	639,871	28,451,008
4,415,137	294,904	-	-	-	-	2,383	17,856,720
-	-	-	-	-	-	195,768	195,768
546,501	17,280	-	-	-	-	189	1,557,007
-	-	-	-	-	-	3,182	400,447
-	-	-	5,587,068	-	-	247	5,587,315
-	-	9,527	-	-	-	997	10,524
-	-	-	-	-	-	-	129,101
-	-	-	-	6,940,586	552,232	439,598	7,932,647
4,961,638	312,184	9,527	5,587,068	6,940,586	552,232	642,364	33,669,529
-	-	-	198,250	-	-	479,604	801,390
4,640,875	304,143	53,576	5,269,641	16,582,700	519,169	-	40,775,603
-	-	-	-	-	-	150,000	352,609
4,640,875	304,143	53,576	5,467,891	16,582,700	519,169	629,604	41,929,602
4,729,129	290,706	30,574	542,439	-	185,101	652,631	20,190,935

Butler County

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

For the Last Ten Years

	2020	2019	2018	2017
Revenues:				
Property and other county tax	$ 6,797,190	6,871,500	6,644,511	6,401,959
Tax increment financing	445,447	489,252	453,256	374,851
Local option sales tax	550,674	478,156	452,420	469,745
Interest and penalty on property tax	19,116	33,610	31,827	34,389
Intergovernmental	6,976,768	6,794,981	6,468,274	7,126,988
Licenses and permits	66,387	41,650	44,685	48,168
Charges for service	516,596	486,892	497,548	511,258
Use of money and property	299,918	326,244	349,327	310,778
Miscellaneous	384,769	383,903	476,772	299,251
Total	$ 16,056,865	15,906,188	15,418,620	15,577,387
Expenditures:				
Operating:				
Public safety and legal services	$ 2,330,257	2,301,550	2,233,353	2,177,752
Physical health and social services	1,304,162	1,287,662	1,291,648	1,331,837
Mental health	587,073	692,300	640,392	558,741
County environment and education	1,471,155	2,849,835	797,685	861,562
Roads and transportation	6,541,923	6,461,651	5,965,948	5,409,166
Governmental services to residents	563,263	522,539	535,993	582,905
Administration	1,888,369	1,710,559	1,830,127	1,638,612
Non-program	-	15,450	772	1,396
Debt service	692,364	587,616	705,109	590,740
Capital projects	1,571,110	1,548,497	2,263,375	1,677,951
Total	$ 16,949,676	17,977,659	16,264,402	14,830,662

* Fiscal years 2011 through 2015 include the mental health activity of County Social Services.

See accompanying independent auditor's report.

2016	2015*	2014*	2013*	2012*	2011*
6,689,100	6,422,005	6,040,620	5,824,270	5,697,329	5,114,544
-	-	-	-	-	-
417,764	517,570	435,912	475,028	410,548	462,876
37,623	44,469	49,954	45,381	41,774	48,872
6,196,378	29,390,297	28,126,789	24,263,804	37,301,942	27,394,705
37,306	37,672	38,434	22,980	19,470	15,030
487,784	462,377	520,783	527,185	649,824	478,693
351,087	386,431	410,827	411,239	410,976	494,374
289,515	387,909	708,110	467,648	280,161	291,830
14,506,557	37,648,730	36,331,429	32,037,535	44,812,024	34,300,924
2,144,575	2,098,923	2,025,585	1,974,728	1,985,563	1,811,092
1,347,304	1,391,917	1,264,472	1,232,634	1,321,121	1,440,316
491,015	26,344,911	21,001,701	20,908,988	31,106,457	24,384,286
1,045,147	726,612	726,629	692,881	739,409	648,780
5,021,094	4,961,583	4,812,337	4,582,866	6,036,761	5,042,205
557,884	650,844	505,399	472,805	471,289	428,521
1,542,778	1,677,803	1,550,620	1,528,108	1,476,114	1,501,098
-	-	-	36,118	1,184	17,785
619,495	544,341	534,736	493,776	238,647	77,372
1,982,515	1,226,381	1,929,672	522,641	1,975,248	2,277,336
14,751,807	39,623,315	34,351,151	32,445,545	45,351,793	37,628,791

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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 Butler 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 Butler County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 16, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2020 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.

Butler County's Responses to the Findings

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

Marlys K. Gaston, CPA
Deputy Auditor of State

June 16, 2021

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

(A) Segregation of Duties

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

Condition – Generally, one or two individuals in the County Sheriff's office may have control over the following areas for which no compensating controls exist:

(1) Mail is not opened by someone independent of recording and depositing receipts. An independent mail opener is a strong control when that person prepares a list of cash and checks received in the mail, then forwards the mail and receipts on to the accounting personnel for processing. The independent mail opener should later compare the listing of receipts to the general ledger and bank statements to ensure proper recording and depositing.

(2) Bank reconciliations are not prepared by someone who doesn't handle, or record cash and an independent review is not performed.

(3) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from recording and accounting for cash.

(4) Responsibilities for approving disbursements and issuing checks are not segregated from recording and accounting for cash.

(5) All individuals in the County Sheriff's Office have the ability to void receipts. No report is maintained, or review performed over voided receipts.

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

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, control activities should be reviewed to obtain the maximum internal control possible under the circumstances. Current personnel, including elected officials and personnel from other offices, should be utilized to provide additional control through review of financial transactions, reconciliations and reports. The independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response – The County Sheriff will review internal control activities to achieve the maximum internal control possible.

Conclusion – Response accepted.

(B) Financial Reporting

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

Condition – Material amounts of equipment and infrastructure additions were not properly recorded in the County's financial statements. In addition, general obligation bond issuance costs and bond premium were not recorded by the County. 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 capital assets and other 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 error in the normal course of performing their assigned functions. As a result, a material adjustment to the County's financial statements was necessary.

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

Response – The County Auditor's office will work closely with Department heads to establish appropriate procedures to ensure all applicable fixed assets are properly reported.

Conclusion – Response accepted.

(C) Timely Deposits

Criteria – An effective internal control system provides for internal controls related to ensuring the timely deposit of all incoming cash and checks. Departments outside the County Treasurer's office should remit receipts to the County Treasurer at least once a week.

Condition – Twenty-one receipts totaling $417,231 for the Conservation department, Empowerment Board, and Sheriff's office were not remitted to the County Treasurer's office timely. The receipts were deposited between 21 to 131 days from the State of Iowa warrant date.

Cause – Procedures have not been designed and implemented to ensure all incoming cash and checks are deposited timely.

Effect – This condition could result in unrecorded or misstated revenues and receivables.

Recommendation – Procedures should be established to ensure all receipts are deposited timely.

Response – The County Auditor's office has established procedures to ensure their checks are deposited timely. In addition, the County Auditor will communicate the importance of timely deposits to all applicable Department heads.

Conclusion – Response accepted.

(D) County Sheriff Commissary Account

Criteria – An effective internal control system provides for internal controls related to ensuring bank and book balances are reconciled monthly.

Condition – Bank to book reconciliations are not performed for the commissary account.

Cause – Procedures have not been designed and implemented to ensure the commissary account is reconciled monthly.

Effect – Lack of bank to book reconciliations can result in unrecorded transactions, undetected errors and the opportunity for misappropriation.

Recommendation – The County Sheriff should establish procedures to ensure monthly bank reconciliations are performed for the commissary account.

Response – The County Sheriff will review internal controls to achieve the maximum internal control possible.

Conclusion – Response accepted.

(E) Emergency Management Financial Activity

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 – The Emergency Management Commission entered into a $150,000 loan for the purchase of a building. Neither the note proceeds nor the building expenditure were recorded by the County. 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 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 error in the normal course of performing their assigned functions. As a result, a material adjustment to the County's financial statements was necessary.

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

Response – The Emergency Management Coordinator has been informed of the proper procedures that are needed when acquiring fixed assets and the County Auditor's office will work closely with the Emergency Management Coordinator to establish appropriate procedures to ensure all applicable fixed assets, loan proceeds and expenditures are properly reported.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

(1) Certified Budget – Disbursements during the year ended June 30, 2020 exceeded the amounts budgeted in the county environment and education function.

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

Response – The County Auditor has been informed disbursements exceeded the budgeted amounts because a budget amendment was incorrectly certified (the published amounts differed from the certified amounts). This error caused budgeted amounts to revert back to previous budget totals which resulted in the disbursements appearing to exceed budgeted amounts. The current County Auditor will ensure all amendments are certified correctly prior to any additional expenditures.

Conclusion – Response accepted.

(2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in the 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) Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

(6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.

(7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

(8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

(9) 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).

(10) Early Childhood Iowa Area Board – The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization.

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

(11) 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. However, the following reporting exceptions were noted:

The County overstated the amount reported as TIF debt outstanding on the Levy Authority Summary. In addition, the beginning and ending balances and the amount reported as expenditures for the Special Revenue, Logistics Tax Increment Financing Fund on the Levy Authority Summary do not agree with the County's general ledger.

Recommendation – The County should ensure the TIF debt outstanding, the beginning and ending balances and expenditures reported in the Levy Authority Summary agree with and are supported by the County's records.

Response – The County Auditor will work closely with the State Auditor's office to ensure this report is completed correctly going forward.

Conclusion – Response accepted.

(12) Emergency Management Budget – Disbursements during the year ended June 30, 2020 exceeded the amount budgeted.

Recommendation – The budget should have been amended by the Emergency Management Commission in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The Emergency Management Coordinator will ensure all expenditures are included in the Emergency Management Agency's budget and/or ensure a certified budget amendment is completed prior to additional expenditures.

Conclusion – Response accepted.

(13) Conservation Equipment and Emergency Management Loans – During the year ended June 30, 2020, the County entered into a loan for the purchase of a tractor and loader for the Conservation Department. Also, the Emergency Management Commission entered into a loan for purchase of a building. However, a public hearing was not held prior to the authorization of either loan as required by Chapters 331.478 and 331.479 of the Code of Iowa.

Chapter 331.478 of the Code of Iowa allows a County to authorize by resolution noncurrent debt, including loans and other formal debt instruments or obligations other than bonds, payable from resources accruing after the end of the fiscal year in which the debt is incurred, in accordance with Chapter 331.479 of the Code of Iowa. Chapter 331.479 of the Code of Iowa requires a notice of public hearing to be published and a public hearing to be held before the Board or Commission may institute proceedings for the incurrence of the noncurrent debt.

Recommendation – The County and Emergency Management Commission should hold a public hearing prior to the authorization of loan agreements in accordance with Chapters 331.478 and 331.479 of the Code of Iowa.

Responses – The Conservation Director and Emergency Management Director have been informed of the proper procedures required when acquiring fixed assets through a purchase agreement and will ensure the appropriate public hearings are held prior to entering into those agreements.

Conclusion – Responses accepted.

(14) Payment of General Obligation Urban Renewal Bonds – Certain general obligation bonds were paid from the Capital Projects Fund debt service function. However, neither the County budget form nor the Uniform Chart of Accounts for County Governments allows for expenditures to be reflected in the debt service function in the Capital Projects fund. Adjustments were subsequently made to properly report these amounts in the County's financial statements.

Recommendation – The County should transfer from the Capital Projects to the Debt Service Fund for future funding contributions. Payments of the bonds should be disbursed from the Debt Service Fund.

Response – The County Auditor's office will ensure future bond payments (FY22), including the registrar fees, are budgeted and disbursed from the Debt Service Fund.

Conclusion – Response accepted.

(15) Tax Increment Financing (TIF) – Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. Such certification makes it a duty of the County Auditor to provide for the division of property tax to repay the certified indebtedness. Chapter 403.19 of the Code of Iowa does not allow a municipality to set aside property tax divided for tax increment purposes for current or future urban renewal projects. Indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal and interest on the certified indebtedness. In addition, Chapter 403.19(6)(b) of the Code of Iowa requires the County to certify the amount of reductions resulting from the reduction of debt or any other reason to the County Auditor.

During the year ending June 30, 2020, the County issued Series 2019 general obligation urban renewal bonds. Based on review of the TIF forms, the County Auditor has under certified the 2019 bond by $356,300.

Recommendation – The County should certify as a TIF obligation, the Series 2019 general obligation urban renewal bonds principal and interest expected to be repaid with TIF collections.

Response – The County Auditor will work closely with the State Auditor's office to ensure the Series 2019 general obligation urban renewal bond debt is certified correctly on the applicable TIF forms.

Conclusion – Response accepted.

(16) County Emergency Management Commission – Bank Loan – Butler County Emergency Management Commission is operated under the authority of Chapter 29C.9 of the Code of Iowa and serves as an agency of the State of Iowa. This agency is administered by the Butler County Emergency Management Commission separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

On January 17, 2020, the Butler County Emergency Management Commission authorized a $150,000 bank loan for ten years at 3.5% interest to be used for the purchase of a building. The Emergency Management Commission does not have the same Home Rule powers granted to cities and counties and, consequently, it's powers come expressly from Chapter 29C of the Code of Iowa. As noted below, authority for the Emergency Management Commission to enter into debt is not established in Iowa Code Chapter 29C.

An Attorney General's letter of advice dated December 11, 2017 addresses several questions pertaining to funding for emergency radio systems, including "Does the EMC have authority to issue bonds to purchase a radio as a "municipality" given its designation as such under Iowa Code section 29C.17(2)?" The letter of advice goes on to answer this question as follows: "Iowa Code section 29C.9(4) states that for the purposes of this chapter (Emergency Management) a county emergency management commission is a, "…municipality as defined in Section 670.1". Iowa Code section 670.1 is the definitions section for the Municipal Tort Claims Act. That code chapter provides immunity from tort liability for designated activities of municipalities but does not address bonding powers to conduct the statutory duties of the entities subject to these civil immunities. Determination of bonding authority is therefore not established through Iowa Code section 29C.9(4) (emphasis added)." The letter goes on to state, "It is clear bonds could be issued to finance the expenditures for an emergency response communications system by the county or city (emphasis added)…" and "We found no authority requiring the board of supervisors or city council to institute bonding procedures at the request of the EMC or a general power granted to the EMC to bond outside of the individual powers of its constituency agencies to incur debt (emphasis added). Such debt issued by a city or county would likely apply against a city or county's debt limitations under Iowa Constitution article XI, section 4 (limiting county and political or municipal corporation debt to less than 5% valuation of taxable property in the county/corporation). This would tend to support that a county or city has discretion whether to approve such bonding, as it will likely limit these entities' ability to incur other debts under constitutional debt limitations, thereby limiting discretion to implement other actions requiring debt."

While the letter of advice referred to above addresses bonding, the general principal would apply to the Commission's authority to enter into a bank loan. We are not aware of any statutory authority allowing the Commission to borrow money, except through its member county and/or cities.

Recommendation – Since the County Emergency Management Commission has not been granted Home Rule, bonding or other forms of debt authority would need to be expressly granted through the Code of Iowa. The Code of Iowa does not expressly grant this authority to Emergency Management Commissions. Accordingly, the Commission should work with the County or member cities for future borrowing needs.

Response – The County Auditor's office will work closely with the Emergency Management Commission to establish appropriate procedures for future borrowing needs.

Conclusion – Response accepted.

Butler County

Staff

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