



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

May 26, 2020

Contact: Marlys Gaston
515/ 281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$21,718,881 for the year ended June 30, 2019, a 24.1% increase over the prior year. Expenses for County operations for the year ended June 30, 2019 totaled \$18,673,516, a 7.6% increase over the prior year. The significant increase in the revenues and expenses is due primarily to an increase in infrastructure assets contributed by the Iowa Department of Transportation and an increase in local road and bridge projects.

AUDIT FINDINGS:

Sand reported ten findings related to the receipt and expenditure of taxpayer funds, including those of the County Extension Office. They are found on pages 86 through 94 of this report. The findings address issues such as lack of segregation of duties, lack of timesheet and leave approval, a deficit fund balance and disbursements exceeding budgeted amounts. Sand provided the County and the County Extension Office with recommendations to address each of these findings.

Seven of the nine findings discussed above pertaining to the County and one which pertains to the County Extension Office are repeated from the prior year. The County Board of Supervisors, other elected officials and the County Extension Council 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>.

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CARROLL COUNTY

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

JUNE 30, 2019

Carroll County



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Des Moines, Iowa 50319-0004

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

Rob Sand
Auditor of State

March 18, 2020

Officials of Carroll County
Carroll, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Carroll County for the year ended June 30, 2019. 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 Carroll 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,

A handwritten signature in black ink, appearing to read "Rob Sand". The signature is stylized and written in a cursive-like font.

Rob Sand
Auditor of State

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Carroll County

Officials

(Before January 2019)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Marty Danzer	Board of Supervisors	Jan 2019
Dean Schettler	Board of Supervisors	Jan 2019
Neil Bock	Board of Supervisors	Jan 2021
Eugene Meiners	Board of Supervisors	Jan 2021
Richard Ruggles	Board of Supervisors	Jan 2021
Kourtney Irlbeck	County Auditor	Jan 2021
Jean Seidl	County Treasurer	Jan 2019
Kathy Schwaller (Appointed Jan 2018)	County Recorder	Nov 2018
Ken Pingrey	County Sheriff	Jan 2021
John Werden	County Attorney	Jan 2019
Cindy Heuton	County Assessor	Jan 2022

(After January 2019)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Neil Bock	Board of Supervisors	Jan 2021
Eugene Meiners	Board of Supervisors	Jan 2021
Richard Ruggles	Board of Supervisors	Jan 2021
Stephanie Hausman	Board of Supervisors	Jan 2023
Dean Schettler	Board of Supervisors	Jan 2023
Kourtney Irlbeck	County Auditor	Jan 2021
Jean Seidl	County Treasurer	Jan 2023
Ashten Wittrock	County Recorder	Jan 2023
Ken Pingrey	County Sheriff	Jan 2021
John Werden	County Attorney	Jan 2023
Cindy Heuton	County Assessor	Jan 2022



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Rob Sand
Auditor of State

Independent Auditor's Report

To the Officials of Carroll County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County as of June 30, 2019, 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.

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 15 and 58 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

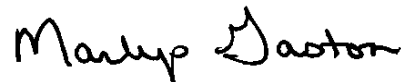
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll 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, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2020 on our consideration of Carroll 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 Carroll County's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA
Deputy Auditor of State

March 18, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Carroll 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, 2019. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2019 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 24.2%, or approximately \$4,223,000, from fiscal year 2018 to fiscal year 2019. Capital grants and contributions increased approximately \$4,092,000, operating grants and contributions increased approximately \$261,000, charges for service decreased approximately \$291,000 and property and other county tax increased approximately \$104,000.
- Governmental activities expenses increased 7.6%, or approximately \$1,314,000, from fiscal year 2018 to fiscal year 2019. Roads and transportation expenses increased approximately \$1,351,000, public safety and legal services expenses increased approximately \$92,000 and mental health expenses decreased approximately \$192,000.
- Governmental activities net position increased 6.9%, or approximately \$3,071,000, over the June 30, 2018 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 Carroll County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental and business type activities services were financed in the short term as well as what remains for future spending. Fund financial statements report Carroll 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 Carroll 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, the nonmajor proprietary 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 and business type 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. The County's business type activities include the wastewater treatment system, which is financed primarily by user charges.

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) Proprietary funds account for the County's Enterprise, Mt. Carmel Sewer and Maple River Sewer Funds and the Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Carroll County's combined net position increased from a year ago, from approximately \$44.6 million to approximately \$47.7 million. The analysis that follows focuses on the changes in net position.

Net Position of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 19,597	18,934	31	47	19,628	18,981
Capital assets	41,409	37,016	825	851	42,234	37,867
Total assets	61,006	55,950	856	898	61,862	56,848
Deferred outflows of resources	1,399	2,053	-	-	1,399	2,053
Long-term liabilities	5,282	5,991	260	271	5,542	6,262
Other liabilities	740	518	2	8	742	526
Total liabilities	6,022	6,509	262	279	6,284	6,788
Deferred inflows of resources	8,697	6,879	-	-	8,697	6,879
Net position:						
Net investment in capital assets	41,409	36,949	565	579	41,974	37,528
Restricted	7,635	8,457	-	-	7,635	8,457
Unrestricted	(1,358)	(791)	29	40	(1,329)	(751)
Total net position	\$ 47,686	44,615	594	619	48,280	45,234

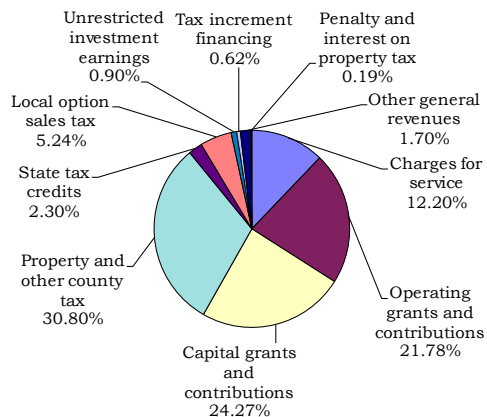
Net position of Carroll County's governmental activities increased 6.9% (from approximately \$44.6 million to approximately \$46.7 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment). This net position category increased approximately \$4,460,000 primarily due to an increase in infrastructure assets contributed by 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 approximately \$822,000, or 9.7%, from the prior year.

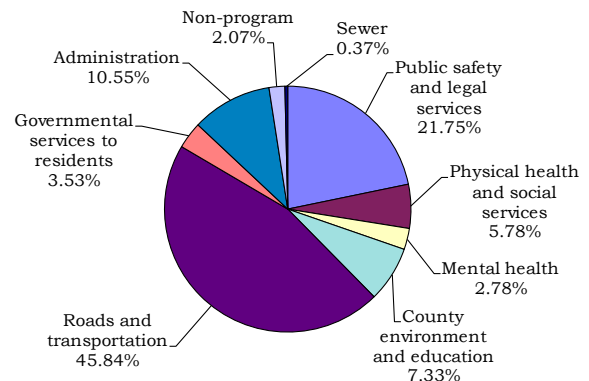
Unrestricted governmental activities net position – the part of governmental activities net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from a deficit of approximately \$791,000 at June 30, 2018 to a deficit of approximately \$1,358,000 at the end of this year, a decrease of 71.7%. The unrestricted governmental activities net position deficit is due to reporting the net pension liability and the total OPEB liability.

Changes in Net Position of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities June 30,		Business Type Activities June 30,		Total June 30,	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for service	\$ 2,603	2,894	47	48	2,650	2,942
Operating grants and contributions	4,731	4,470	-	-	4,731	4,470
Capital grants and contributions	5,272	1,180	-	-	5,272	1,180
General revenues:						
Property and other county tax	6,690	6,586	-	-	6,690	6,586
Tax increment financing	134	134	-	-	134	134
Penalty and interest on property tax	41	37	-	-	41	37
State tax credits	499	520	-	-	499	520
Local option sales tax	1,138	1,048	-	-	1,138	1,048
Unrestricted investment earnings	195	160	-	-	195	160
Other general revenues	370	421	-	-	370	421
Total revenues	21,673	17,450	47	48	21,720	17,498
Program expenses:						
Public safety and legal services	4,062	3,970	-	-	4,062	3,970
Physical health and social services	1,080	1,066	-	-	1,080	1,066
Mental health	519	711	-	-	519	711
County environment and education	1,368	1,388	-	-	1,368	1,388
Roads and transportation	8,559	7,208	-	-	8,559	7,208
Governmental services to residents	659	626	-	-	659	626
Administration	1,971	1,685	-	-	1,971	1,685
Non-program	386	633	-	-	386	633
Interest on long-term debt	-	3	-	-	-	3
Sewer	-	-	70	62	70	62
Total expenses	18,604	17,290	70	62	18,674	17,352
Transfers, net	2	3	(2)	(3)	-	-
Change in net position	3,071	163	(25)	(17)	3,046	146
Net position beginning of year	44,615	44,452	619	636	45,234	45,088
Net position end of year	\$ 47,686	44,615	594	619	48,280	45,234

Revenues by Source



Expenses by Program



Carroll County's governmental activities net position increased approximately \$3,071,000 during the year. Revenues for governmental activities increased approximately \$4,223,000 compared to the prior year, with capital grants and contributions increasing approximately \$4,092,000 over the prior year. The increase in capital grants and contributions is primarily the result of more road and bridge projects paid for by the Iowa Department of Transportation and federal grant proceeds in fiscal year 2019. The County's operating grants and contributions increased approximately \$261,000 and property and other county tax increased approximately \$104,000. Operating grants and contributions increased due to an increase in road use tax receipts.

The cost of all governmental activities this year was approximately \$18.6 million compared to approximately \$17.3 million last year. However, as shown in the Statement of Activities on pages 20 and 21, the amount taxpayers ultimately financed for these activities was approximately \$6.0 million because some of the cost was paid by those who directly benefited from the programs (approximately \$2,603,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$10,003,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased from approximately \$8,544,000 in fiscal year 2018 to approximately \$12,606,000 in fiscal year 2019, principally due to an increase in road and bridge projects paid for by the Iowa Department of Transportation and federal grant proceeds. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Carroll County completed the year, its governmental funds reported a combined fund balance of approximately \$9.61 million, a decrease of approximately \$1,264,000 from last year's total of approximately \$10.88 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$128,000, primarily due to increases in property and other county tax. Expenditures increased approximately \$552,000 due to increased spending in public safety and legal services and administration functions. Ambulance employee salaries increased due to an increase in service calls, more was spent on juvenile detention services and approximately \$240,000 was spent on design fees and plans as the County prepared for building a new jail. The ending fund balance decreased approximately \$625,000.
- Special Revenue, Mental Health Fund revenues decreased approximately \$223,000, due to less property taxes being levied for in fiscal year 2019. Expenditures decreased approximately \$191,000 from the prior year, as less was paid to the region fiscal agent in fiscal year 2019. The Special Revenue, Mental Health Fund balance increased approximately \$53,000 over the prior year to approximately \$250,000 at year end.
- The Special Revenue, Rural Services Fund ending fund balance increased approximately \$21,000 over the prior year to approximately \$419,000. The amount of local option sales tax (LOST) revenue allocated for rural services was approximately \$569,000, an increase of approximately \$45,000 over the prior year. Rural Services Fund expenditures increased approximately \$20,000 compared to the prior year.
- Special Revenue, Secondary Roads Fund revenue increased approximately \$282,000. Expenditures increased approximately \$1,819,000 over the prior year, primarily due to an increase in road and bridge projects. The Secondary Roads Fund balance decreased approximately \$905,000 to approximately \$3,375,000 at year end.

- Special Revenue, Local Option Sales Tax Fund transfers out decreased approximately \$151,000 compared to the prior year. Transfers were made to the General Fund in fiscal year 2019 to offset a decrease to the General Basic and General Supplemental tax levy rates. The Local Option Sales Tax Fund balance decreased approximately \$21,000 to approximately \$3,134,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Carroll County amended its budget two times. The first amendment was made in October 2018 and resulted in an increase in budgeted disbursements of approximately \$177,000, related primarily to the jail project, Region XII contribution, Sheriff fees and ambulance building concrete work.

The second amendment was made in May 2019. This amendment was made to increase budgeted disbursements approximately \$264,000 and budgeted receipts approximately \$24,000. This was primarily due to the jail project, jail overtime, case management Medicaid repayment and conservation capital projects.

The County's receipts were approximately \$675,000 more than budgeted. Property and other county tax receipts were approximately \$369,000 more than budgeted, intergovernmental receipts were approximately \$94,000 more than budgeted, use of money and property receipts were approximately \$91,000 more than budgeted and miscellaneous receipts were approximately \$35,000 more than budgeted.

Total disbursements were approximately \$1,395,000 less than the final amended budget. Actual disbursements for roads and transportation, administration and public safety and legal services were approximately \$674,000, \$200,000 and \$172,000, respectively, less than budgeted.

In the roads and transportation function, disbursements were approximately \$674,000 less than budgeted primarily due to materials for two gravel contracts that were not received before year end.

Administration function disbursements were approximately \$200,000 less than the amount budgeted, primarily due to final insurance premiums being less than expected and delaying the purchase of IT equipment until fiscal year 2020.

Public safety and legal services function disbursements were approximately \$172,000 less than budgeted due to less health insurance expense due to employees changing to less expensive plans, bids for Sheriff vehicles came in less than budgeted, fewer training sessions for the Sheriff and less overtime hours at the jail than anticipated.

Even with the budget amendments, the County exceeded the budgeted amount in the non-program function for the year ended June 30, 2019.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, Carroll County had approximately \$41.4 million invested in a broad range of capital assets for governmental activities, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of approximately \$4,393,000, or 11.9%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2019	2018
Land	\$ 1,891	1,891
Buildings	3,669	3,808
Improvements other than buildings	626	652
Equipment and vehicles	4,800	4,453
Infrastructure	25,115	26,206
Construction in progress	5,308	6
Total	\$ 41,409	37,016

The County had governmental activities depreciation expense of approximately \$2,242,000 in fiscal year 2019 and total accumulated depreciation of approximately \$38,665,000 at June 30, 2019.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2019, Carroll County had no debt outstanding, compared to \$66,319 at June 30, 2018.

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. Carroll County's constitutional debt limit is approximately \$116.7 million. Additional information about the County's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Carroll County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2020 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County in June 2019 remained unchanged at 2.0% from the previous year.

These indicators were taken into account when adopting the budget for fiscal year 2020. Amounts available for appropriation in the operating budget are approximately \$23.5 million, an increase of 1.1% from the final fiscal year 2019 budget. Budgeted disbursements are approximately \$18.6 million, a 6.0% increase over the final fiscal year 2019 budget. The County added no major new programs or initiatives to the fiscal year 2020 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$1,290,000 by the close of fiscal year 2020.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Carroll 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 Carroll County Auditor's Office, 114 E. 6th Street, Carroll, Iowa 51401.

Carroll County

Basic Financial Statements

Carroll County

Carroll County
Statement of Net Position
June 30, 2019

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 8,941,580	27,360	8,968,940
Conservation Foundation	90,386	-	90,386
Receivables:			
Property tax:			
Delinquent	5,173	-	5,173
Succeeding year	8,216,000	-	8,216,000
Interest and penalty on property tax	78,069	-	78,069
Accounts, net of allowance for doubtful accounts of \$18,993	127,156	3,679	130,835
Accrued interest	18,346	-	18,346
Internal balances	260,141	(260,141)	-
Due from other governments	815,100	-	815,100
Inventories	895,900	-	895,900
Prepaid expenses	148,925	-	148,925
Capital assets - nondepreciable	7,200,237	25,500	7,225,737
Capital assets - depreciable, net of accumulated depreciation	34,208,666	799,317	35,007,983
Total assets	61,005,679	595,715	61,601,394
Deferred Outflows of Resources			
Pension related deferred outflows	1,311,317	-	1,311,317
OPEB related deferred outflows	87,868	-	87,868
Total deferred outflows of resources	1,399,185	-	1,399,185
Liabilities			
Accounts payable	649,558	1,608	651,166
Salaries and benefits payable	28,030	-	28,030
Due to other governments	62,348	-	62,348
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	284,676	-	284,676
Portion due or payable after one year:			
Compensated absences	77,197	-	77,197
Net pension liability	3,407,024	-	3,407,024
Total OPEB liability	1,512,678	-	1,512,678
Total liabilities	6,021,511	1,608	6,023,119
Deferred Inflows of Resources			
Unavailable property tax revenue	8,216,000	-	8,216,000
Pension related deferred inflows	54,147	-	54,147
OPEB related deferred inflows	427,240	-	427,240
Total deferred inflows of resources	8,697,387	-	8,697,387
Net Position			
Net investment in capital assets	41,408,903	564,676	41,973,579
Restricted for:			
Supplemental levy purposes	153,031	-	153,031
Mental health purposes	249,023	-	249,023
Rural services purposes	393,301	-	393,301
Secondary roads purposes	3,440,208	-	3,440,208
Capital projects	15,427	-	15,427
Other purposes	3,383,996	-	3,383,996
Unrestricted	(1,357,923)	29,431	(1,328,492)
Total net position	\$ 47,685,966	594,107	48,280,073

See notes to financial statements.

Carroll County

Statement of Activities

Year ended June 30, 2019

	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 4,061,924	977,455	386,324	-
Physical health and social services	1,079,935	175,277	190,940	-
Mental health	518,926	-	30,310	-
County environment and education	1,367,849	313,021	7,700	-
Roads and transportation	8,559,067	346,869	4,049,086	5,271,926
Governmental services to residents	658,675	458,449	-	-
Administration	1,971,548	8,505	-	-
Non-program	386,087	323,335	66,762	-
Total governmental activities	18,604,011	2,602,911	4,731,122	5,271,926
Business type activities:				
Sewer	69,505	46,561	-	-
Total	\$ 18,673,516	2,649,472	4,731,122	5,271,926
General Revenues and Transfers:				
Property and other county tax levied for general purposes				
Tax increment financing				
Penalty and interest on property tax				
State tax credits				
Local option sales tax				
Unrestricted investment earnings				
Miscellaneous				
Gain on disposition of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position beginning of year				
Net position end of year				
See notes to financial statements.				

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
(2,698,145)	-	(2,698,145)
(713,718)	-	(713,718)
(488,616)	-	(488,616)
(1,047,128)	-	(1,047,128)
1,108,814	-	1,108,814
(200,226)	-	(200,226)
(1,963,043)	-	(1,963,043)
4,010	-	4,010
(5,998,052)	-	(5,998,052)
-	(22,944)	(22,944)
(5,998,052)	(22,944)	(6,020,996)
\$ 6,689,930	-	6,689,930
134,284	-	134,284
40,424	-	40,424
498,781	-	498,781
1,137,767	-	1,137,767
195,204	38	195,242
347,708	-	347,708
22,225	-	22,225
2,479	(2,479)	-
9,068,802	(2,441)	9,066,361
3,070,750	(25,385)	3,045,365
44,615,216	619,492	45,234,708
\$ 47,685,966	594,107	48,280,073

Carroll County
Balance Sheet
Governmental Funds

June 30, 2019

	Special		
	General	Mental Health	Rural Services
Assets			
Current assets:			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 2,205,093	249,850	361,257
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	4,616	557	-
Succeeding year	4,792,000	469,000	2,391,000
Interest and penalty on property tax	78,069	-	-
Accounts (net of allowance for doubtful accounts of \$18,993)	101,198	-	200
Accrued interest	18,346	-	-
Due from other funds	-	-	-
Due from other governments	154,017	-	62,664
Inventories	-	-	-
Prepaid expenditures	137,662	-	-
Non current assets:			
Advances to other funds	-	-	-
Total assets	\$ 7,491,001	719,407	2,815,121
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 254,406	-	2,472
Salaries and benefits payable	25,320	-	2,416
Advance from other funds	-	-	-
Due to other funds	6,613	-	-
Due to other governments	61,337	-	-
Total liabilities	347,676	-	4,888
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,792,000	469,000	2,391,000
Other	123,777	557	-
Total deferred inflows of resources	4,915,777	469,557	2,391,000
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	137,662	-	-
Restricted for:			
Supplemental levy purposes	184,079	-	-
Mental health purposes	-	249,850	-
Rural services purposes	-	-	419,233
Secondary roads purposes	-	-	-
Other purposes	-	-	-
Assigned for:			
County Attorney fine collections	45,341	-	-
Capital projects and equipment	-	-	-
Unassigned	1,860,466	-	-
Total fund balances	2,227,548	249,850	419,233
Total liabilities, deferred inflows of resources and fund balances	\$ 7,491,001	719,407	2,815,121

See notes to financial statements.

Revenue			
Secondary Roads	Local Option Sales Tax	Nonmajor	Total
2,235,002	2,477,531	470,693	7,999,426
-	-	90,386	90,386
-	-	-	5,173
-	-	564,000	8,216,000
-	-	-	78,069
2,244	-	-	103,642
-	-	-	18,346
6,613	14,202	-	20,815
552,676	44,753	990	815,100
895,900	-	-	895,900
11,263	-	-	148,925
-	597,412	-	597,412
3,703,698	3,133,898	1,126,069	18,989,194
110,210	-	5,680	372,768
294	-	-	28,030
-	-	351,473	351,473
-	-	-	6,613
1,011	-	-	62,348
111,515	-	357,153	821,232
-	-	564,000	8,216,000
217,511	-	-	341,845
217,511	-	564,000	8,557,845
895,900	-	-	895,900
11,263	-	-	148,925
-	-	-	184,079
-	-	-	249,850
-	-	-	419,233
2,467,509	-	-	2,467,509
-	3,133,898	220,184	3,354,082
-	-	-	45,341
-	-	336,205	336,205
-	-	(351,473)	1,508,993
3,374,672	3,133,898	204,916	9,610,117
3,703,698	3,133,898	1,126,069	18,989,194

Carroll County

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

June 30, 2019

Total governmental fund balances (page 23) \$ 9,610,117

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$80,073,539 and the accumulated depreciation/amortization is \$34,208,666. 41,408,903

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. 341,845

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 688,878

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	\$ 1,399,185	
Deferred inflows of resources	<u>(481,387)</u>	917,798

Long-term liabilities, including compensated absences payable, net pension liability and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. (5,281,575)

Net position of governmental activities (page 19) **\$ 47,685,966**

See notes to financial statements.

Carroll County

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

Year ended June 30, 2019

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 4,152,464	500,913	2,036,193
Local option sales tax	-	-	568,884
Interest and penalty on property tax	35,141	-	-
Tax increment financing	-	-	-
Intergovernmental	829,543	71,534	186,122
Licenses and permits	44,659	-	22,450
Charges for service	1,816,023	-	-
Use of money and property	230,313	-	-
Miscellaneous	98,205	-	-
Total revenues	<u>7,206,348</u>	<u>572,447</u>	<u>2,813,649</u>
Expenditures:			
Operating:			
Public safety and legal services	3,416,550	-	563,576
Physical health and social services	1,051,101	-	-
Mental health	-	519,321	-
County environment and education	1,021,803	-	163,199
Roads and transportation	-	-	25,000
Governmental services to residents	633,022	-	-
Administration	1,926,766	-	-
Non-program	46,290	-	-
Capital projects	-	-	-
Total expenditures	<u>8,095,532</u>	<u>519,321</u>	<u>751,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(889,184)</u>	<u>53,126</u>	<u>2,061,874</u>
Other financing sources (uses):			
Sale of capital assets	-	-	-
Transfers in	608,606	-	-
Transfers out	<u>(344,886)</u>	<u>-</u>	<u>(2,040,623)</u>
Total other financing sources (uses)	<u>263,720</u>	<u>-</u>	<u>(2,040,623)</u>
Change in fund balances	(625,464)	53,126	21,251
Fund balances (deficit) beginning of year	<u>2,853,012</u>	<u>196,724</u>	<u>397,982</u>
Fund balances end of year	<u>\$ 2,227,548</u>	<u>249,850</u>	<u>419,233</u>

See notes to financial statements.

Revenue				
Secondary Roads	Local Option Sales Tax	Nonmajor	Total	
-	-	-	6,689,570	
-	568,883	-	1,137,767	
-	-	-	35,141	
-	-	134,284	134,284	
4,155,230	-	44,961	5,287,390	
26,032	-	-	93,141	
-	-	70,109	1,886,132	
-	-	47,284	277,597	
398,132	1,320	40,676	538,333	
4,579,394	570,203	337,314	16,079,355	
-	-	-	3,980,126	
-	-	-	1,051,101	
-	-	-	519,321	
-	-	52,185	1,237,187	
7,234,432	-	-	7,259,432	
-	-	2,608	635,630	
-	-	-	1,926,766	
-	-	-	46,290	
525,646	-	165,672	691,318	
7,760,078	-	220,465	17,347,171	
(3,180,684)	570,203	116,849	(1,267,816)	
420	-	-	420	
2,275,509	17,196	110,000	3,011,311	
-	(608,606)	(14,717)	(3,008,832)	
2,275,929	(591,410)	95,283	2,899	
(904,755)	(21,207)	212,132	(1,264,917)	
4,279,427	3,155,105	(7,216)	10,875,034	
3,374,672	3,133,898	204,916	9,610,117	

Carroll County

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

Year ended June 30, 2019

Change in fund balances - Total governmental funds (page 27) \$ (1,264,917)

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

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

Expenditures for capital assets	\$ 1,558,277	
Capital assets contributed by other governments	5,054,415	
Depreciation expense	<u>(2,241,679)</u>	4,371,013

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 22,225

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	360	
Other	<u>162,586</u>	162,946

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. 66,319

The current year County share of IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 570,029

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	(87,336)	
OPEB expense	(183,516)	
Pension expense	<u>(607,845)</u>	(878,697)

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. 21,832

Change in net position of governmental activities (page 21) \$ 3,070,750

See notes to financial statements.

Carroll County
Statement of Net Position
Proprietary Funds

June 30, 2019

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Assets		
Current assets:		
Cash, cash equivalents and pooled investments	\$ 27,360	942,154
Receivables:		
Accounts	3,679	23,514
Capital assets, net of accumulated depreciation	824,817	-
Total assets	<u>855,856</u>	<u>965,668</u>
Liabilities		
Current liabilities:		
Accounts payable	1,608	276,790
Due to other funds	14,202	-
Long-term liabilities:		
Advances from other funds	245,939	-
Total liabilities	<u>261,749</u>	<u>276,790</u>
Net Position		
Net investment in capital assets	564,676	-
Unrestricted	29,431	688,878
Total net position	<u>\$ 594,107</u>	<u>688,878</u>

See notes to financial statements.

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

Year ended June 30, 2019

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	1,512,036
Reimbursements from others	-	72,700
Reimbursements from employees	-	263,277
Charges for service	46,561	-
Total operating revenues	<u>46,561</u>	<u>1,848,013</u>
Operating expenses:		
Medical claims	-	1,761,309
Administrative fees	-	76,021
Depreciation	26,160	-
Miscellaneous	38,661	-
Total operating expenses	<u>64,821</u>	<u>1,837,330</u>
Operating income (loss)	<u>(18,260)</u>	<u>10,683</u>
Non-operating revenues (expenses):		
Interest income	38	11,149
Miscellaneous	(4,684)	-
Total non-operating revenues (expenses)	<u>(4,646)</u>	<u>11,149</u>
Net income (loss)	(22,906)	21,832
Transfers out	(2,479)	-
Change in net position	(25,385)	21,832
Net position beginning of year	<u>619,492</u>	<u>667,046</u>
Net position end of year	<u>\$ 594,107</u>	<u>688,878</u>

See notes to financial statements.

Carroll County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2019

	Business Type Activities	Governmental Activities
	Enterprise- Nonmajor	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating fund reimbursements	\$ -	1,512,036
Cash received from employees and others	-	335,977
Cash received from sewer fees	46,949	-
Cash paid to suppliers for services	(44,816)	(1,860,507)
Net cash provided (used) by operating activities	2,133	(12,494)
Cash flows from investing activities:		
Interest on investments	38	12,236
Cash flows from capital and related financing activities:		
Principal paid on interfund loan	(14,515)	-
Interest paid on interfund loan	(2,479)	-
Miscellaneous	(1,320)	-
Net cash used by capital and related financing activities	(18,314)	-
Net decrease in cash and cash equivalents	(16,143)	(258)
Cash and cash equivalents beginning of year	43,503	942,412
Cash and cash equivalents end of year	\$ 27,360	942,154
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (18,260)	10,683
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	26,160	-
Decrease (increase) in accounts receivable	388	(23,514)
Increase (decrease) in accounts payable	(6,155)	337
Net cash provided (used) by operating activities	\$ 2,133	(12,494)

See notes to financial statements.

Carroll County

Carroll County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 2,178,034
Other County officials	35,870
Receivables:	
Property tax:	
Delinquent	43,674
Succeeding year	25,430,000
Accounts	19,709
Due from other governments	67,844
Total assets	27,775,131

Liabilities

Accounts payable	5,240
Salaries and benefits payable	795
Due to other governments	27,741,440
Trusts payable	24,062
Compensated absences	3,594
Total liabilities	27,775,131

Net position	\$ -
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See notes to financial statements.

Carroll County

Notes to Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies

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

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

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

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

The Carroll County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Carroll County Conservation Board. These donations were expended to finance the Sauk Rail Trail and the Conservation Education Center and were not included in the County's budget. The financial transactions of this component unit have been reported as a Special Revenue Fund.

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

In addition, the County Board of Supervisors are members of or appoint representatives to: West Central Iowa Sheltered Workshop (WESCO), Carroll County Solid Waste Management Commission, Region XII Council of Governments, Youth Emergency Services (Y.E.S.), Ambulance Board and Conservation Board.

B. Basis of Presentation

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The Local Option Sales Tax Fund is used to account for local option sales tax authorized by referendum and used in accordance with the referendum.

Additionally, the County reports the following proprietary funds:

Enterprise Funds are utilized to account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

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.

The following fiduciary funds are also reported:

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 Enterprise Funds is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services and depreciation on capital assets. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as 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, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2018.

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

Due from/Advance to and Due to/Advances from Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2019, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land and buildings	25,000
Land improvements	10,000
Intangibles	50,000
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	30 - 50
Land improvements	10 - 30
Infrastructure	15 - 65
Intangibles	5 - 20
Equipment	2 - 40
Vehicles	4 - 10

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 sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2019. 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 outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Carroll 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 receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension 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.

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2019, disbursements exceeded the amount budgeted in the non-program function.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2019 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 an investment in the Iowa Public Agency Investment Trust which is valued at an amortized cost of \$191,003 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

(3) Due From/Advances to and Due to/Advances from Other Funds

The detail of interfund receivables and payables at June 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 6,613
Local Option Sales Tax	Enterprise: Mt. Carmel Sewer	7,364
	Maple River Sewer	<u>6,838</u>
		<u>14,202</u>
Total		<u>\$ 20,815</u>

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

Not included above, and not expected to be repaid within one year, are interfund advances of \$145,962, with interest rates ranging from 1% to 3.375% over 25 years, and \$99,977, with an interest rate of 1.00% over 15 years, due from the Enterprise, Mt. Carmel Sewer and Maple River Sewer Funds, respectively, to the Special Revenue, Local Option Sales Tax Fund for repayment of long term interfund loans. The interfund advances will be repaid from user fees. During the year ended June 30, 2019, the Enterprise, Mt. Carmel Sewer and Maple River Sewer Funds repaid \$14,514 on these advances.

Also not included above, and not expected to be repaid within one year, is an interfund advance of \$351,473, with an interest rate of 3.50% over 15 years, due from the Special Revenue, Tax Increment Financing Fund (TIF Fund) to the Special Revenue, Local Option Sales Tax Fund for repayment of an interfund advance for tax increment financing purposes. The interfund advance will be repaid with tax increment financing collections. During the year ended June 30, 2019, the TIF Fund paid \$120,909 on this advance.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 234,886
	Special Revenue: Rural Services	<u>2,040,623</u>
		<u>2,275,509</u>
Special Revenue: Local Option Sales Tax	Special Revenue: Tax Increment Financing	14,717
	Enterprise: Mt. Carmel Sewer	1,573
	Maple River Sewer	<u>906</u>
		<u>17,196</u>
Capital Projects General	General	<u>110,000</u>
	Special Revenue: Local Option Sales Tax	<u>608,606</u>
Total		<u>\$ 3,011,311</u>

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

(5) Capital Assets

Governmental activities capital assets activity for the year ended June 30, 2019 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,891,381	-	-	1,891,381
Construction in progress	6,179	5,665,008	362,331	5,308,856
Total capital assets not being depreciated	1,897,560	5,665,008	362,331	7,200,237
Capital assets being depreciated:				
Buildings	6,451,023	-	-	6,451,023
Improvements other than buildings	749,174	-	-	749,174
Equipment and vehicles	11,311,664	1,007,684	460,685	11,858,663
Infrastructure, road network	51,813,874	362,331	-	52,176,205
Infrastructure, other	1,638,237	-	-	1,638,237
Total capital assets being depreciated	71,963,972	1,370,015	460,685	72,873,302
Less accumulated depreciation for:				
Buildings	2,642,771	139,742	-	2,782,513
Improvements other than buildings	97,856	25,809	-	123,665
Equipment and vehicles	6,858,816	623,064	422,910	7,058,970
Infrastructure, road network	26,955,182	1,416,659	-	28,371,841
Infrastructure, other	291,242	36,405	-	327,647
Total accumulated depreciation	36,845,867	2,241,679	422,910	38,664,636
Total capital assets being depreciated, net	35,118,105	(871,664)	37,775	34,208,666
Governmental activities capital assets, net	\$ 37,015,665	4,793,344	400,106	41,408,903

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 142,310
Physical health and social services		5,212
County environment and education		120,241
Roads and transportation		1,919,246
Governmental services to residents		5,027
Administration		49,643
Total depreciation expense - governmental activities		<u>\$ 2,241,679</u>

Business type activities capital assets activity for the year ended June 30, 2019 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 25,500	-	-	25,500
Capital assets being depreciated:				
Infrastructure	1,044,140	-	-	1,044,140
Less accumulated depreciation for:				
Infrastructure	218,663	26,160	-	244,823
Total capital assets being depreciated, net	825,477	(26,160)	-	799,317
Business type activities capital assets, net	\$ 850,977	(26,160)	-	824,817
Total depreciation expense - business type activities				<u>\$ 26,160</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2019 is as follows:

Fund	Description	Amount
General	Services	\$ 61,337
Special Revenue:		
Secondary Roads	Services	1,011
Total for governmental funds		<u>\$ 62,348</u>
Agency:		
Agricultural Extension Education	Collections	\$ 240,514
County Assessor		1,193,039
Schools		13,829,607
Community Colleges		938,434
Corporations		9,865,892
Townships		319,868
Auto License and Use Tax		676,295
911 Service Commission		446,539
All other		231,252
Total for agency funds		<u>\$ 27,741,440</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	Installment Purchase Agreement	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Governmental activities:					
Balance beginning of year	\$ 66,319	274,537	3,816,631	1,833,876	5,991,363
Increases	-	301,438	-	-	301,438
Decreases	66,319	214,102	409,607	321,198	1,011,226
Balance end of year	<u>\$ -</u>	<u>361,873</u>	<u>3,407,024</u>	<u>1,512,678</u>	<u>5,281,575</u>
Due within one year	<u>\$ -</u>	<u>284,676</u>	<u>-</u>	<u>-</u>	<u>284,676</u>

(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.

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

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

In fiscal year 2019, 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 9.76% of covered payroll, for a total rate of 19.52%. Protection occupation members contributed 6.81% of covered payroll and the County contributed 10.21% of covered payroll, for a total rate of 17.02%.

The County's contributions to IPERS for the year ended June 30, 2019 totaled \$570,029.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the County reported a liability of \$3,407,024 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 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, 2018, the County's collective proportion was 0.053838%, which was a decrease of 0.003458% from its collective proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$607,845. At June 30, 2019, 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	\$ 31,348	105,808
Changes of assumptions	673,157	114,163
Net difference between projected and actual earnings on IPERS' investments	-	145,477
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	36,783	61,792
County contributions subsequent to the measurement date	570,029	-
Total	\$ 1,311,317	427,240

\$570,029 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. 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
2020	\$ 307,449
2021	134,299
2022	(82,928)
2023	(33,698)
2024	(11,074)
Total	\$ 314,048

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 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, 2018 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 2018 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%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 6,835,206	3,407,024	532,422

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 to IPERS by the County by June 30, 2019.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County administers a single-employer benefit plan which provides medical and prescription drug 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 Carroll 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 and prescription drug 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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	114
Total	123

Total OPEB Liability – The County's total OPEB liability of \$1,512,678 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 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 June 30, 2019)	2.60% per annum.
Rates of salary increase (effective June 30, 2019)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2019)	3.51% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2019)	8.50% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.51% 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 RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 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

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 1,833,876
Changes for the year:	
Service cost	215,751
Interest	76,264
Differences between expected and actual experiences	(486,245)
Changes in assumptions	32,501
Benefit payments	<u>(159,469)</u>
Net changes	<u>(321,198)</u>
Total OPEB liability end of year	<u>\$ 1,512,678</u>

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.51% in fiscal year 2019.

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 (2.51%) or 1% higher (4.51%) than the current discount rate.

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase 4.51%
Total OPEB liability	\$ 1,606,243	1,512,678	1,424,030

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 (7.50%) or 1% higher (9.50%) than the current healthcare cost trend rates.

	1% Decrease (7.50%)	Healthcare Cost Trend Rate (8.50%)	1% Increase 9.50
Total OPEB liability	\$ 1,606,243	1,512,678	1,424,030

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the County recognized OPEB expense of \$183,516. At June 30, 2019, 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	\$ -	54,147
Changes in assumptions	87,868	-
Total	\$ 87,868	54,147

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
2020	\$ 50,970
2021	50,970
2022	50,970
2023	50,965
2024	(56,718)
Thereafter	(113,436)
	\$ 33,721

(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 778 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2019 were \$140,107.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2019, no liability has been recorded in the County's financial statements. As of June 30, 2019, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$20,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County’s health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, weekly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County’s contribution for the year ended June 30, 2019 was \$1,512,036.

Amounts payable from the Internal Service Fund at June 30, 2019 total \$276,790, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$688,878 at June 30, 2019 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 276,453
Incurred claims (including claims incurred but not reported at June 30, 2019)	1,761,309
Payments on claims during the fiscal year	<u>1,760,972</u>
Unpaid claims end of year	<u>\$ 276,790</u>

(12) Revenue Bonds

On September 29, 2003, the County issued \$10,000,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to renovate the existing third floor and other areas of the hospital and to construct and equip an addition. The bonds are not a general obligation of the County but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of bonds.

On November 22, 2006, the County issued \$6,575,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to finance a portion of the cost of the construction of a four-story addition to the hospital, to equip the addition and to add parking structures and a new surgery center. The bonds are not a general obligation of the County but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of the bonds.

On December 1, 2008, the County issued \$1,400,000 of Facility Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of New Opportunities Inc. for the purchase of land and a building and to equip the building to be used as a Head Start/Outreach facility. The bonds are not a general obligation of the County, but are payable solely from the net revenues of New Opportunities, Inc. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of the bonds.

(13) Deficit Balance

The Special Revenue, Tax Increment Financing Fund had a deficit balance of \$351,473 at June 30, 2019. The deficit balance was a result of an interfund loan from the Special Revenue, Local Option Sales Tax Fund for costs associated with an urban renewal project. The deficit will be eliminated with future tax increment financing collections.

(14) Tax Abatements

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

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2019 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Manning	Urban renewal and economic development projects	\$ 22,146
City of Coon Rapids	Urban renewal and economic development projects	7,019
City of Templeton	Urban renewal and economic development projects	6,717
City of Halbur	Urban renewal and economic development projects	1,899
City of Carroll	Urban renewal and economic development projects	1,532
City of Glidden	Urban renewal and economic development projects	186

(15) Carroll County Financial Information Included in the Rolling Hills Community Services Mental Health Region

Rolling Hills Community Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Buena Vista, Calhoun, Cherokee, Crawford, Sac, Ida and Carroll County. The financial activity of Carroll County's Special Revenue, Mental Health Fund is included in the Rolling Hills Community Services Mental Health Region for the year ended June 30, 2019 as follows:

Revenues:		
Property and other county tax		\$ 500,913
Intergovernmental revenues:		
State tax credits	\$ 43,841	
Payments from regional fiscal agent	27,693	71,534
Total revenues		<u>572,447</u>
Expenditures:		
Services to persons with:		
Mental illness		\$ 27,752
General administration:		
Purchased administration	\$ 1,081	
Distribution to regional fiscal agent	490,488	491,569
Total expenditures		<u>519,321</u>
Excess of revenues over expenditures		53,126
Fund balance beginning of year		<u>196,724</u>
Fund balance end of year		<u>\$ 249,850</u>

(16) 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, 2020. 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.

(17) Subsequent Events

In September 2019, the County entered into a contract totaling \$10,930,000 for the construction of a new jail.

In September 2019, the County entered into a 10-year lease agreement totaling \$3,794,385 for the purchase of a new public safety radio system.

In October 2019, the County issued \$8,950,000 in general obligation bonds to fund the jail and County Sheriff's office project.

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of Carroll County, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the County's operations and finances.

Carroll County

Required Supplementary Information

Carroll 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, 2019

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,959,533	-	7,959,533
Interest and penalty on property tax	35,141	-	35,141
Intergovernmental	5,282,878	33,394	5,249,484
Licenses and permits	92,941	-	92,941
Charges for service	1,869,648	-	1,869,648
Use of money and property	431,329	638	430,691
Miscellaneous	539,028	30,346	508,682
Total receipts	<u>16,210,498</u>	<u>64,378</u>	<u>16,146,120</u>
Disbursements:			
Public safety and legal services	3,927,608	-	3,927,608
Physical health and social services	1,048,438	-	1,048,438
Mental health	522,388	-	522,388
County environment and education	1,227,815	52,185	1,175,630
Roads and transportation	6,341,956	-	6,341,956
Governmental services to residents	636,591	-	636,591
Administration	1,779,415	-	1,779,415
Non-program	55,786	-	55,786
Debt service	14,717	-	14,717
Capital projects	700,212	-	700,212
Total disbursements	<u>16,254,926</u>	<u>52,185</u>	<u>16,202,741</u>
Excess (deficiency) of receipts over (under) disbursements	(44,428)	12,193	(56,621)
Other financing sources, net	<u>(117,489)</u>	-	<u>(117,489)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(161,917)	12,193	(174,110)
Balance beginning of year	8,251,729	145,180	8,106,549
Balance end of year	<u>\$ 8,089,812</u>	<u>157,373</u>	<u>7,932,439</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,590,180	7,590,180	369,353
15,000	15,000	20,141
5,136,092	5,155,092	94,392
51,900	51,900	41,041
1,845,320	1,845,320	24,328
339,746	339,746	90,945
451,880	474,167	34,515
15,430,118	15,471,405	674,715
4,012,443	4,099,251	171,643
1,154,180	1,192,265	143,827
527,305	527,305	4,917
1,171,104	1,214,604	38,974
6,766,350	7,016,350	674,394
663,956	687,943	51,352
1,815,255	1,979,567	200,152
55,000	55,000	(786)
18,500	18,500	3,783
973,100	807,188	106,976
17,157,193	17,597,973	1,395,232
(1,727,075)	(2,126,568)	2,069,947
(117,000)	(109,499)	(7,990)
(1,844,075)	(2,236,067)	2,061,957
6,980,506	6,980,506	1,126,043
5,136,431	4,744,439	3,188,000

Carroll County

Carroll County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2019

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 16,210,498	(131,143)	16,079,355
Expenditures	16,254,926	1,092,245	17,347,171
Net	(44,428)	(1,223,388)	(1,267,816)
Other financing sources, net	(117,489)	120,388	2,899
Beginning fund balances	8,251,729	2,623,305	10,875,034
Ending fund balances	\$ 8,089,812	\$ 1,520,305	9,610,117

See accompanying independent auditor's report.

Carroll County

Notes to Other Information – Budgetary Reporting

June 30, 2019

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the 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 \$440,780. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2019, disbursements exceeded the amount budgeted in the non-program function.

Carroll County

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

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

Required Supplementary Information

	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.053838%	0.057296%	0.058641%	0.053890%	0.048499%
County's proportionate share of the net pension liability	\$ 3,407	3,817	3,690	2,662	1,923
County's covered payroll	\$ 5,619	5,634	5,483	5,258	5,026
County's proportionate share of the net pension liability as a percentage of its covered payroll	60.63%	67.75%	67.30%	50.63%	38.26%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

Carroll County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 570	514	509	502
Contributions in relation to the statutorily required contribution	<u>(570)</u>	<u>(514)</u>	<u>(509)</u>	<u>(502)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 5,928	5,619	5,634	5,483
Contributions as a percentage of covered payroll	9.62%	9.15%	9.03%	9.16%

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
487	464	421	394	339	319
(487)	(464)	(421)	(394)	(339)	(319)
-	-	-	-	-	-
5,258	5,026	4,627	4,574	4,408	4,451
9.26%	9.23%	9.10%	8.61%	7.69%	7.17%

Carroll County

Notes to Other Information – Pension Liability

Year ended June 30, 2019

Changes of benefit terms:

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

Changes of assumptions:

The 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.

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

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

Carroll County

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

For the Last Two Years
Required Supplementary Information

	<u>2019</u>	<u>2018</u>
Service cost	\$ 215,751	109,074
Interest cost	76,264	43,409
Difference between expected and actual experiences	(486,245)	556,977
Changes in assumptions	32,501	89,146
Benefit payments	<u>(159,469)</u>	<u>(135,212)</u>
Net change in total OPEB liability	<u>(321,198)</u>	<u>663,394</u>
Total OPEB liability beginning of year	<u>1,833,876</u>	<u>1,170,482</u>
Total OPEB liability end of year	<u>\$ 1,512,678</u>	<u>1,833,876</u>
Covered-employee payroll	\$ 5,560,188	5,285,969
Total OPEB liability as a percentage of covered-employee payroll	27.2%	34.7%

See accompanying independent auditor's report.

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, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

Carroll County

Supplementary Information

Carroll County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2019

	Resource Enhancement and Protection	County Recorder's Records Management	Special Drainage Districts
Assets			
Current assets:			
Cash and pooled investments:			
County Treasurer	\$ 22,631	23,763	71,726
Conservation Foundation	-	-	-
Receivables:			
Property tax succeeding year	-	-	-
Due from other governments	-	990	-
Total assets	\$ 22,631	24,753	71,726
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	-	-	4,739
Advance from other funds	-	-	-
Total liabilities	-	-	4,739
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	-	-
Fund balances:			
Restricted for other purposes	22,631	24,753	66,987
Assigned for capital projects and equipment	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	22,631	24,753	66,987
Total liabilities, deferred inflows of resources and fund balances	\$ 22,631	24,753	71,726

See accompanying independent auditor's report.

Revenue				
Conservation Foundation	Tax Increment Financing	Debt Service	Capital Projects	Total
-	-	-	352,573	470,693
90,386	-	-	-	90,386
-	-	564,000	-	564,000
-	-	-	-	990
90,386	-	564,000	352,573	1,126,069
-	-	-	941	5,680
-	351,473	-	-	351,473
-	351,473	-	941	357,153
-	-	564,000	-	564,000
90,386	-	-	15,427	220,184
-	-	-	336,205	336,205
-	(351,473)	-	-	(351,473)
90,386	(351,473)	-	351,632	204,916
90,386	-	564,000	352,573	1,126,069

Carroll County

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

Year ended June 30, 2019

	Resource Enhancement and Protection	County Recorder's Records Management	Special Drainage Districts
Revenues:			
Tax increment financing	\$ -	-	-
Intergovernmental	10,225	-	33,394
Charges for service	-	3,618	-
Use of money and property	86	24	-
Miscellaneous	-	-	-
Total revenues	10,311	3,642	33,394
Expenditures:			
Operating:			
County environment and education	-	-	28,566
Governmental services to residents	-	2,608	-
Capital projects	-	-	-
Total expenditures	-	2,608	28,566
Excess (deficiency) of revenues over (under) expenditures	10,311	1,034	4,828
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Change in fund balances	10,311	1,034	4,828
Fund balances (deficit) beginning of year	12,320	23,719	62,159
Fund balances (deficit) end of year	\$ 22,631	24,753	66,987

See accompanying independent auditor's report.

Revenue			
Conservation Foundation	Tax Increment Financing	Capital Projects	Total
-	134,284	-	134,284
-	1,342	-	44,961
-	-	66,491	70,109
638	-	46,536	47,284
30,346	-	10,330	40,676
30,984	135,626	123,357	337,314
23,619	-	-	52,185
-	-	-	2,608
-	-	165,672	165,672
23,619	-	165,672	220,465
7,365	135,626	(42,315)	116,849
-	-	110,000	110,000
-	(14,717)	-	(14,717)
-	(14,717)	110,000	95,283
7,365	120,909	67,685	212,132
83,021	(472,382)	283,947	(7,216)
90,386	(351,473)	351,632	204,916

Schedule 3

Carroll County
Combining Schedule of Net Position
Nonmajor Proprietary Funds

June 30, 2019

	Enterprise		
	Mt. Carmel Sewer	Maple River Sewer	Total
Assets			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 22,739	4,621	27,360
Accounts receivable	1,679	2,000	3,679
Capital assets, net of accumulated depreciation	297,342	527,475	824,817
Total assets	321,760	534,096	855,856
Liabilities			
Current liabilities:			
Accounts payable	218	1,390	1,608
Due to other funds	7,364	6,838	14,202
Long-term liabilities:			
Advances from other funds	145,962	99,977	245,939
Total liabilities	153,544	108,205	261,749
Net Position			
Net investment in capital assets	144,016	420,660	564,676
Unrestricted	24,200	5,231	29,431
Total net position	\$ 168,216	425,891	594,107

See accompanying independent auditor's report.

Carroll County

Combining Schedule of Revenues, Expenses and
Changes in Fund Net Position
Nonmajor Proprietary Funds

Year ended June 30, 2019

	Enterprise		Total
	Mt. Carmel Sewer	Maple River Sewer	
Operating revenues:			
Charges for service	\$ 20,472	26,089	46,561
Operating expenses:			
Depreciation	9,495	16,665	26,160
Miscellaneous	15,628	23,033	38,661
Total operating expenses	25,123	39,698	64,821
Operating loss	(4,651)	(13,609)	(18,260)
Non-operating revenues (expenses):			
Interest income	35	3	38
Miscellaneous	(1,320)	(3,364)	(4,684)
Net non-operating revenues (expenses)	(1,285)	(3,361)	(4,646)
Net loss	(5,936)	(16,970)	(22,906)
Transfers out	(1,573)	(906)	(2,479)
Change in net position	(7,509)	(17,876)	(25,385)
Net position beginning of year	175,725	443,767	619,492
Net position end of year	\$ 168,216	425,891	594,107

See accompanying independent auditor's report.

Carroll County

Carroll County

Combining Schedule of Cash Flows
Nonmajor Proprietary Funds

Year ended June 30, 2019

	Enterprise		
	Mt. Carmel Sewer	Maple River Sewer	Total
Cash flows from operating activities:			
Cash received from sewer fees	\$ 20,473	26,476	46,949
Cash paid to suppliers for services	(21,751)	(23,065)	(44,816)
Net cash provided (used) by operating activities	(1,278)	3,411	2,133
Cash flows from investing activities:			
Interest on investments	35	3	38
Cash flows from capital and related financing activities:			
Principal paid on interfund loan	(7,292)	(7,223)	(14,515)
Interest paid on interfund loan	(1,573)	(906)	(2,479)
Miscellaneous	(1,320)	-	(1,320)
Net cash used by capital and related financing activities	(10,185)	(8,129)	(18,314)
Decrease in cash and cash equivalents	(11,428)	(4,715)	(16,143)
Cash and cash equivalents beginning of year	34,167	9,336	43,503
Cash and cash equivalents end of year	\$ 22,739	4,621	27,360
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (4,651)	(13,609)	(18,260)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	9,495	16,665	26,160
Decrease in accounts receivable	1	387	388
Decrease in accounts payable	(6,123)	(32)	(6,155)
Net cash provided (used) by operating activities	\$ (1,278)	3,411	2,133

See accompanying independent auditor's report.

Carroll County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,257	797,810	73,042
Other County officials	35,870	-	-	-
Receivables:				
Property tax:				
Delinquent	-	257	440	16,565
Succeeding year	-	239,000	399,000	13,740,000
Accounts	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 35,870	240,514	1,197,250	13,829,607
Liabilities				
Accounts payable	\$ -	-	538	-
Salaries and benefits payable	-	-	79	-
Due to other governments	11,808	240,514	1,193,039	13,829,607
Trusts payable	24,062	-	-	-
Compensated absences	-	-	3,594	-
Total liabilities	\$ 35,870	240,514	1,197,250	13,829,607

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	911 Service Commission	Other	Total
5,245	42,803	1,867	676,295	363,538	216,177	2,178,034
-	-	-	-	-	-	35,870
1,189	25,089	1	-	-	133	43,674
932,000	9,798,000	318,000	-	-	4,000	25,430,000
-	-	-	-	19,709	-	19,709
-	-	-	-	67,504	340	67,844
938,434	9,865,892	319,868	676,295	450,751	220,650	27,775,131
-	-	-	-	4,212	490	5,240
-	-	-	-	-	716	795
938,434	9,865,892	319,868	676,295	446,539	219,444	27,741,440
-	-	-	-	-	-	24,062
-	-	-	-	-	-	3,594
938,434	9,865,892	319,868	676,295	450,751	220,650	27,775,131

Carroll County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2019

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Balances beginning of year	\$ 25,587	233,014	1,023,013	13,470,131
Additions:				
Property and other county tax	-	234,392	391,892	13,497,074
911 surcharge	-	-	-	-
State tax credits	-	23,138	40,632	1,336,201
Office fees and collections	595,632	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	385,542	-	-	-
Miscellaneous	-	-	-	-
Total additions	981,174	257,530	432,524	14,833,275
Deductions:				
Agency remittances:				
To other funds	231,646	-	-	-
To other governments	324,366	250,030	258,287	14,473,799
Trusts paid out	414,879	-	-	-
Total deductions	970,891	250,030	258,287	14,473,799
Balances end of year	\$ 35,870	240,514	1,197,250	13,829,607

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	911 Service Commission	Other	Total
962,943	9,339,628	306,148	652,401	371,309	272,327	26,656,501
914,154	9,545,680	312,003	-	-	3,777	24,898,972
-	-	-	-	302,275	-	302,275
95,049	1,154,314	20,616	-	-	384	2,670,334
-	-	-	-	-	-	595,632
-	-	-	8,277,956	-	-	8,277,956
-	-	-	-	-	7,512	7,512
-	-	-	-	-	-	385,542
-	-	-	-	-	82,202	82,202
1,009,203	10,699,994	332,619	8,277,956	302,275	93,875	37,220,425
-	-	-	241,388	-	-	473,034
1,033,712	10,173,730	318,899	8,012,674	222,833	145,552	35,213,882
-	-	-	-	-	-	414,879
1,033,712	10,173,730	318,899	8,254,062	222,833	145,552	36,101,795
938,434	9,865,892	319,868	676,295	450,751	220,650	27,775,131

Carroll County

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

For the Last Ten Years

	2019	2018	2017	2016
Revenues:				
Property and other county tax	\$ 6,689,570	6,586,099	6,539,362	6,504,332
Local option sales tax	1,137,767	1,047,944	1,050,978	997,138
Interest and penalty on property tax	35,141	31,058	34,078	25,083
Tax increment financing	134,284	133,574	134,984	43,572
Intergovernmental	5,287,390	5,224,009	6,070,045	5,725,819
Licenses and permits	93,141	34,071	75,115	56,463
Charges for service	1,886,132	1,901,778	1,667,531	1,861,073
Use of money and property	277,597	197,347	205,433	211,263
Miscellaneous	538,333	444,294	427,387	520,405
Total	\$ 16,079,355	15,600,174	16,204,913	15,945,148
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,980,126	3,723,918	3,582,051	3,590,421
Physical health and social services	1,051,101	1,015,456	1,048,616	1,121,709
Mental health	519,321	710,410	912,665	1,003,072
County environment and education	1,237,187	1,236,059	1,151,127	1,192,122
Roads and transportation	7,259,432	5,867,193	5,679,227	6,000,217
Governmental services to residents	635,630	592,290	521,945	507,629
Administration	1,926,766	1,759,581	1,652,469	1,540,685
Non-program	46,290	62,756	55,947	-
Debt service	-	80,961	60,583	50,583
Capital projects	691,318	163,540	1,625,398	1,807,914
Total	\$ 17,347,171	15,212,164	16,290,028	16,814,352

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
6,239,703	5,870,310	6,078,653	6,069,392	6,640,519	6,249,428
1,092,056	1,055,930	955,398	994,372	1,043,680	916,542
28,032	22,003	29,747	24,187	28,684	32,778
-	-	31,711	34,014	35,999	35,688
4,957,337	4,886,510	4,246,548	5,660,948	6,973,234	5,991,574
55,213	44,451	44,326	86,892	104,508	101,193
1,801,281	1,634,638	1,784,399	1,648,902	1,529,771	1,658,603
225,710	231,421	213,871	278,273	243,609	260,454
566,244	499,422	802,490	622,010	794,981	874,176
14,965,576	14,244,685	14,187,143	15,418,990	17,394,985	16,120,436
3,569,328	3,344,865	3,119,880	2,907,030	2,856,102	2,758,548
1,193,588	1,075,949	1,017,939	1,099,826	1,137,806	1,132,825
1,392,640	964,464	943,930	2,740,975	2,249,772	2,156,469
1,097,888	1,704,753	1,032,380	1,203,695	1,076,566	1,181,604
4,825,381	4,986,582	4,330,395	4,801,195	4,818,013	4,546,295
484,554	552,602	558,483	448,130	418,624	415,692
1,524,872	1,583,014	1,489,117	1,489,098	1,352,842	1,323,946
-	-	-	9,108	865,220	148,626
40,000	-	-	-	78,602	90,409
391,296	1,228,060	787,796	1,104,752	1,451,355	1,267,519
14,519,547	15,440,289	13,279,920	15,803,809	16,304,902	15,021,933



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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 Carroll County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 18, 2020.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll 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 which are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of non-compliance or other matters which is described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2019 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.

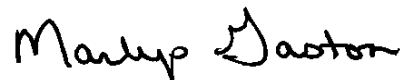
Carroll County's Responses to the Findings

Carroll County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Carroll 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 Carroll County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


Marlys K. Gaston, CPA
Deputy Auditor of State

March 18, 2020

Carroll County

Schedule of Findings

Year ended June 30, 2019

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Carroll County Ambulance Department

Criteria – An effective internal control system provides for internal controls related to reconciling ambulance service billings, collections, and receivables to ensure the accuracy of ambulance service collections and receivables. Also, effective internal control systems provide for written documentation of the independent approval of accounts receivable written off as uncollectable.

Condition – The Ambulance Department bills for services provided. The majority of collections for those services are remitted directly to the County Treasurer's Office. The County Treasurer's Office prepares a receipt for accounting and sends a copy of each receipt to the Ambulance Department. The Ambulance Department records each receipt in its computer system. During the year, the County Treasurer's Office attempted to reconcile the collections recorded in the Ambulance Department's accounts receivable system with the actual collections recorded by the County Treasurer in total each month, but unexplained variances existed.

In addition, written documentation of the independent approval of accounts receivable written off as uncollectable is not maintained. Also, accounts receivable balances and receipts from the collection agency are not reconciled by the Ambulance Department.

Cause – Policies have not been established and procedures have not been implemented to reconcile ambulance service billings, collections and receivables and require independent approval of write-offs.

Effect – This condition could result in unrecorded or misstated ambulance service revenues, improper or unauthorized adjustments and write-offs and misstated receivable balances.

Recommendation – A reconciliation of ambulance service billings, collections and receivables should be prepared monthly and compared to County Treasurer's records. Variances should be researched, and explanations of variances should be included for the reconciling items. An independent person should review the reconciliations and monitor receivables. The review should be documented by the signature or initials of the reviewer and the date of the review. The Ambulance Department should maintain written documentation of the independent approval of accounts receivable which are written off. Also, collection agency receipts should be recorded, and accounts receivable balances reconciled by the Ambulance Department.

Response – The Ambulance Department will work with the County Treasurer's office to meet and correct all recommendations to the best of our ability.

Conclusion – Response accepted.

Carroll County

Schedule of Findings

Year ended June 30, 2019

(B) Board of Health

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.

In addition, an effective internal control system provides for internal controls related to reconciling Medicaid and nursing service billings, collections and receivables to ensure the accuracy of Medicaid and nursing service collections and receivables and ensuring the reconciliations are periodically reviewed by an independent person.

Condition – One individual has custody of receipts and performs all record keeping duties. A reconciliation of Medicaid and nursing service billings, collections and receivables is prepared monthly. However, an independent review of the reconciliation is not performed.

Cause – The Board 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. In addition, policies have not been established to require independent review of Medicaid and nursing service billing reconciliations.

Effect – Inadequate segregation of duties and a lack of policies and procedures requiring independent review of Medicaid and nursing service billings reconciliations could adversely affect the County’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 – The Board should review the control activities of the office to obtain the maximum internal control possible under the circumstances and consider using other County employees or officials to provide additional control. The reconciliations of Medicaid and nursing service billings, collections and receivables should be reviewed by an independent person. The review should be documented by the signature or initials of the reviewer and the date of the review.

Response – Segregation of duties is difficult due to our limited number of employees, but we will try to segregate duties as much as possible. For reconciliation of receivables, an Excel spreadsheet is used to show the amount billed and amount received. We will start having an independent person review these receivables.

Conclusion – Response accepted.

Carroll County

Schedule of Findings

Year ended June 30, 2019

(C) County Sheriff

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 – Two employees collect cash, record deposits and reconcile daily cash receipts. There is no evidence of independent review of the bank reconciliations.

Cause – The 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’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 – The Sheriff’s Office should review its operating procedures to obtain the maximum internal control possible under the circumstances. The Office should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Response – We are hoping to hire another full-time office administrator to improve internal controls.

Conclusion – Response accepted.

(D) County Recorder

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 – All three individuals in the Recorder’s Office collect cash, prepare the deposit and prepare the monthly bank reconciliations.

Cause – The Recorder’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.

Carroll County

Schedule of Findings

Year ended June 30, 2019

Effect – Inadequate segregation of duties could adversely affect the County’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 – The Recorder’s Office should review its operating procedures to obtain the maximum internal control possible under the circumstances. The Office should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Response – The Recorder’s Office will continue to identify ways to segregate duties as best as possible with our limited number of employees.

Conclusion – Response accepted.

(E) County Conservation

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 – One individual in the Conservation Department opens mail, records receipts, prepares the deposit and prepares the monthly bank reconciliations.

Cause – The Conservation Department 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’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 – The Conservation Department should review its operating procedures to obtain the maximum internal control possible under the circumstances and consider using other County employees or officials to provide additional control through review of financial transactions, reconciliations and reports.

Response – While our office manager gets deposits ready, they are reviewed by the Director and the Director takes the deposits to the bank. This eliminates one person preparing the deposits and also taking them to the bank. With a small office staff, we feel this gives us oversight to make sure deposits are all accounted for.

Conclusion – Response acknowledged. The Department should continue to review control activities to obtain the maximum internal control possible.

Carroll County

Schedule of Findings

Year ended June 30, 2019

(F) Approval of Payroll

Criteria – An effective internal control system provides for internal controls related to preparation of timesheets by all employees. Timesheets support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days and provide an accurate record of hours worked. Supervisory review of timesheets can help ensure the accuracy of recorded hours worked and taken as leave.

Condition – Employees in the County Attorney’s Office and two employees in the County Sheriff’s Office do not submit timesheets.

Procedures do not exist for properly documenting and controlling vacation, sick leave, and compensatory time. The County Auditor’s Office tracks vacation, sick leave and compensatory time for each employee; however, some departments submit leave usage to the County Auditor’s office only at year end. In addition, there is no evidence of an immediate supervisor’s approval for leave time prior to taking leave.

Cause – Policies have not been established and procedures have not been implemented to require all employees and departments, including salaried employees, to prepare timesheets or to require timesheets and leave taken be reviewed and approved by supervisory personnel. The County has not established procedures for properly documenting and controlling leave time with the Auditor’s Office.

Effect – The lack of a documented supervisory review process increases the probability staff errors in recording hours or leave will go undetected.

When an employee retires or otherwise leaves employment and claims a payout, the County needs support to provide assurance the claim is proper. Without maintaining detailed records, the County may not have the ability to support the claim. In addition, without detailed records, the County may not have the support necessary to ensure compliance with the Fair Labor Standards Act.

Recommendation – Timesheets should be submitted to the County Auditor’s office prior to the processing of payroll each pay period. Timesheets should be signed by the employee and supervisor prior to submission. Timesheets should support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days. Also, leave time should be approved prior to taking leave.

The Board of Supervisors should adopt a policy which requires the submittal of timesheets to the County Auditor’s Office for payroll processing along with support for vacation, sick leave, compensatory time, holiday hours, and personal days. This would help prevent and mitigate payroll errors and would ensure the County Auditor’s Office has sufficient support to comply with the Fair Labor Standards Act for County employees.

Response – The Board will pass a policy regarding submittal of timesheets and leave reports to ensure compliance with the Fair Labor Standards Act.

Conclusion – Response accepted.

Carroll County

Schedule of Findings

Year ended June 30, 2019

(G) County Extension Office

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 – One or two individuals in the County Extension Office records receipts, prepares the deposit and prepares the monthly bank reconciliations.

Cause – The County Extension 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 Extension Office’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The County Extension Office should review its operating procedures to obtain the maximum internal control possible under the circumstances and consider using other County employees or officials to provide additional control through review of financial transactions, reconciliations and reports.

Response – The Carroll County Extension office will utilize the internal control log to assist with the segregation of duties.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Carroll County

Schedule of Findings

Year ended June 30, 2019

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2019 exceeded the amount budgeted in the non-program 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 – This expense line item is used as a pass thru for emergency preparedness coalition money. We receipt money in and pay it back out to different entities. We receipted money in and failed to verify that the expense line had money budgeted to spend. In the future, we will take necessary action to make sure this does not occur again.

Conclusion – Response accepted.

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Louie Grote, Veterans Affairs Director, owner of LNC Computers	IT services, per bid	\$ 41,808
Joann Marting, Auditor's Office, wife of Steve Hoogestraat, independent contractor	Sanitarian contract labor	8,491
Darrell Baker, Ambulance Director, death investigator	Medical exam investigations	2,700
Alan Brinks, Secondary Roads employee, independent contractor	Mowing	1,080
Emily Loew, Auditor's Office, wife of owner of Mike Loew's Floor Covering	Carpet installation, per bid	8,252
Zach Niehaus, Maintenance employee, brother of Taylor Niehaus, independent contractor	Maintenance	775
Zach Niehaus, Maintenance employee, son of Gail Niehaus, independent contractor	Flowers/labor	153
Lisa Wagner, Treasurer's Office, sister of Todd Grossman, owner of Grossman & Sons	Drainage repair, per bid	2,795
Stephanie Hausman, Supervisor, employee and daughter of Kenneth Snyder, owner of Carroll Cleaning Supply	Supplies	8,715
Jean Seidl, Treasurer's Office, wife of Mike Seidl, owner of Seidl Construction	Mowing/spraying	635
Jean Seidl, Treasurer's Office, sister-in-law of Tom Seidl, owner of Seidl Electric	Construction/electrical, per bid	17,909
Brooke Bruning, Treasurer's Office, daughter-in-law of owners of Bruning Oil	Tire repair/auto repair/fuel	21,050
Rae Ann Meyer, Ambulance employee, independent contractor	Medical exam investigations	450
Joseph Boell, Secondary Roads employee, grandfather of Blake Boell, independent contractor	Mowing	870

Carroll County

Schedule of Findings

Year ended June 30, 2019

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transactions with LNC Computers, Mike Loew's Floor Covering, Grossman & Sons and Seidl Electric do not represent a conflict of interest since the services were competitively bid.

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions with Darrell Baker, Steve Hoogestraat and Bruning Oil do not appear to represent conflicts of interest since the Ambulance Department, Auditor's Office and Treasurer's Office employees' employment is not directly affected as a result of the contracts.

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Alan Brincks, Taylor Niehaus, Gail Niehaus, Seidl Construction, Rae Ann Meyer, and Blake Boell do not appear to represent conflicts of interest since total transactions with each did not exceed \$1,500 during the fiscal year.

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Carroll Cleaning Supply may represent a conflict of interest since the total transactions exceeded \$1,500 during the fiscal year.

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

Response – The County will consult legal counsel.

Conclusion – Response accepted.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management on or before December 1.
- (10) Financial Condition – The Special Revenue, Tax Increment Financing Fund had a deficit fund balance of \$351,473 at June 30, 2019.

Recommendation – The County should investigate alternatives to eliminate the deficit fund balance to return the fund to a sound financial position.

Carroll County

Schedule of Findings

Year ended June 30, 2019

Response – The deficit balance will be reduced in fiscal year 2020 with tax increment financing collections from the County urban renewal area.

Conclusion – Response accepted.

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

Disbursements during the year ended June 30, 2019 for the County Extension Office did not exceed the amount budgeted.

Carroll County

Staff

This audit was performed by:

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